

# Key Opportunities for In Country Accountancy Reforms

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**CFRR** >>

**Centre for Financial Reporting Reform**



Road to Europe: Program of Accounting Reform and Institutional Strengthening



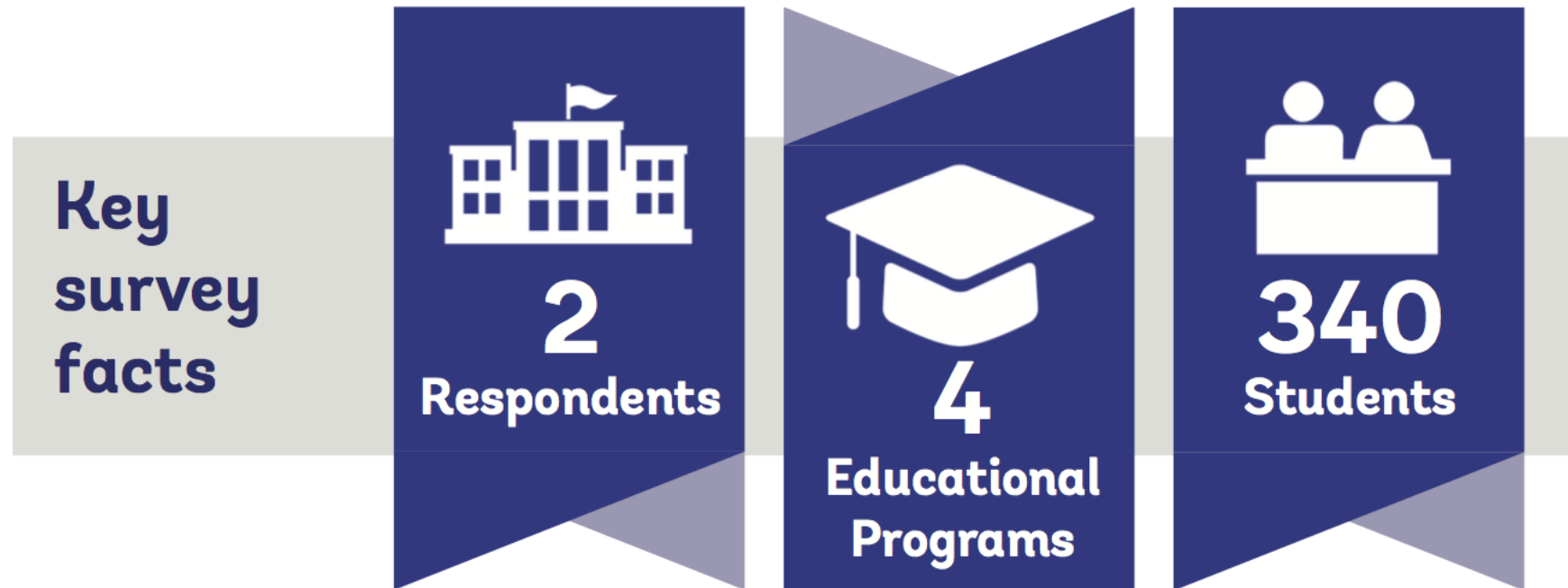
EU-REPARIS is funded by the European Union and is a part of WB EDIF.

- » Key findings of the Accountancy Education Benchmarking Study for Montenegro:
  - » including the **challenges** and **opportunities** for in country accountancy reforms
  - » at both **university** and **professional levels**.



# Accountancy Education Study: Montenegro

# About the Study



- » **University of Montenegro, Faculty of Economics;**
- » **Institute of Certified Accountants of Montenegro (ICAM)**

# Montenegro at a glance, University of Montenegro

## University of Montenegro, Faculty of Economics

**About the Faculty:** The Faculty is mainly funded by student fees with some state support and is partially autonomous in developing undergraduate and master's programs. All programs are accredited nationally.

**Faculty resources:** Professors are highly qualified and engage actively with the local profession. Teacher-student ratios are relatively high in the first three years of study but drop significantly in the final academic year.

The **Accounting program** offers undergraduate and master's degrees which benefit from some recognition and exemptions to local PAO education programs. Exemptions are also available for the ACCA program. Practical experience is not a requirement to complete accounting programs.

**Demand for accounting education** is stable. Almost a quarter of students at the university select a degree with a specialization in accounting.

**Benchmarking results:** master's and undergraduate programs compare well against IES benchmarks. For further alignment with ACCA improvements can be made in the areas of Ethics and Financial Accounting and Reporting. CIPFA scores are low, especially in the areas of Public Sector Financial Reporting.



# Montenegro at a glance, ICAM

**CPD requirements** are determined by ICAM, which is the only accredited provider of classroom-based training and seminars. CPD enforcement should be strengthened considerably.

**Benchmarking results:** The programs' scores against the IES benchmark could be improved to ensure greater alignment in areas such as Governance, Risk and Ethics, and Advanced Financial and Performance Management.

## Institute of Certified Accountants of Montenegro (ICAM)

**About ICAM:** An associate member of IFAC, ICAM offers three professional qualifications: Bookkeeper, Management Accountant and Certified Accountant. Subscriptions to the monthly magazine are the primary source of ICAM's funding. ICAM has established partnerships with regional PAOs in Serbia and Bosnia and Herzegovina - RS.

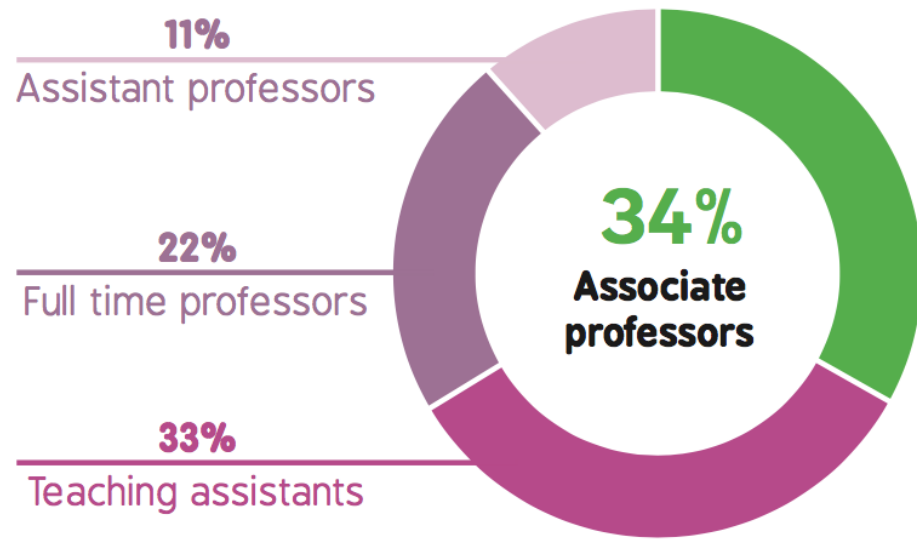
The **professional education and training program** is based on the Montenegrin Educational Standards and the 2007 ACCA curriculum. Structured review and update to the education program and the teaching resources is necessary.



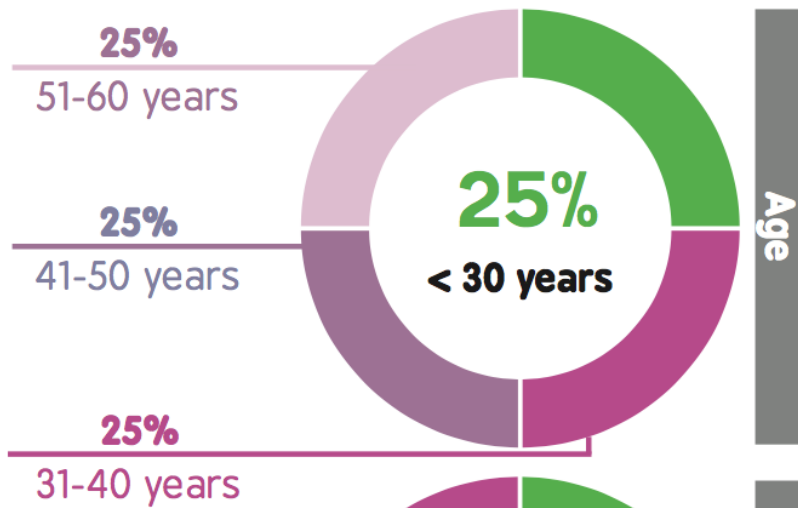
**University of Montenegro,  
Faculty of Economics**

# University of Montenegro, Faculty of Economics

## Faculty Profiles



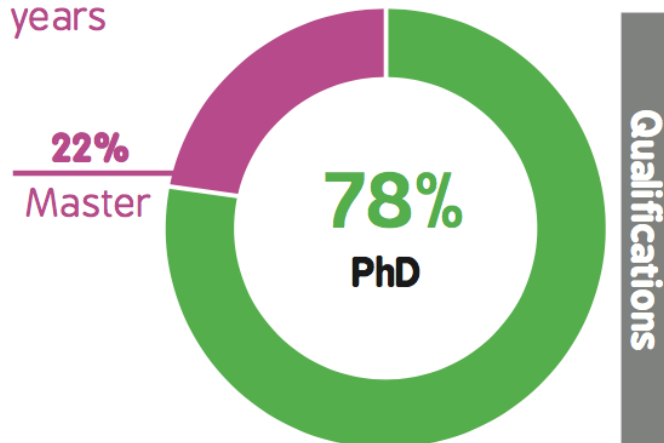
Members



Age



Gender



Qualifications



# University of Montenegro, Faculty of Economics

- » Level of autonomy:
- » The Faculty is partially autonomous in developing new undergraduate and master's programs, subject to approval by the University Senate.
- » Education programs:
- » The undergraduate program has **ten** modules in which students enroll **in the fourth year of study**; admissions to the undergraduate program is 400 students; on average, 300 students graduate each year
- » Accreditation: A member of the Bologna process and the European Higher Education Area since 2007.



**9**  
Faculty  
members



**67%**  
Senior staff



**1:50**  
Teacher to  
student ratio  
(in final year)

## » **The Accounting Program:**

» undergraduate degree in Economics and a specialization in Accountancy since 2010

» Tempus joint project with:

- » University of Ljubljana, Slovenia,
- » University of Greenwich, UK,
- » Leon Kozminski Academy of Entrepreneurship and Management, Poland

*Univerza v Ljubljani*



AKADEMIA LEONA KOZMIŃSKIEGO

## Curriculum

- core and elective accounting and auditing courses in the undergraduate program
- The master's program - one-year program; includes core compulsory courses: Management Accounting, Corporate Finance and Auditing

## Linkages to professional qualification

- Exemptions granted with the PAO.
- ACCA exemptions: Accountant in Business; Management Accounting; Financial Accounting; and Corporate and Business Law.

# Exemptions with the The Institute of Certified Accountants of Montenegro (ICAM)

- » Better integration between academic and professional accountancy programs is an important process that enables students to find a shorter route to qualification.
- » Exemptions for undergraduate degree of Management Accountant and Certified Accountant stream:
  - » Preparation of Financial Statements
  - » Human Resources Management
  - » Information Systems
  - » Corporate and Business Law.
- » For students who have completed a master's degree in Accounting:
  - » Financial Information for Management.

## » Practical experience

» There is no internship or practical experience requirement for undergraduate, master's or PhD levels of education.

## » Curriculum updates and reviews

» Curricula review cycles are usually performed every five years. For the undergraduate program with an accounting specialization (introduced in 2010), with the first two years considered as a pilot phase, the next review cycle is planned for 2017.



## » Program evaluations

» Anonymous electronic survey questionnaires, used for:

» Teacher assessments,.

» Feedback into the future curricula development process.

## » Teaching materials

» Available in the local language, some textbooks need improvement.

» IT technologies used for the teaching process and mainly to communicate with students.

## » Assessment methods

» (i) Written interim tests, (ii) final exams and also through (iii) class attendance.

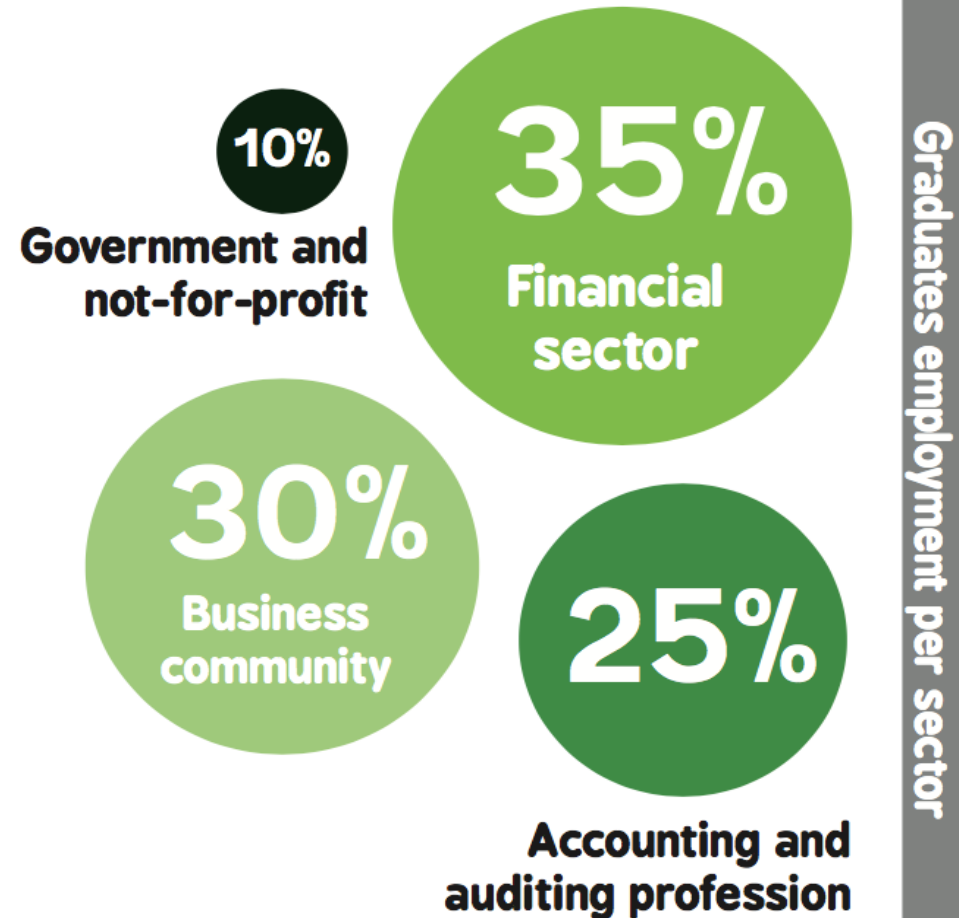
» Questions are usually **multiple choice, open-ended conceptual questions** and **case studies**.

» Some courses also allow students aiming for higher grades to sit for an oral exam covering the entire syllabus.

## Student Profiles

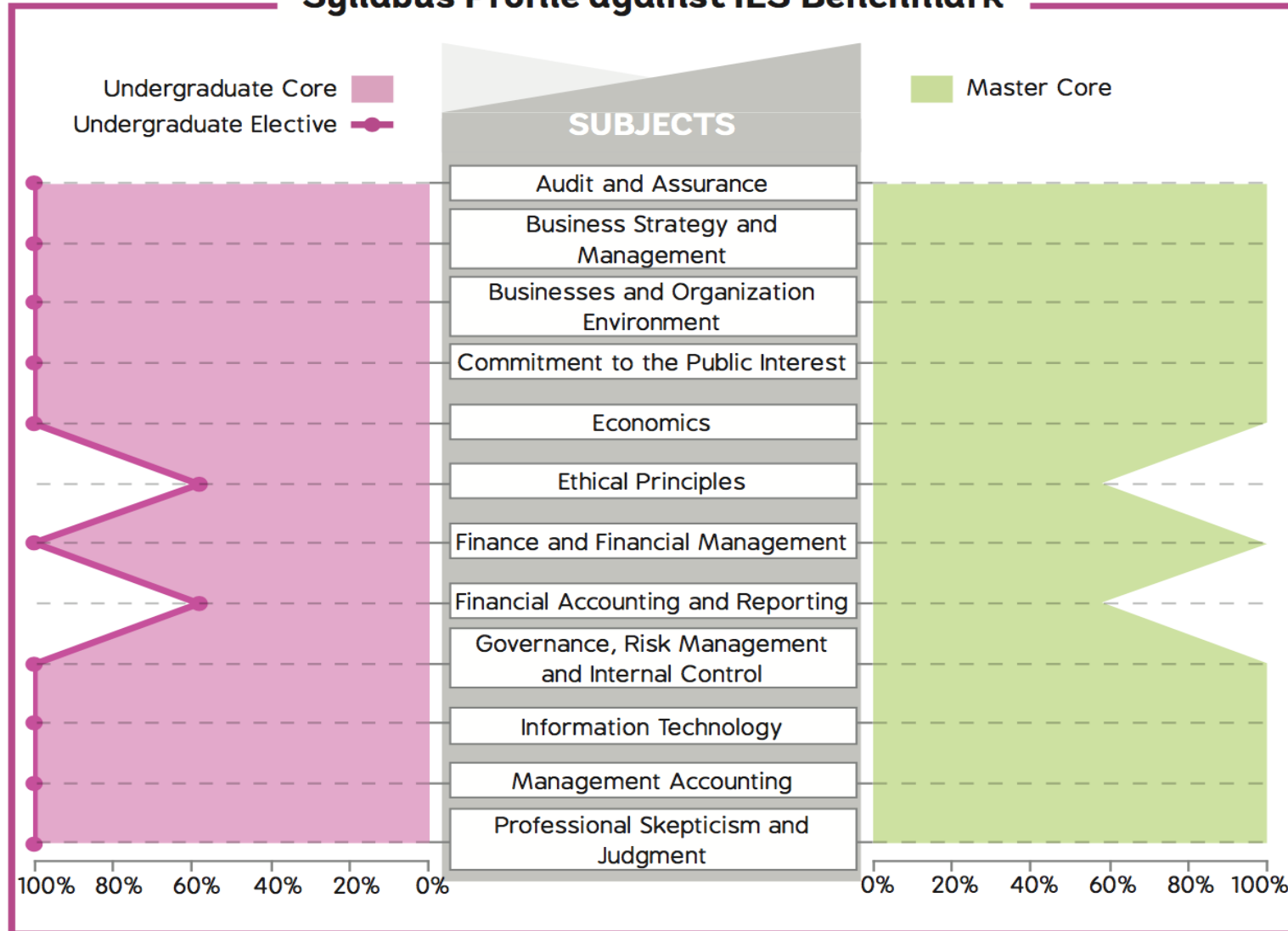
### » Student Body

- » 25% students choose accounting programs
- » 80% female students
- » 35% graduates find employment in financial sector



# University of Montenegro, Faculty of Economics

Syllabus Profile against IES Benchmark

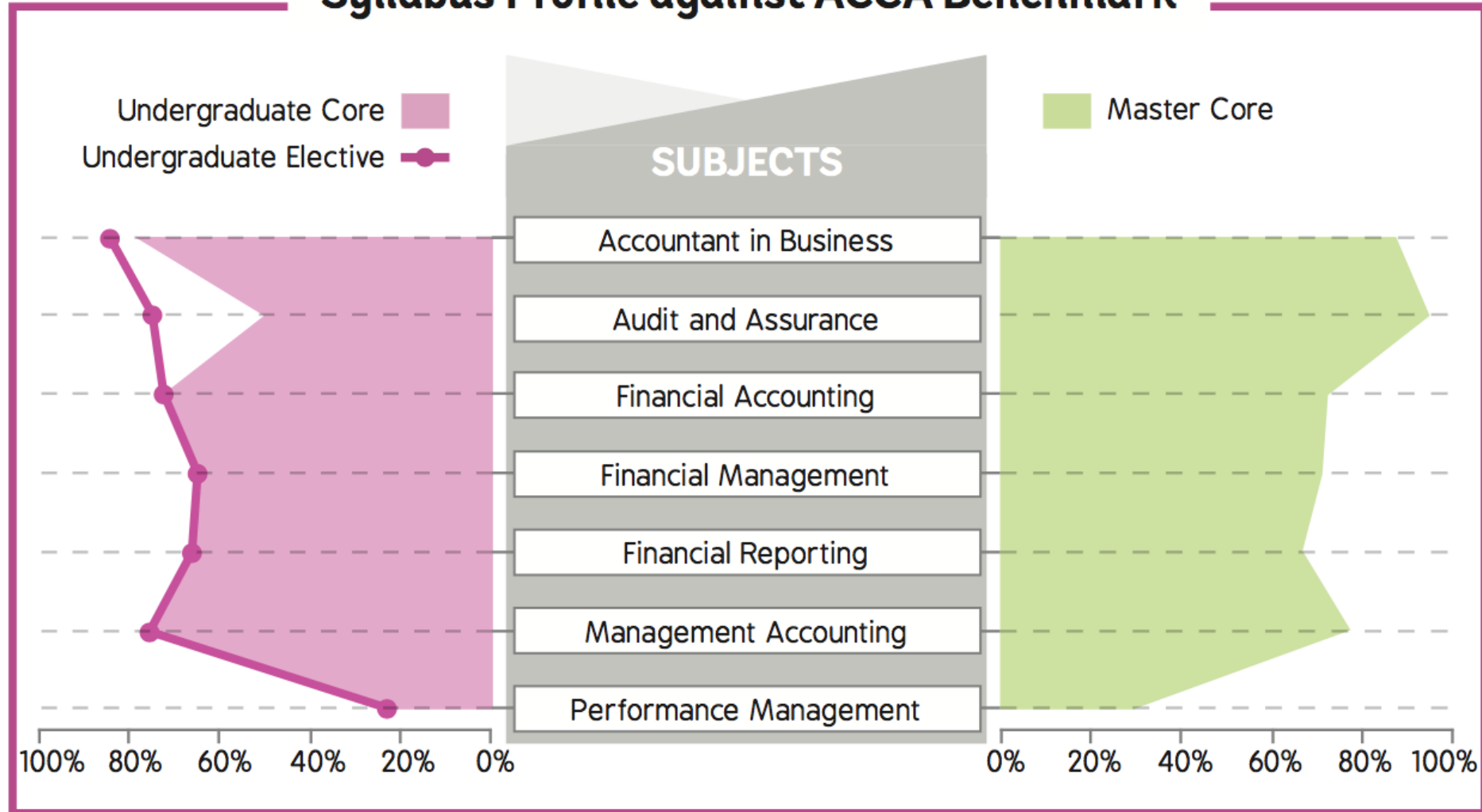


- » Syllabus profile against **IES** benchmark - improvements
- » **Ethical Principles** – learning outcomes for
  - » (i) identifying ethical issues and determining when ethical principles apply;
- » **Financial Accounting and Reporting** - learning outcomes for
  - » (i) interpreting reports that include non-financial data, for example, sustainability reports and integrated reports.



# University of Montenegro, Faculty of Economics

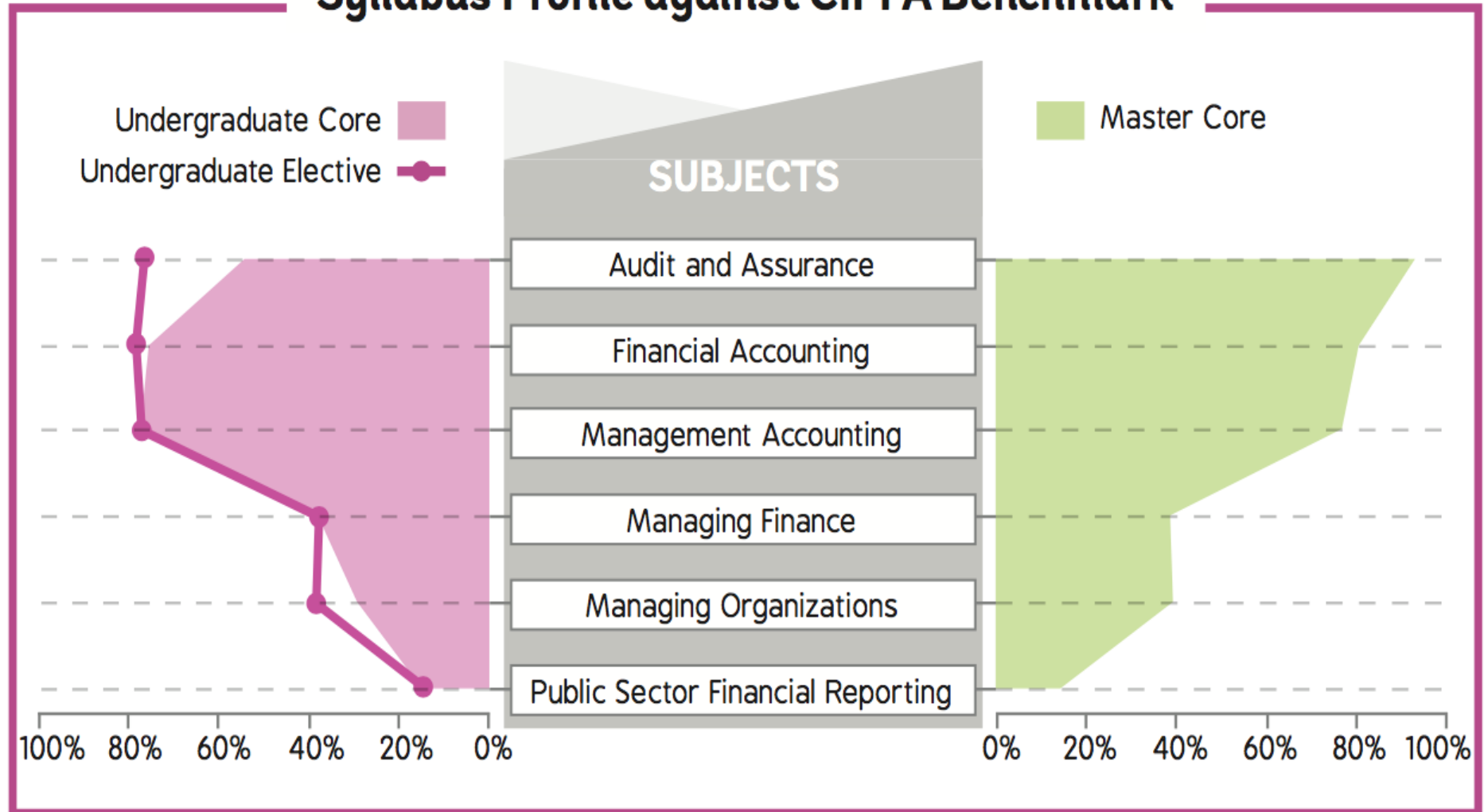
## Syllabus Profile against ACCA Benchmark



- » Syllabus profile against **ACCA** benchmark - improvements
- » **Performance Management** - learning outcomes for
  - » (i) environmental accounting;
  - » (ii) decision-making techniques to facilitate business decisions (cost volume profit analysis, dealing with risk and uncertainty in decision making);
  - » (iii) identifying and applying appropriate budgeting techniques and methods.

# University of Montenegro, Faculty of Economics

## Syllabus Profile against CIPFA Benchmark



- » Syllabus profile against **CIPFA** benchmark improvements
- » **Public Sector Financial Reporting** - learning outcomes for
  - » the nature of public sector organisations, their objectives and relationship between them and private sector, the role of International Public Sector Accounting Standards (IPSAS);
- » **Managing Organisations** - learning outcomes for
  - » performance management tools – benchmarking, key performance indicators; procurement in the public sector; typical issues relating to a contract management process in the public sector.
- » **Managing Finance** - learning outcomes for
  - » describing the environment in which financial management is practiced within the public services; public sector investment management environment, the principles of financial funding and structure;



**Institute of Certified  
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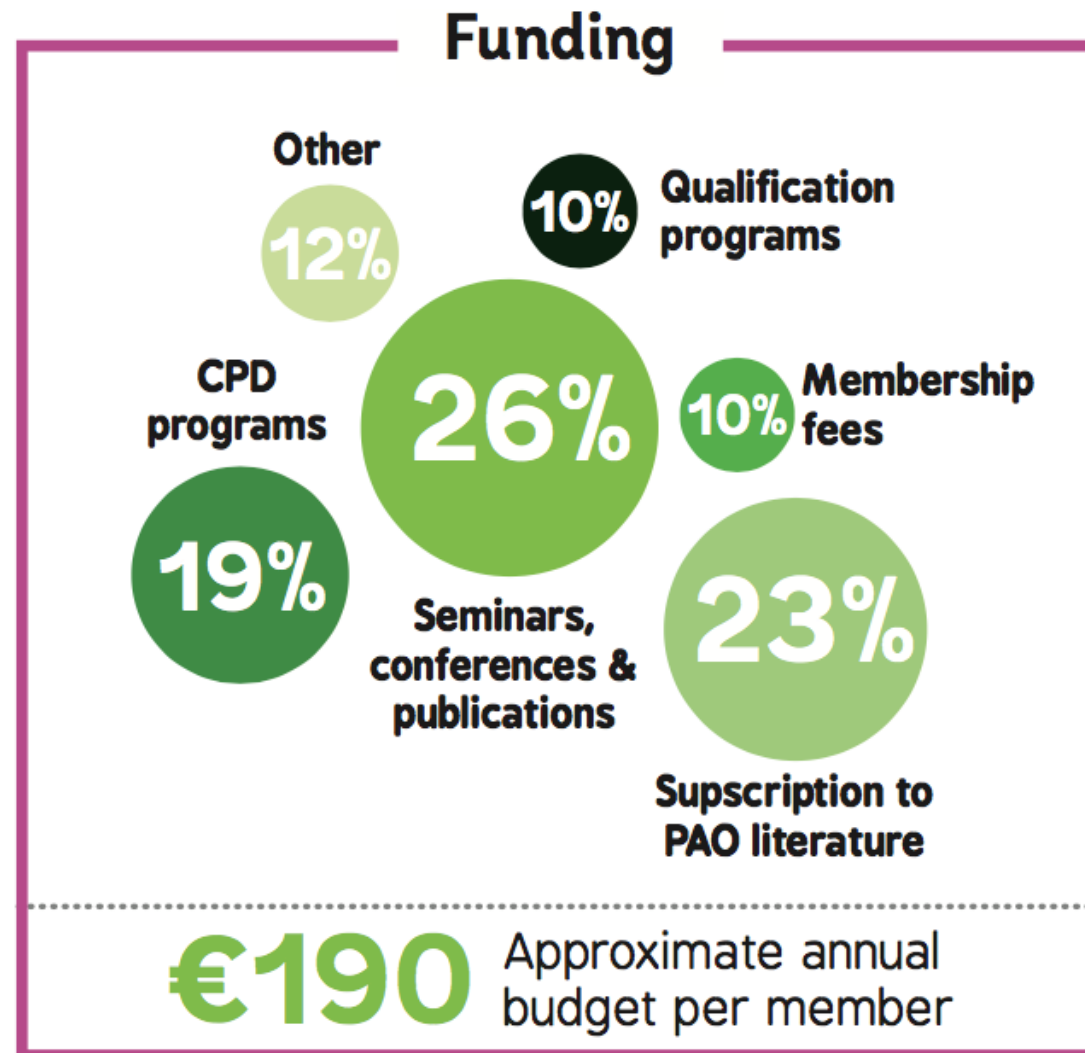


# Institute of Certified Accountants of Montenegro (ICAM)

- » ICAM founded in 2006 by a Decree of the Government of Montenegro.
- » 2007 leader of a consortium to fulfill a range of regulatory tasks, including:
  - » (i) adopting, translating and publishing IFRS Standards, ISA and the IESBA Code of Ethics;
  - » (ii) organizing and conducting professional certification, education and examination;
  - » (iii) monitoring and quality control;
  - » (iv) maintaining registers of certified accountants;
  - » (v) conducting professional education according to International Education Standards,
  - » (vi) providing advice and issuing opinions regarding the application of accounting standards; and
  - » (vii) other publishing obligations (e.g. forms of financial statements, instructions, etc.

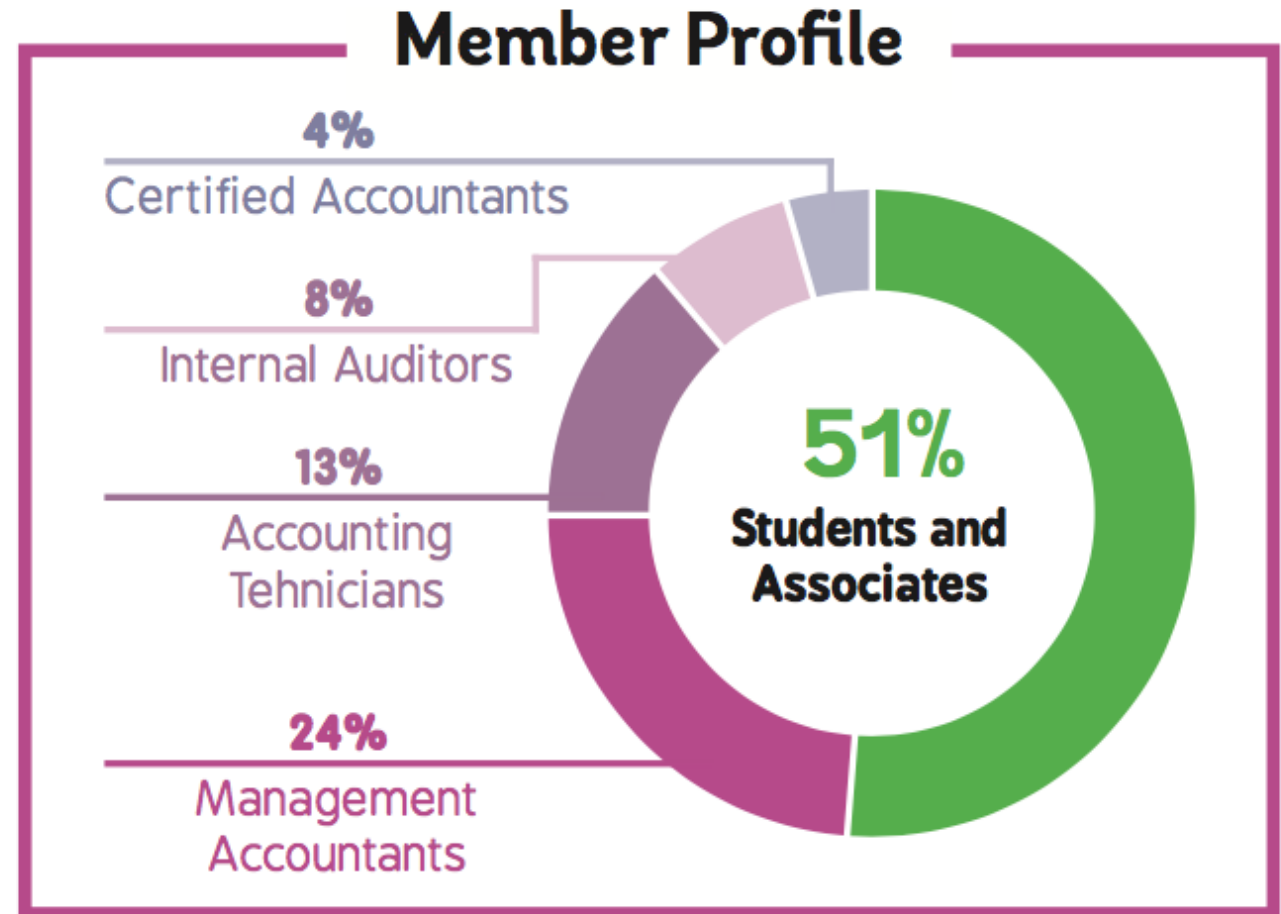
# Institute of Certified Accountants of Montenegro (ICAM)

- » 1,550 members
- » EUR 190 per active member
- » monthly magazine “Accounting and Auditing”
- » 8 full-time employees



# Institute of Certified Accountants of Montenegro (ICAM)

- » ICAM's bodies:
- » the Assembly,
- » the Board of Directors,
- » the Steering Committee,
- » the Secretary General and
- » Commissions
- » 48% male; 52% female



# Institute of Certified Accountants of Montenegro (ICAM)

## » Education and Training Program:

- » based on the 2007 ACCA syllabus,
  - » national legislation in areas of taxes and corporate law,
  - » IFRS Standards and
  - » ISA
- » 9 years on average to become a licensed auditor
- » ICAM offers professional designations: **Bookkeeper**, **Management Accountant**, and **Certified Accountant**.
- » 72 students applied in 2015 and from the 34 who graduated

# Institute of Certified Accountants of Montenegro (ICAM)

- » Two examination sessions in June and December, remedial session in September
- » Written papers with direct theoretical questions - maximum of 25%; . application of theoretical knowledge and international standards – 75%
- » Pass rates - approximately 75%
- » Anonymity is ensured by using bar codes on exam papers

## » **Practical experience requirements**

- » Bookkeeper: at least three years of practical work experience in accounting;
- » Management Accountant: three years of practical experience in accounting; and
- » Certified Accountant: at least three years of practical experience after acquiring the professional title 'Management Accountant'.

# Institute of Certified Accountants of Montenegro (ICAM)

## » Practice license

- » Only Certified Accountants can get a license to practice as a statutory auditor
- » Issued by the Ministry of Finance, valid indefinitely.
- » three years of practical experience within an audit firm, supervised by a Certified Auditor.

## » Recognition

- » Certified relevant IFAC member professional bodies can apply for recognition upon successfully passing the **Tax and Business Law** exams.
- » A mutual recognition agreement for professional designations of other regional bodies on the basis of comparable education programs



## Institute of Certified Accountants of Montenegro (ICAM)

- » CPD requirement is prescribed by ICAM; requirement of **40 hours** of CPD annually, of which **20** via classroom training and seminars.
- » ICAM is the only recognized CPD provider for verifiable classroom training and seminars.
- » Self-directed and unstructured CPD includes subscribing to professional magazines and literature approved by ICAM's Board of Directors (including ICAM's magazine) and may account for as much as **20 hours** of non-verifiable CPD.

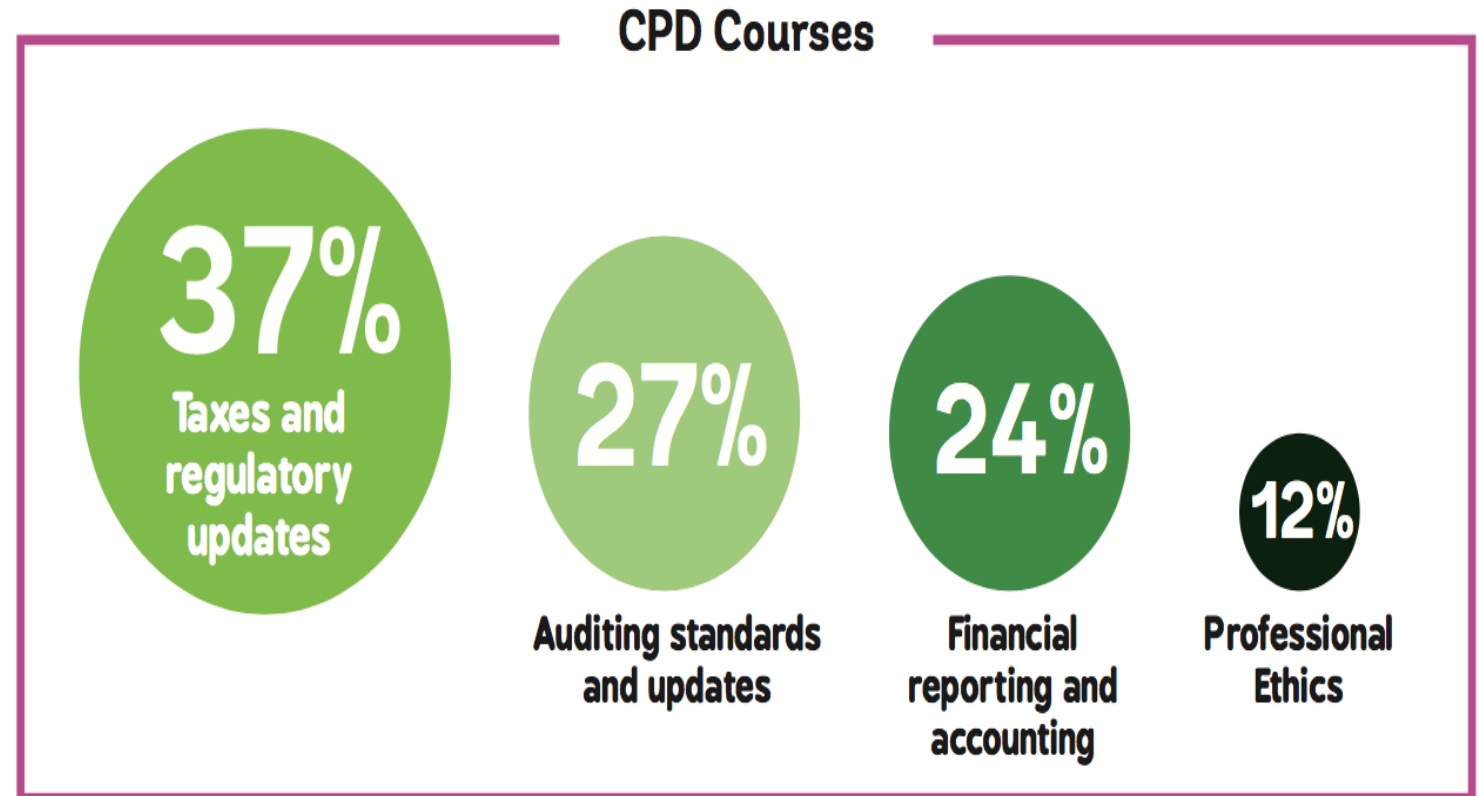
# Institute of Certified Accountants of Montenegro (ICAM)

## » **Other CPD requirements:**

- » (i) practical experience in a new professional role;
- » (ii) coaching and mentoring (provided or received);
- » (iii) self-directed and unstructured activities;
- » (iv) developing and delivering courses and CPD sessions;
- » (v) writing articles, papers and books; and
- » (vi) research, including reading professional literature or journals.

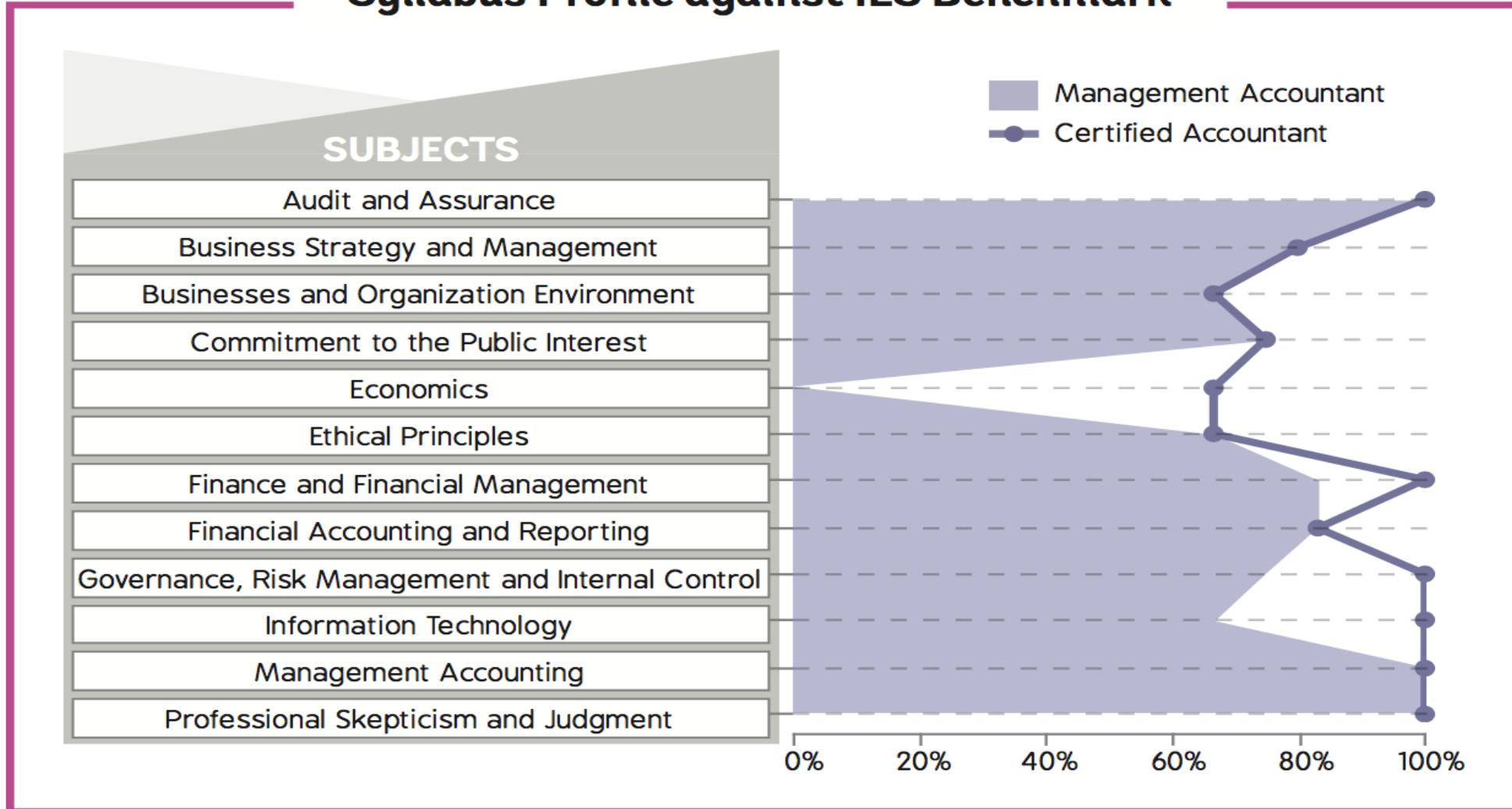
# Institute of Certified Accountants of Montenegro (ICAM)

- » **Providing members with useful guidance about CPD**
- » CPD requirements are as **clear** as possible and that **members can easily access** the CPD policy. ICAM undertakes the following activities:
  - » • Provides CPD guidance and publishes the CPD policy on its website; and
  - » • Provides responses to frequently asked questions on CPD (i.e. phone help line).



# Institute of Certified Accountants of Montenegro (ICAM)

## Syllabus Profile against IES Benchmark

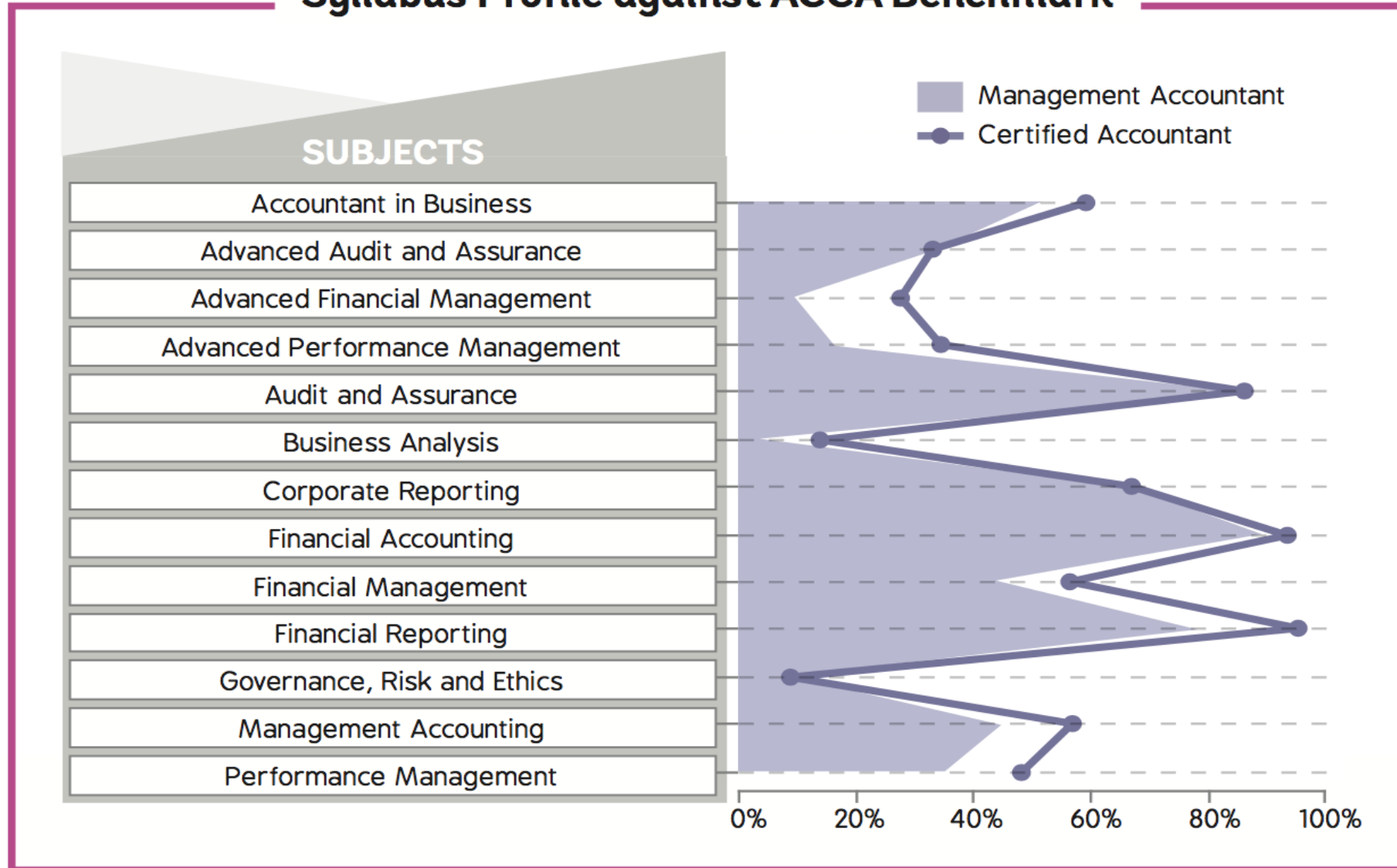


# Institute of Certified Accountants of Montenegro (ICAM)

- » Syllabus profile against **IES** benchmark
- » **Economics** - learning outcomes for
  - » fundamental principles of microeconomics and macroeconomics; effect of changes in macroeconomic indicators on business activity, explaining the different types of market structures
- » **Ethical principles** - learning outcomes for
  - » identifying ethical issues and determine when ethical principles apply, valuating and respond to threats to objectivity and independence that can occur during an audit, protecting the confidential information

# Institute of Certified Accountants of Montenegro (ICAM)

## Syllabus Profile against ACCA Benchmark



# Institute of Certified Accountants of Montenegro (ICAM)

- » Syllabus profile against **ACCA** benchmark
- » **Business Analysis** - learning outcomes for
  - » evaluating and redesigning business processes to implement and support the organisation's strategy; principles of project management to enable the implementation of aspects of the strategy;
- » **Governance, Risk and Ethics** - learning outcomes for
  - » explaining function of governance in the effective management and control of organisations; the role of the accountant in identifying and assessing risk (risk management process; categories of risk; identification, assessment and measurement of risk); the application of professional values and judgement through an ethical framework in the best interests of society.