

ACCOUNTING AND AUDIT EDUCATION IN MOLDOVA: POSSIBLE REFORM INITIATIVES

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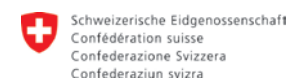
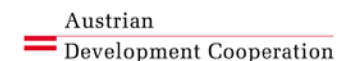
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Presentation Objectives

- » Introduce the background for Concept development, its development process, and key challenges
- » Introduce current situation and key issues
- » Discuss major assumptions taken into account as development areas were determined
- » Introduce development areas and proposed actions
- » Discuss the proposals with EduCoP members

Note: Draft Concept will be discussed with key entities in Moldova in September



**CONCEPT DEVELOPMENT:
CONTEXT, PROCESS,
OBJECTIVES, AND CHALLENGES**

Concept Development: Process

- » Moldovan representatives' active involvement in regional events
- » Local workshop on the Initiatives to Consolidate Accounting and Audit Education. Main objective is to have participants get conversant with the International Education Standards
- » Local workshop on Accounting and Audit – Development of Strong and Sustainable Profession in Moldova. Main objective is to clarify the definition of professional accounting body and its role
- » Prepare a draft Concept
- » Working meetings with active participation of the EduCoP members at every stage



Concept Objectives

- » The Concept objectives are to:
 - Serve as a platform for discussions with stakeholders with a view to improving the accounting and audit education both at the university and at professional levels
 - Identify priority development areas and have stakeholders approve them
 - Have the parties envisaged (including involvement of development partners) implement the proposed actions



Specific Objectives

- » Facilitate cooperation among organizations providing accounting education at various levels (universities, colleges) and entities engaged in professional qualification (the Ministry of Finance)
- » Promote the learning outcomes-based approach to accounting and audit education both at the university and at professional levels (with a stronger emphasis on promoting the International Education Standards)
- » Enhance the role of the profession in developing the accounting and audit education

Accounting and Audit Education: Key Stakeholders



Key Challenges (1)

- » Lack of a national leader recognized by all the parties involved which would assume responsibility for promoting reform in this area and establish a platform for transparent discussions
- » Lack of clear understanding (by the profession and existing associations, as well as the general public) of what a professional accounting association and its role is
- » Relatively low employers' demand for high-skilled accounting professionals
- » Involved parties' vested interests
- » Accounting law and audit law are still in the draft phase



Key Challenges (2)

- » Proposals can only be effective provided there is broad consensus of the parties and political commitment to reform
- » In order to promote reform, participatory process is required whereby parties affected by change, including the general public, would contribute to reform promotion and implementation
- » Some of the identified priorities and reform actions could be implemented directly within the envisaged institutions; others would require joint efforts and their implementation would be more efficient within the framework of a national project on enhancing the profession and financial reporting



CURRENT SITUATION: KEY ISSUES

Current Situation: Key Issues (1)

- » Lack of a national framework for assessment of accounting and auditing programs based on learning outcomes consistent with the International Education Standards (IESs)
- » General framework of professional competencies to be acquired by accountants and auditors at various stages of learning should be improved so that it is more consistent with the IESs
- » No consensus of key actors with regard to mandatory education which chief accountants should have

Current Situation: Key Issues (2)

- » Limited methodological support (teaching materials, toolkits, manuals, etc.), authors are not interested enough in preparing such materials; digital methodological assistance is practically non-existent
- » Lack of educational software leads to accounting and auditing students' reduced digital technology competencies, due to which they fail to meet labor market demands or to be competitive with the European education



Current Situation: Key Issues (3)


- » Vocational training schools and universities lack an efficient system to track their graduates' employment in the labor market
- » Limited transparency of auditor qualification examination process; sample examination tests and solutions are not disclosed; and test quality could be improved
- » Neither auditors nor accountants are obliged by law to be members of a professional association




**CURRENT SITUATION:
ASSUMPTIONS MADE TO
IDENTIFY ACTIONS**



Current Situation: Key Assumptions (1)


- 
- a clear definition of what a PAO is and what the criteria are for transferring certain responsibilities to it in the process of audit regulation and public oversight
 - mandatory membership of certified auditors and accountants in a professional association




PAOs intend to consolidate and join efforts to attract new members regardless of statutory provisions (become IFAC members, merge, set up a federation, etc.)



Current Situation: Key Assumptions (2)




Legal framework for corporate financial reporting complies with *acquis communautaire* and is rarely amended



Incentives necessary to motivate professors to develop methodological support, including based on digital technologies, have been identified and are applied

Current Situation: Key Assumptions (3)



University graduates are exempted from some auditor professional qualification exams, based on programs recognized by the Ministry of Finance



Existing auditor certification scheme has adequate resources to ensure transparent and high-quality process



POSSIBLE DEVELOPMENT AREAS

BUILDING SYNERGIES BETWEEN UNIVERSITY AND PROFESSIONAL EDUCATION IN ORDER TO IMPROVE ITS QUALITY AND ENHANCE ACCESS TO THE PROFESSION

PROPOSED ACTIONS

1. Develop and adopt a single framework for technical professional competencies based on the IES 2 provisions
2. Develop university programs assessment scheme so that graduates could be exempt from some auditor qualification exams
3. Implement mechanisms to ensure efficient communication with employers in order to lower the risk of gap between taught skills and those necessary in practice
4. ...



STRENGTHEN THE AUDITOR CERTIFICATION PROCESS AND DEVELOP NATIONAL ACCOUNTANT CERTIFICATION

PROPOSED ACTIONS

1. Revise the existing provisions on the auditor professional qualification in order to bring them into line with the International Education Standards
2. Develop detailed guidance on the preparation/content of the auditor qualification examination tests focused on testing the learning objectives
3. Revise the legal framework and include in it the definition of a professional association and criteria for transfer of certain responsibilities in the process of regulation and oversight of member activities
4. ...



ENHANCE THE ROLE OF PROFESSIONAL COMMUNITY IN PROMOTING ACCOUNTING AND AUDIT EDUCATION


PROPOSED ACTIONS

1. Implement the international practices of proper governance within the framework of professional associations, member quality control methodologies, and procedures for mandatory monitoring of requirements to continuous professional development of members
2. Develop and implement accountant certification program in compliance with the International Education Standards
3. Encourage the professional associations to become IFAC members and initiate voluntary consolidation of existing professional associations
4. ...



ENSURE NECESSARY METHODOLOGICAL SUPPORT TO DEVELOP AND CONSOLIDATE ACCOUNTING AND AUDITING EDUCATION

PROPOSED ACTIONS

1. Organize regularly train-the-trainer courses for trainers engaged at various levels to ensure high-quality approach to teaching the IFRS, ISAs, Code of Ethics, NAS, and other subject areas for accounting and auditing qualification purposes
 2. Develop detailed methodology and toolkits with national economy case studies on teaching principle-based standards (IFRS, ISAs)
 3. Develop digital technologies-based methodological support, and implement e-learning platforms in the university education and for continuous professional development purposes
 4. ...
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QUESTIONS, PROPOSALS