

UKRAINE



ACCOUNTING AND AUDIT EDUCATION: CURRENT STATUS AND REFORM INITIATIVES

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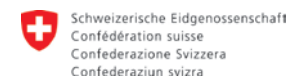
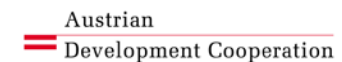
Mykola Bondar, Dean of the accounting and finance faculty, Kyiv National Economic University named after Vadym Hetman, Head of sub-Commission on accounting and taxation under the Ministry of Education of Ukraine

Svetlana Zubilevych, Head of Committee of professional education and certification, Ukrainian Federation of Accountants and Auditors

*May 30th 2017, Vienna, Austria
Regional EduCoP Workshop*



STAREP is co-funded by:



Presentation Objectives

- Introduce the context of the development of an Action Plan on strengthening the accounting and audit education system (hereafter – the Action Plan)
- Current situation, key issues and challenges
- Major development initiatives and suggested actions:
 - At the university level:
 - At the PAO level
- Next steps



BACKGROUND INFORMATION AND CONTEXT OF THE ACTION PLAN DEVELOPMENT WITHIN STAREP

Action Plan Development: Process

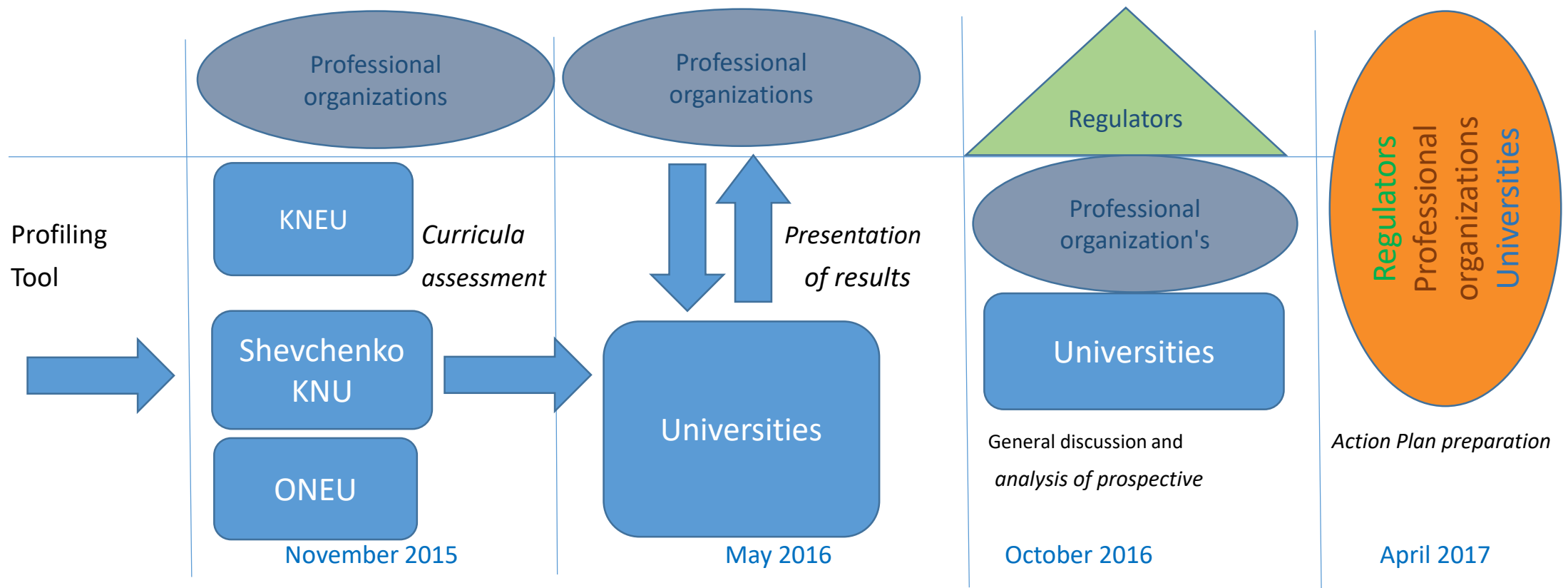
- [November 2015, Kyiv, Ukraine](#) – regional EduCoP Workshop «From Diagnostics to Reforms: Using of Profiling tool to assess and improve professional accounting education»
- [May 2016, Odesa, Ukraine](#) – National seminar “Modern accounting education: trends in Europe and world. Prospective for Ukraine”
- [October 2016, Minsk, Belarus](#) – regional EduCoP Workshop «National Initiatives for Strengthening Accounting education»
- [March 2017, Kyiv, Ukraine](#) – seminar at KNEU “Improvements in accounting and audit education: best practice and national development areas»
- [April 2017, Kyiv Ukraine,](#) – National initiatives on strengthening accounting and audit education

Next steps:

- Development and presentation of the National action plan on strengthening of accounting and audit education
- Development of a Concept paper within the STAREP Program
- Discussion of the Concept paper with counterparts at a national level

Context of work on the Action Plan

What has been done:



Context of work on the Action Plan

Next steps:

- May-June 2017 – work on the Action Plan
- September 2017 – Discussion of the Action plan with counterparts at a national level
- October 2017 – draft National Concept on strengthening of professional accounting and audit education
- November 2017 – discussion of the Concept and a national level and its presentation at the next STAREP EduCoP Workshop

Purposes of the Concept development

- Concept key purposes will be to:
 - Create a platform for open discussion and share of views among all counterparts as regards to prospective improvements in the area of accounting and audit education at both university and professional levels;
 - Defining of priority development areas and agreement on them with all stakeholders
 - Implementation of suggested and agreed actions by relevant counterparts






Purposes of the Concept development within STAREP

- Support cooperation among organizations providing accounting education at both universities and professional levels (including access to profession and CPD)
- Promoting of the International Education Standards as a basis of curricula for educating professionals in accounting and audit at all levels
- Facilitate development of partnership relations with international and foreign colleagues aiming to exchange views and learn good international experience and practices
- Support efforts of local professional communities aimed at recognition of national certifications
- Enhancement of the professional community in development of accounting and audit education in Ukraine

Key Stakeholders in Accounting and Audit Education in Ukraine

- Regulators :
 - Ministry of Finance of Ukraine – is responsible for defining of a national policy in the area of accounting and audit;
 - Ministry of Education and Science – approves standards of education for bachelors, masters and doctoral levels at higher education institutions
 - Ministry of Social Policy – is responsible for development and approval of qualification specifics for all industries; as well as for development, approval and amending the Profession Classifier;
 - National Bank, National Securities Commission, National Commission on Financial Services Regulation – are responsible for setting additional criteria for accountants` and auditors` qualifications in areas of their competence
- Professional organizations:
 - More than 20 professional organizations in the area of accounting and audit (all are with voluntary membership, there is no legal requirement on obligatory membership in a professional organization)
 - Ukrainian Federation of Professional Accountants and Auditors (UFPAA) – is a key professional organization uniting accountants and, UFPAA is a full IFAC member
 - Union of Auditors of Ukraine – is a key professional organization uniting auditors
- Higher education institutions (HEI):
 - In 2016/2017 academic year there are 657 HEIs (in 2010/2011- 813), out of them there are 370 HEIs of I-II accreditation levels and 287 of III-IV accreditation level (source -- http://www.ukrstat.gov.ua/druk/publicat/kat_u/publosvita_u.htm), out of them 355 HEIs are providing education in accounting and audit (about 138 000 of students are undergoing Economics and Entrepreneurship course, which includes accounting and audit specializations)

Key areas of the Action Plan:

1. Strengthening of accounting and audit education at the university level  bringing it in line with IESs and employers` expectations
2. Integration of curricula of universities and Professional Accounting Organizations (PAOs)  their approximation based on IESs, allowing for consistent professional knowledge update and continuous professional development
3. Profession recognition at a level of the national law  introducing of legislative amendments aiming to: 1) definition of a professional accountant; 2) legal recognition and identifying of a professional self-regulation; 3) introduction of legal requirements regarding continuous professional development
4. Integration of professional organizations  consolidation of efforts of PAOs and mutual recognition of professional certifications based on international standards and good practice
5. International accreditation of national certification programs  aiming at integration of Ukrainian PAOs into international professional community

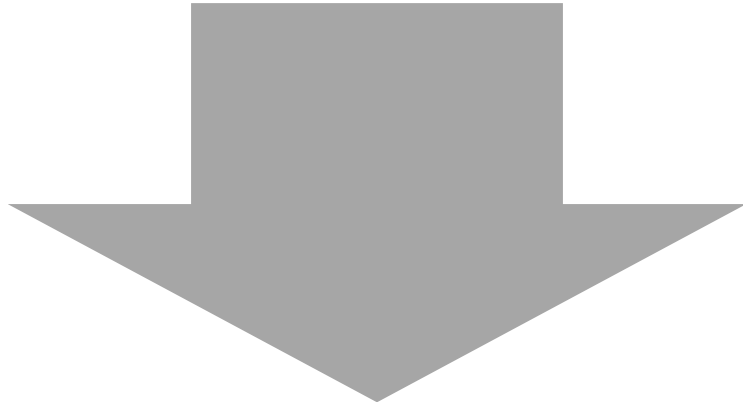


**KEY ISSUES AND WAYS TO ADDRESS
THEM AT A LEVEL OF HIGHER
EDUCATION INSTITUTIONS**

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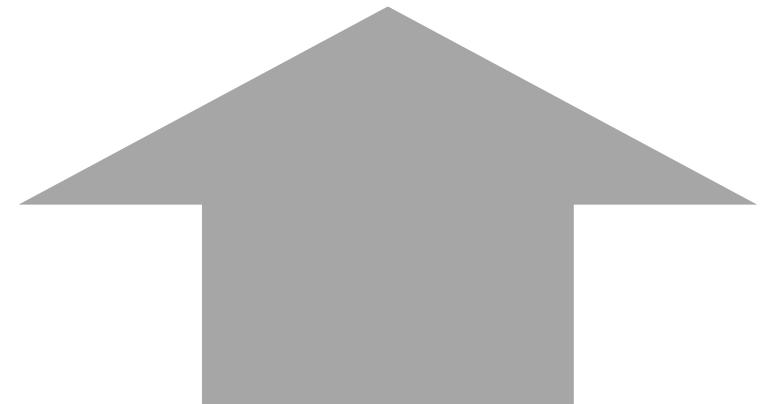
- AREA 1: Strengthening of accounting and audit education at the university level. Issues:
 - Absence of approved IESs-based higher education standards for bachelors and masters;
 - Lack of communication among HEIs, business (employers) and PAOs, leading to a gap between competences and knowledge obtained by graduates versus practice;
 - Inconsistency of the examination procedure with requirements of the IES6;
 - Absence of sufficient number of teachers of relevant proficiency level, and lack of requirements to their CPD;
 - Lack of interaction among international organizations and professional training centers, which affects competitive opportunities of local graduates as compared to European HEIs` graduates

Key assumptions and possible actions on Area 1



- Finalization of development of the education standards for accountants and auditors based on IESs, and their approval by the Ministry of Education
- Organization of regular seminars/ workshops/distant learning events on professional development for professors and teachers at the HEIs
- Establishment of a platform for exchange of views and knowledge sharing among HEIs, PAOs, employers and regulators
- Measures to enhance international recognition and accreditation


- Higher education standard for bachelor has been drafted and currently is submitted for approval; education standard for masters degree has been drafted and currently undergoes public discussion procedure
- Major HEIs have already been accredited by internationally recognized organizations and programs for professional accounting education, including ACCA, CAP/CIPA, CIMA. This process continues.

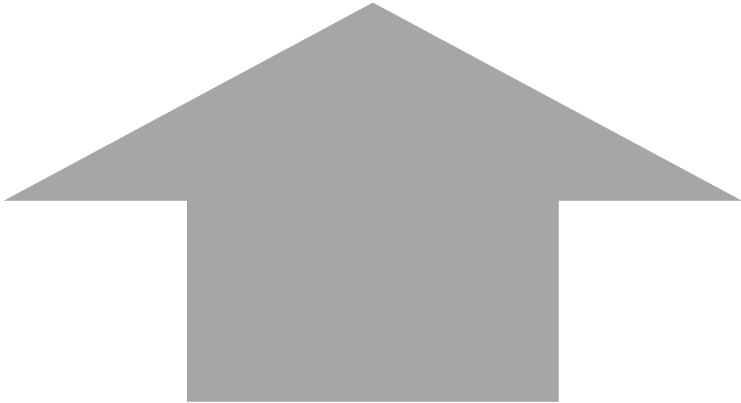


KEY ISSUES AND WAYS TO ADDRESS THEM AT A LEVEL OF HIGHER EDUCATION INSTITUTIONS

- Area 2: Integration of curricula of universities and PAOs. Issues:
 - Lack of consistency between curricula of universities and PAOs` certification programs;
 - Absence of requirements to develop curricula on the single basis (IESs);
 - Absence of a national professional education program for auditors (both levels);
 - Insufficient role of PAOs in the education process at the HEIs level.

Key assumptions and possible actions on Area 2

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- Integration among certification programs and curricula providing for their consistency and development on a single basis (IESs).
 - Increased interaction between universities and PAOs in course of accountants` and auditors` education and professional development
 - Involvement of PAOs representatives in the process of teaching plans development, training and examination of the HEIs graduates.

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- Key stakeholders acknowledged the need and confirmed their interest in development of the national concept for accountants` and auditors` consistent professional education
 - MOUs are signed between HEIs and PAOs to increase the number of students undergoing practical training in professional organizations (UFPAA)
 - Regular joint conferences and events are organized at a national and international levels
 - Experts from PAOs provided their input to development of the education standards




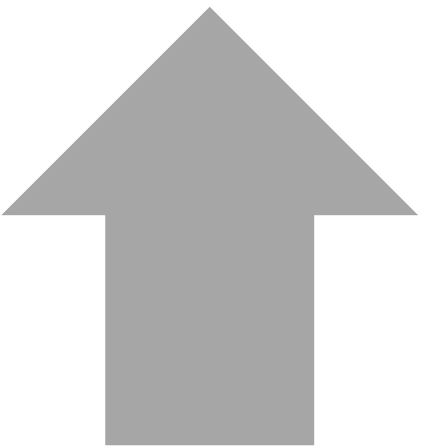
KEY ISSUES AND WAYS TO ADDRESS THEM AT A LEVEL OF PAOs

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- Area 3: Legislative recognition of profession. Issues:
- Absence of legal definition of a professional SRO and lack legal basis for their professional activity;
- Definition of a professional accountant, as well as requirements to CPD and adherence to the Code of Ethics are not provided in law;
- Lack of clear vision regarding need for gradual professional development from accountant to auditor;
- Lack of relationship between higher education degree and following professional certification programs.

Key assumptions and possible actions on Area 3

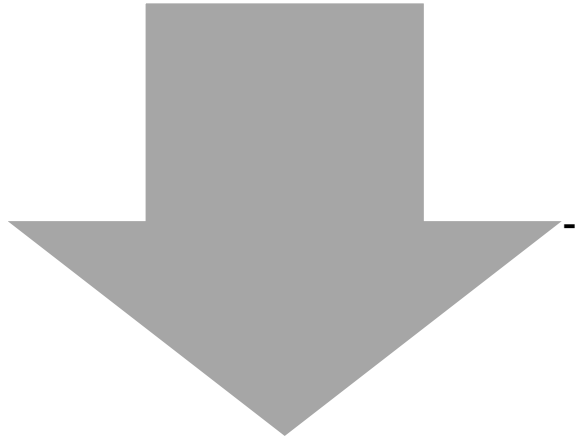
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- Work on the draft law on professional SRO
 - Adding the definitions of the professional accountant and auditor into the law in line with IFAC relevant definitions
 - Development of a single requirements to professional accountant and auditor, including CPD and adherence to the Code of Ethics
 - Development of a Roadmap for integration of higher education and professional certification programs of PAOs in line with IFAC education standards.
 - Support of measures on practical implementation of MOUs between PAOs and universities

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- Translation of IESs and the Code of Ethics is completed by UFPAA
 - EU relevant requirements in the area of accounting and audit education are reviewed and transposed into the relevant draft laws with support within STAREP Program
 - Draft laws on accounting and draft law on audit are submitted to the Parliament of Ukraine (to be reviewed in the first reading on June 8th)
 - IESs ongoing promotion is provided within conferences, seminars, workshops and other relevant events
 - UFPAA took part in external expert review of the higher education standards

KEY ISSUES AND WAYS TO ADDRESS THEM AT A LEVEL OF PAOs

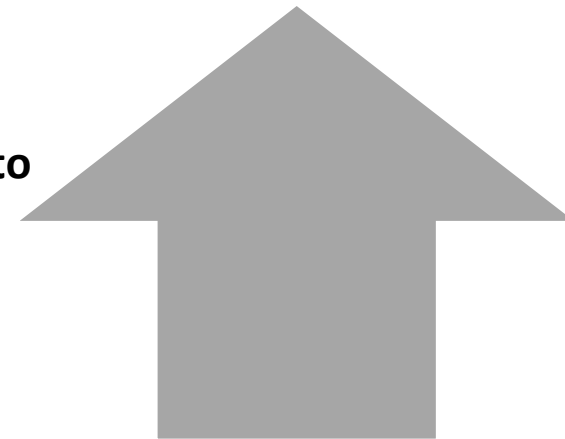
- Area 4: Consolidation of efforts of PAOs in development and professional advocacy. Issues:
 - More than 20 professional organizations in accounting and audit, and only 1 of them is IFAC member;
 - Lack of knowledge of IFAC self regulation principles among professionals;
 - Absence of a leader capable to efficiently unite and provide professional advocacy for PAOs;
 - Insufficient cooperation among PAOs;
 - Absence of entrance requirements for new members and no own professional certification programs at some PAOs;
 - Insufficient integration with recognized professional organizations.

Key assumptions and possible actions on Area 4



- Consolidation of PAOs based on the recognized SRO principles and the Code of professional Ethics of IFAC
- Increase of mutual recognition of members, certification programs and CPD based on IESs
- Review of samples of the profession consolidation based on experience of Canada, Australia, the Netherlands etc.

- in 2015 the MOU was signed among 5 professional organizations, aiming to create national certification program
- Organization of regular joint conferences/seminars/workshops etc.to address the issues
- UFPAA training center was accredited by the Auditors` Chamber to provide CPD for auditors



KEY ISSUES AND WAYS TO ADDRESS THEM AT A LEVEL OF PAOs

- Area 5: International recognition of certification programs of local PAOs. Issues:
 - Fragmentation and inconsistency of certification programs of local PAOs in the area of accounting and audit;
 - Examination procedures do not comply with IES6;
 - Lack of motivation among the certified professionals in accounting within a local market;
 - On the employers side - underassessment of risk of hiring professionals with insufficient qualification

Key assumptions and possible actions on Area 5



- Bringing certification programs in line with international standards and best practice
- Organization of seminars and workshops on discussion and improving of curricula and examination procedures
- Taking measures on mutual recognition of certification programs among Ukrainian and European PAOs
- Recognition of certification program acceptable as a CPD for professors and teachers of HEIs



- Key stakeholders agreed on the need to consolidate efforts on the development of a single approaches to certification of professional accountants and auditors
- With STAREP program support various certification/ accreditation requirements were reviewed, including ACCA, CIPFA etc.
- Measures are being taken to prepare certification programs to accreditation by ACCA





SUGGESTED DEVELOPMENT AREAS

IMPROVEMENTS AT A LEVEL OF HIGHER EDUCATION INSTITUTIONS

Suggested steps:

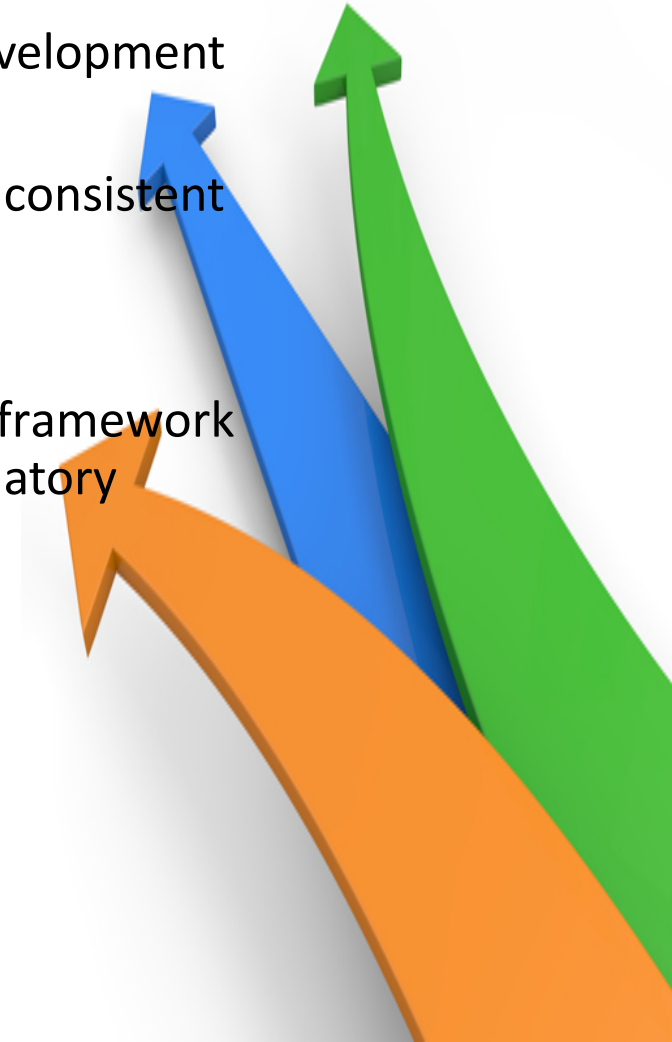
1. Development of the higher education standards based on the IESs
2. Establishment of a platform for discussion and share of views among all stakeholders aimed at strengthening of the education in the area of accounting and audit, and bringing it in line with employers' expectations
3. Development of a mechanism of assessment of universities' curricula aiming to enable graduates exemption from some accountant and auditor exams
4. Increased communications between HEIs and employers in order to minimize the risk of gap between graduates' skills and those necessary in practice
5. Introduction of the CPD system for teachers (TOT trainings)
6. Support of initiatives on international recognition and accreditation



IMPROVEMENTS AT A LEVEL OF PAOs

Suggested steps:

1. Consolidation of professional accounting organizations and their further development based on principles of IFAC and other international organizations in the area
2. Integration of professional certification programs based on principles of consistent profession development and mutual recognition
3. Approximation of universities` curricula and PAO`s certification programs
4. Implementation of the international practices of proper governance within the framework of PAOs, including member quality control methodologies, procedures for mandatory monitoring of CPD requirements etc...



IMPROVEMENTS AT A REGULATORY LEVEL

Suggested steps:

1. Adoption of relevant legislative amendments introducing reforms in the area of accounting and audit
2. Support of implementation of actions envisaged by the Roadmap on development and integration of accounting and audit professional education (both at universities and PAOs levels) in line with international standards and good practice in the area
3. Support of establishment of a platform for share of views and experience with participation of all stakeholders
4. Regular organization of the TOT courses to ensure to ensure high-quality approach to teaching the IFRS, ISAs, Code of Ethics, and other subject areas for accounting and auditing qualification purposes
5. Support in development of a detailed methodology and toolkits with national economy case studies on teaching accounting and audit





**THANK YOU!
QUESTIONS?**

