Examples of National Education Reform Initiatives and the Case of Ukraine

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National Initiatives for Strengthening Accounting Education
Introduction

“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
Outline of presentation

Presentation is based on the answers from Ukraine EDUCoP members

»Key stakeholders, their responsibilities, objectives and challenges
»Profession’s maturity model
»Objectives
»International Education Standards
Key stakeholders

Action plan
## Country context - PAOs

<table>
<thead>
<tr>
<th>Name</th>
<th>IFAC membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ukrainian Federation of Professional Accountants and Auditors</td>
<td>Full</td>
</tr>
<tr>
<td>Union of Auditors of Ukraine</td>
<td>Associate</td>
</tr>
<tr>
<td>Ukrainian Association of Certified Accountants and Auditors</td>
<td>Associate</td>
</tr>
<tr>
<td>Council of Independent Accountants and Auditors</td>
<td></td>
</tr>
<tr>
<td>The Audit Chamber of Ukraine Centers</td>
<td></td>
</tr>
</tbody>
</table>
## Country context – Universities

<table>
<thead>
<tr>
<th>Name</th>
<th>Approx. no of students</th>
<th>State or Private?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kiev National Economics University</td>
<td>1100 (15000)</td>
<td>State</td>
</tr>
<tr>
<td>The Shevchenko Kiev National University</td>
<td>300 (2500)</td>
<td>State</td>
</tr>
<tr>
<td>The Odessa National Economics University</td>
<td>600 (3000)</td>
<td>State</td>
</tr>
<tr>
<td>TEU</td>
<td>700-800</td>
<td>State</td>
</tr>
<tr>
<td>University of Water and Environmental Engineering</td>
<td>700-800</td>
<td>State</td>
</tr>
<tr>
<td>Ternopol National Economics University</td>
<td>700-1000</td>
<td>State</td>
</tr>
<tr>
<td>Kharkov National Economics University</td>
<td>900-1000</td>
<td>State</td>
</tr>
<tr>
<td>The Kiev National University</td>
<td>2550</td>
<td>State</td>
</tr>
<tr>
<td>Kiev National Trade and Economics University</td>
<td>1000</td>
<td>State</td>
</tr>
<tr>
<td>Rivne University</td>
<td>700</td>
<td>State</td>
</tr>
<tr>
<td>National Transport University</td>
<td>700</td>
<td>State</td>
</tr>
</tbody>
</table>
### Key stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Responsibilities</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities/Training Centers</td>
<td>Provide training at the initial stage of professional qualification</td>
<td>Improving the quality of education, attracting as many students as possible</td>
</tr>
<tr>
<td>Business entities, audit companies</td>
<td>Determine students’/professional competence level requirements</td>
<td>Recruiting high quality/competent professionals</td>
</tr>
<tr>
<td>Audit Chamber of Ukraine</td>
<td>Audit regulation, provide access to the profession, responsibility for education</td>
<td></td>
</tr>
<tr>
<td>PAO: UFPAA/CIAA/UAU</td>
<td>Standards development, ensure compliance with IFAC and national regulations, certification, provide trainings</td>
<td>Maintaining members’ competence level, Facilitating development of the profession</td>
</tr>
<tr>
<td>Ministries</td>
<td>Draft regulations</td>
<td>Ensuring regulation of accounting and reporting, improving the status of the accounting and auditing profession</td>
</tr>
</tbody>
</table>
Key stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| Universities | • Strengthening the substance of and harmonizing education programs with international education standards,  
• Decreasing the gap between quality of university education/professional qualification and market demand,  
• Increasing the number of students |
| Employers | • Absence of professional accountant certification and lack of credibility of the qualification level,  
• Absence of NGOs which would provide professionals and guarantee their performance, students lacking necessary competencies |
| PAO | • No requirements for professional accountants and their entrance requirements,  
• Absence of uniform (government) policy related to professional education,  
• No regulation of the accounting profession and certification level |
| Ministry | • Training accountants for the public sector,  
• Lack of control over competence level of accountants and auditors,  
• No auditor training, registry maintenance, high quality preparation of financial statements |
Stakeholder relationship

» There is no collaboration among chamber, auditors and universities
Summary of stakeholders results

Universities
- Initial stage development
- Improving the quality of education
- Gap between quality of university and professional education and market demand

Students

PAOs
- Professional development
  - Develop and maintain member’s competence and development of profession
  - No requirements and no policy for professional education and entry requirements

Employers

Government
- Laws and regulations
- Improving status of the accounting and auditing profession
- Registry maintenance, high quality preparation of FS

- Students
- PAOs
- Government
Profession’s maturity model

Key stakeholders
Professions Maturity Model

Action plan
Analysis of profession’s maturity level

» How would you describe your Ukraine’s PAO level of recognition by the public and by the private sector?
  » No or limited recognition of the need for a PAO
  » Actively working to meet market needs
  » PAO and professional accountants recognized by peer organizations and market stakeholders

» How would you describe Ukraine’s PAO basis for admission to membership?
  » Admission criteria includes education, examination and practical work experience, membership fee

» To what extent are members required to act in the public interest?
  » Low to moderate level of member awareness on the importance of the public interest
  » Members required to apply high standards of ethical behavior and professional judgment
Analysis of profession’s maturity level

» To what extent is the PAO involved in setting law and regulation requirements?
  » Limited engagement with government or regulators
  » Systematic monitoring and review of legal or regulatory requirements
  » The “go to” body for government or regulators when reviewing requirements

» What level of ethics training is available to professional accountants and auditors?
  » Few or no training opportunities
  » Training program in place

» How would you describe the PAO’s scope of activities with respect to international relationships?
  » Limited international objectives or goals established
  » International objectives and goals implemented and monitored
Analysis of profession’s maturity level

» To what extent does the PAO offer guidance and education on international standards (IFRS, IPSAS, ISA)?
  » Committee established to review international standards in light of economic, legal and political environment
  » Review processes in place for adoption of international standards, technical resources available to provide technical advice and guidance
  » Programs in place to train local practitioners on use of standards
  » Training and awareness programs in place to monitor ongoing application of standards

» How would you describe the PAO’s scope or activities with respect to advocacy and influence?
  » Ad hoc monitoring of issues affecting the profession, comment sporadic and reactive
  » Key relationships established with key influencers and relevant stakeholders, including universities, comment limited to particular topics
Analysis of replies – rating the Profession’s Maturity Level

University
PAO and professional accountants recognized by peer organizations and market stakeholders (3/4)
Low to moderate level of member awareness on the importance of the public interest (1/4)
Members required to apply high standards of ethical behavior and professional judgment (1/4)
Limited engagement with government or regulators (3/4)
Training programs for accountants and auditors in place (3/4)

Profession
No, or limited, recognition of the need for a PAO (1/3)
Actively working to meet market needs (1/3)
PAO and professional accountants recognized by peer organizations and market stakeholders (1/3)
Members required to apply high standards of ethical behavior and professional judgment (2/3)
Limited engagement with government or regulators (2/3)

Other (MoF, Unknown)
PAO and professional accountants recognized by peer organizations and market stakeholders (2/3)
Admission criteria includes education, examination and practical work experience; membership fee (1/3)
Low to moderate level of member awareness on the importance of the public interest (1/3)
Members required to apply high standards of ethical behavior and professional judgment (1/3)
Analysis of replies – rating the Profession’s Maturity Level

**University**
- Limited international objectives or goals achieved (1/4)
- International objectives and goals implemented and monitored (2/4)
- Programs in place to train local practitioners on use of standards (2/4)
- Training and awareness programs in place to monitor ongoing application of standards (1/4)
- Key relationships established with key influencers and relevant stakeholders, including universities (3/4)

**Profession**
- The “go to” body for government or regulators when reviewing requirements (1/3)
- Training programs in place (3/3)
- International objectives and goals implemented and monitored (2/3)
- Review process in place for adoption of international standards; technical resources available to provide technical advice and guidance (1/3)
- Training and awareness programs in place to monitor ongoing application of standards (2/3)
- Ad hoc monitoring of issues affecting the profession; comment sporadic and reactive (3/3)

**Other (MoF, Unknown)**
- Systematic monitoring and review of legal or regulatory requirements (1/3)
- Few or no training opportunities (1/3)
- International objectives and goals implemented and monitored (1/3)
- Committee established to review international standards in light of economic, legal and political environment (1/3)
- Key relationships established with key influencers and relevant stakeholders, including Universities; comment limited to particular topics (1/3)
Discussion of the current model

Current model; pros and cons

- It should be complex national education program for A&A
- Education at the university level
- Ukraine has no professional certification requirements
- Heritage; Low level of culture
- Lack of flexibility; disconnect from practices

Synergies and gaps in A&A education between the university and professional levels

- Professional education should be a continuation of university education (university is prerequisite) once practical experience has been gained. Gaps in practical training; practical and university programs are inconsistent
- Synergies – there is single best practices-based basis
- Auditor training is in place
- Specialized education should occur through CPD or after certification
- Draft amendments to the Law on Accounting and Law on Auditing
Barriers to accessing the profession

**CULTURE**
- The general public’s relatively ambivalent attitude to the profession
- Low level of culture and insufficient understanding by managers of all the benefits of accountant’s professionalism
- Emerging stage of understanding the importance of economic analysis and simulation and professional accountants and auditors’ as instruments for managerial decision making

**COST**
- Quite costly entry for a broad range of the population
- Cost management
- (Relatively) low economic return

**PROFESSION**
- Oversupply of accountants and auditors
- Need for high quality practical training
- Regulatory restrictions on the opportunity to undergo actual practical training at enterprises
- Employment related difficulties
- Lack of certain requirements to professional certification which would make it possible to get employed
- Specificities and aspirations of professionals
SWOT ANALYSIS

Strengths
- Fundamental university education
- Improved image of the profession
- Increased reliability of financial information

Weaknesses
- No uniform syllabi or qualification requirements
- Weak engagement among professional qualification entities
- No legal provisions regarding professional qualifications

Opportunities
- Approximating and harmonizing national education systems to the international best practices and education standards

Threats
- No collaboration or understanding among universities, PAOs and the Ministry of Finance
- Inadequate regulation
Objectives

Action Plan

- Objectives
- Key Stakeholders
- Profession’s Maturity Model
- Objectives
Objectives

Priority 1

• Harmonized universities and professional organizations syllabi and education programs
• Improve and harmonize accounting and auditing education system framework with IES and international best practices
• Govern by law the PAO - employer - university relations
• Ensure cooperation among state regulators, universities and PAOs

Initiatives

• New education standards
• Amendments to the law on higher education
• Statutory regulation of accounting and auditing
• Implement ISAs and IFRS
Objectives

Priority 2

- Enshrine in law the professional education and certification requirements
- Have universities, MoE and PAOs cooperate closely to determine Competency Framework
- Finalize and clarify the accounting and auditing ethics code
- Create new NGO that would provide competent professionals and guarantee their performance
- Develop the PAOs participation in the elements of training of professional accountants and auditors as a prerequisite for market based approach to quality assurance in the education system
- Develop a concept paper on professional accountant training

Initiatives

- Agree tentatively on the accountant and auditor education levels
- Develop draft professional certification concept
- Develop draft education standards for the undergraduate and master levels
- Develop cooperation among professional education entities
Objectives

Priority 3
Detail and adopt education standards for all levels
Develop new and/or improve audit certification system
Certify professional accountants
Improve the status of the accounting profession
Ensure financial security (proper salaries) for professionals
Legislate concessions for enterprises that allow and support practical training of students
Implement the practical education and mentorship system for practices and skills components

Initiatives
• No initiatives
• Professional practical experience has not been used in the past
• Outreach to universities to explain gaps in practical experience
• Legislation should be adopted
International Education Standards

Action Plan

Key stakeholders
Objective
IES
Profession’s Maturity Model
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
How satisfied are you with your country’s processes and requirements

![Pie chart showing satisfaction levels]

- Not at all: 0%
- Somewhat: 0%
- Moderately: 50%
- Very: 0%
- Extremely: 0%

Somewhat 50%
Key changes

» Start consistent, legally approved education system which is based on internationally recognized standards and principles

» Professional education standards for accountants and auditors should be competence based

» Initiation of auditing related laws

» Institute a national certification system

» Change entry requirements to be Bachelor of Management
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
At what stage of education and training candidates develop and demonstrate these learning outcomes

- University
- Professional education program
- Professional exams
- Work experience
- Other: International workshop and peer experience exchange through internships

![Bar chart showing the level of development and demonstration of learning outcomes across different stages of education and training.](chart-image)
How satisfied are you that all of these Learning Objectives are developed and demonstrated

Learning outcomes

- Not at all: 0%
- Somewhat: 0%
- Very: 33%
- Moderately: 67%
- Extremely: 0%
Key changes

» Unified education curriculum for initial level
» Simple national education program for all levels
» Recognition of a legally authorized examination system for qualification
» Legislating staged nature of education
» Improving universities’ programs by, for example, combining practical training and theoretical learning at universities
» Improving universities’ syllabi
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
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
At what stage of education and training do candidates develop and demonstrate these skills, values, ethics and attitudes?
How satisfied are you with implementation of IES 3 and IES 4

IES 3 and IES 4

- Not at all: 0%
- Somewhat: 33%
- Moderately: 67%
- Very: 0%
- Extremely: 0%
Key changes

» Develop nationally approved criteria and requirements for examination system
» Develop Competency Framework
» Develop mentorship institute
» Establish experience transfer/mentorship with developed countries
» Establish training centers accreditation
IES 5 Initial Professional Development – 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
How is a candidate’s work experience monitored

» Auditor registry
» Work record book entries/experience confirmation
» Reference letters
How satisfied are you with experience requirements

- Not at all: 0%
- Somewhat: 25%
- Moderately: 75%
- Very: 0%
- Extremely: 0%
Key changes

» Setting up statutory regulation framework
» Entering in the classification of occupations / linking classifier to the qualification level
» Ranking accountant qualification
» Introduce provider concept
» Introduce an incentive framework for enterprises that hire students for practical training
» Legislate minimum work experience requirements for chief accountant at large companies
» Formulate qualification requirements
» Differentiate salaries depending on qualifications
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
How satisfied with implementation of IES 6

IES 6

Not at all 0%

Somewhat 0%

Moderately 0%

Very 100%
Key changes

» Improve compliance with international requirements & EU Directive
» Approve single assessment framework
» Improve the quality and content of examination tasks and improve performance at examinations, for example through integrative tasks involving financial reporting indicators
» Tighten the examination procedures administrative framework
» Organizational setup of universities
» Offsets and accreditation
» Level playing field – single option
IES 7 require all professional accountants to undertake CPD

Establish the preferred approach to measuring CPD from output based, input based or combination approach
How satisfied are you with implementation of IES 7

IES 7

Somewhat
100%

Not at all  Somewhat  Moderately  Very  Extremely
Key changes

» Professional competence – prepare auditor programs on a competitive basis by professional organizations together with universities

» Update the program topics

» Implement staged education based on the approved requirements for each education stage

» Enhance regulator’s monitoring of CPD quality
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
How confident are you that these requirements are sufficient

- Not at all: 82%
- Somewhat: 9%
- Moderately: 0%
- Very: 9%
- Extremely: 0%

IES 8
Universities

» Universities do not have a system in place to keep track of their graduates’ employment or subsequent career moves

» There are no criteria to identify a skilled accountant. There are no statistics on those who continue education at the professional level
Next steps – EDUCoP Community

» Develop and approve regulations

» Enhance the perceived value of skilled accountants by society
   » Have the IESs translated into Ukrainian
   » Organize a conference to discuss education related issues
   » Develop Competency Framework for professional accountants and auditors
   » Improve CPD mechanisms
Next steps

» Finalization of action plan components: first week of April
» Preparation of action plan: April and May
» May Vienna EDUCoP: Presentation of action plan
» Roundtables in Ukraine: presentation of action plan
Thank you!