

V. Accounting and Auditing Training

This chapter describes accounting and auditing education and training in Pakistan. It is structured as follows:

- 1 – Introduction
- 2 – Public Sector Training
- 3 – Institutional Training
- 4 – Continuing Professional Education (CPE)

1. Introduction

This chapter covers the accountancy training and education available in Pakistan. The Public Sector training is mainly undertaken at the Audit and Accounts Training Institute at Lahore. ICAP and PIPFA training is available at private colleges and ICMA training is available at the Institute's colleges or by correspondence.

The basic entry requirements to undertake the introductory examinations of ICAP and ICMA are possession of appropriate university degree or equivalent and to enter PIPFA the intermediate exam of any education board, university, or equivalent is required. There are 56 universities in Pakistan that are permitted to issue degrees by the University Grants Commission, the majority of which cater for business or commerce degrees. Most universities cover bachelor degrees, masters' degrees, and postgraduate diplomas.

2. Public Sector Training

Training Establishments

The headquarters of the Audit and Accounts Training Institute is established at Lahore and branches are established at Islamabad, Karachi, Peshawar, and Quetta. Training is also undertaken through the Performance Audit Wing, Lahore.

Accounting and Auditing Training

Pre-Service Training is a requirement for all new entrants and students are selected on the following bases:

- Training must be relevant to the job
- Attitude of the individual towards his job
- Preference is given to candidates aged less than 45 years

Probationer Officers (B-17) are given a one-year training program which is converted into an Executive MBA (Finance and Accounts) Program in collaboration with the Institute of Business Administration, Karachi University.

In-Service Training Programs are given at Pakistan Institute of Public Finance Accountants (PIPFA), which include accounting, auditing, management and computers. Emphasis is given to system-based audits, certification audits and performance audits. "Certification Auditing" is a two-week course and includes international students. The Performance Audit Wing runs a five-week intensive training course in "Performance Auditing". There are three courses per year and one for international students, 13 international training programs have been run to-date; 690 students have passed the performance audit exams, including 48 from other departments and 124 from overseas. These courses in certification and performance auditing have been delivered in China and Macau and requests from other countries are currently being considered.

A recent initiative includes the training of all senior officers in computers through the Computer Training Center of University Grants Commission and Institute of Business Administration, Karachi.

Officers are sent abroad to study degree programs for MS (Accounting), MBA, MS (Computer Science) and Ph.D. (Economics). Fifteen officers will soon be sent to the University of Stockholm to undertake the MS (Accounting and Computer Science). Officers are also pursuing MBA programs at local universities and attending courses run by ICMA of Pakistan. Officers also attend short courses abroad including those of Asian Organization of Supreme Audit Institution (ASOSAI) and other auditing bodies.

Attendance at international training programs of other Supreme Audit Associations (SAIs) include US General Audit Office (GAO) and National Audit Office (UK). One officer joined the US GAO International Auditor Fellowship Program – 2000 on 12 June 2000. Two officers were attached to Australian National Audit Office from 15 June to 1 August 2000, to undertake studies in Financial Statement Audit and Performance Audit. The Auditor-General of Pakistan also organizes other international and local courses for Certification Audit (two weeks), Audit of Procurement, Inventory and Contract Management (two weeks), Public Financial Management (five weeks), and Corporate Finance (two weeks).

There have been six joint seminars held with SAI of China and one with SAI of Bangladesh. Pakistan has hosted a number of international events including the Commonwealth Auditors General Conference, ASOSAI Conferences, International Seminar on Revenue Audit, etc.

Pakistan is also a member of the Environmental Auditing Working Group of International Organization of Supreme Audit Institutions (INTOSAI) and ASOSAI. Trainers are also lent to ASOSAI for conducting international training courses and workshops.

Auditor-General's Department

The Auditor-General's Department has produced a very comprehensive set of auditing guidelines, including Performance Auditing, which consists of 18 volumes. These guidelines are used for training and reference materials. The Department also produces a quarterly journal called "PERFORMIT" which is distributed internationally to all SAIs. Courses in accounting, auditing, management and computers are conducted at training institutes at Lahore, Islamabad, Karachi, Peshawar, and Quetta.

Human Resources

There are approximately 11,000 employees in the Auditor-General's Department. More than 150 senior level officers have professional degrees in business administration, commerce and management from foreign universities. Twelve officers have professional certification of ICMA and ICAP. More than 3,000 employees have passed the Subordinate Accounts Service (SAS) examinations, five officers are fellows of the Canadian Comprehensive Auditing Foundation (CCAF), and five officers have passed the fellowship requirements of the US GAO.

a *Future Focus*

Future emphasis will concentrate on the following:

- Electronic Dial-up Processing /Information Technology audit
- Environmental auditing
- Audit of Public Debt
- Audit of Privatizations

b. Proposed Islamabad Accounts and Audit Academy

The Accounts and Audit Training Institute at Lahore was established in 1973 and is no longer able to cope with the training requirements of the public service. The Institute is unable to accommodate probationary employees with their in-service requirements and senior officers (B –18 to B – 21) with their professional training needs. The implementation of the PIFRA Project will place additional high learning and sophisticated requirements on the training needs of the Auditor-General's Department. The continuing requests for accounting and audit training from other SAIs in the region also place an additional strain on the present facilities at Lahore. The Government of Pakistan is of the opinion that a new academy needs to be constructed urgently to cope with the ever-increasing training requirements.

A Planning Commission Pro-form 1 (PC1) has been prepared and the following details are included:

- Land is situated at H-8/4, Islamabad, totaling 3.65 acres
- The complex will consist of an academic-cum-administrative block, hostel facilities for 40 students, guest rooms and a residential block to house the faculty and staff of the academy. The academy complex will consist of four blocks.
- The estimated capital cost is PRe212.23 million (June 1999)

3. Institutional Training

Institute of Chartered Accountants of Pakistan (ICAP)

After prerequisite qualifications have been met, ICAP is responsible for monitoring and regulating the teaching and training of students for the syllabus for both Foundation and Professional examinations.

The Foundation Education Scheme is designed to provide basic education in accounting and related subjects, over a two-year period, so as to strengthen the educational foundation of the student. To ensure the candidates entering the Chartered Accountancy profession have the necessary competence, the following subjects are included in the Modular Structure of Foundation Examinations:

- Module A
 - Functional English
 - Quantitative Methods
 - Introduction to Economics and Finance

- Module B
 - Financial Accounting 1
 - Mercantile Law
 - Information Technology 1
- Module C
 - Financial Accounting 2
 - Taxation
 - Business Communications and Behavioral Studies
- Module D
 - Company Law
 - Auditing
 - Cost Accounting
 - Information Technology 2

The following is a list of Registered Accounting Education Tutors (RAETs) which are acceptable to ICAP for the Modular Foundation Courses:.

- College of Accounting and Management Sciences
- The Center for Management Sciences
- Tabani's School of Accountancy
- Advanced College of Commerce and Management
- College of Business Professionals
- Al-Hamid Academy
- Accounting Edge Business School
- Professionals Academy of Commerce
- SKANS School of Accountancy
- Pakistan Finance College
- Excelsior College
- Eastern College of Accountancy
- Pioneer Finance College
- College of Commerce Professionals
- College of Financial and Management Sciences
- National College of Business and Management Sciences
- College of Accountancy
- Capital College of Finance and Accountancy
- Khyber College of Management Sciences
- Attock College of Business and Commerce

With the implementation of the Foundation Education Scheme, the education system is providing professional firms with students who have a greater potential to qualify as Chartered Accountants.

The Full-time Foundation Course (FTFC) is a 24-month program spread over two equal sessions with inter-session tests. There are two intakes of FTFC every year. Each session of FTFC is eight months of full-time classes with a four-week preparatory leave period at the end of each session before the Foundation Examinations.

Candidates for FTFC are required to pass a Pre-Entry Proficiency Test (PPT). They then seek admission in any of the ICAP Registered Accounting Education Tutors (RAETs) and register with ICAP as FTFC students. At the successful completion of each Session of the course, FTFC students will be eligible to take Foundation Examinations, conducted by ICAP.

After successful completion of the FTFC and passing ICAP's Foundation Examinations, students will be eligible to join chartered accounting firms for on-the-job training for four years and taking professional examinations as per the prescribed rules.

Chartered Accounting trainee students at the professional level undertake preparation for Professional Examinations through home study course material of any of two ICAP-approved course developers.

No student will be admitted to the first Professional Examinations unless he has passed, or has been exempted from the Foundation/Intermediate examinations and has completed such period of training as a student as is required under the Chartered Accountants' By-Laws 1983 (currently two years).

No candidate will be admitted to the second Professional Examination unless he first passes the first professional stage or has been exempted.

The exemption from a part(s) or any paper is subject to the conditions as the Council may determine.

Every student appearing for the Professional Examinations, for the first time, must produce to the Examination Directorate from his Principal to the effect that he is a fit and proper person to be admitted to the examination mentioning the period of training already completed. Professional Examinations cover the following:

- Advanced Financial Accounting
- Advanced Auditing
- Financial Reporting
- Corporate Laws and Secretarial Practices

- Management Accounting
- Strategic Financial Management
- Advanced Taxation
- Multidisciplinary Case Study (to be implemented later)

On successful completion of the training period and passing the Professional Examination, students are eligible to become members of ICAP subject to fulfillment of other conditions determined by the Council. The Professional Examination structure is currently under review and will shortly be introduced with an enhanced number of papers.

Institute of Cost and Management Accountants (ICMA)

ICMA has established regional training centers at Karachi, Islamabad, Lahore, Multan, Faisalabad, Quetta, Peshawar, Hyderabad, Mirpur (A.K.), Larkana, Sukkur, Abbotabad and Gilgit.

The basic qualifications required for appearing in the entry test is graduate (B.Com., B.Sc., B.A.), Senior Cambridge 'A' Levels with five passes in both Ordinary and Advanced Levels, provided (i) that two of the passes have been obtained at Advance Levels, (ii) that passes be obtained in mathematics and English language at the Ordinary and Advance Level, or an equivalent qualification approved by the National Council.

The candidates having the following qualifications will be exempted from the Entry Test:

Intermediate/FE-I and FE-II examinations of the ICAP, Intermediate of PIPFA subject to holding graduate degree, Institute of Corporate Secretaries of Pakistan, the Chartered Institute of Management Accountants of U.K., Society of Management Accountants of Canada, or any other professional institute approved by the Council, Masters degree, B.E., MBBS., LL.B., CSS., FPSC., PCS., and all first class graduates (any discipline).

After passing the entry test, students may then register with the Institute as a student member. The subjects and stages of ICMA Course are as follows:

- Foundation – I
 - Principals of Accounting
 - Computer Systems & Applications
 - Business English
 - Economics & Business Environment

- Foundation – II
 - Financial Accounting
 - Information Technology
 - Industrial & Commercial Law
- Professional – I
 - Cost Accounting
 - Business Communication & Report Writing
 - Quantitative Methods
 - Management Science Applications
- Professional – II
 - Advanced Financial Accounting
 - Operational Cost Accounting
 - Business Taxation
 - Corporate Laws & Secretarial Practices
- Professional – III
 - Financial Reporting
 - Strategic Management Accounting
 - Organizational Behavior & Strategic Management
 - Auditing
- Professional – IV
 - Strategic Financial Management
 - Corporate Performance Audit & Evaluation
 - Marketing Management
 - Information Management

It is compulsory for students to attend coaching classes at ICMA training institutes for Foundation Stage I and II. Students who are not located near an ICMA training institute may do the course by correspondence through Karachi, Lahore, and Islamabad institutes. ICMA students must also undertake two to three years of practical experience before becoming qualified.

ICMA has maintained a high standard, both in imparting education and testing, and has been meeting an important national human resource need through a steady flow of professional management accountants in the economy.

In the recent past, ICMA has adjusted its strategy after comprehensive appraisal of the emerging global business scenario. It has revised its educational program with a view to producing high caliber business managers who are equipped with specialized skills in cost and management accounting.

ICMA has over 1,400 qualified members, who hold senior positions in trade, commerce, industry and government organizations. A good number of them are employed abroad. The number of active registered students is over 23,000, which makes ICMA one of the largest professional training institutions in Pakistan.

Pakistan Institute of Public Finance Accountants (PIPFA)

The approved colleges for conducting PIPFA courses are as follows:

- National College of Business Management Sciences, Islamabad
- Standard College of Commerce, Sialkot
- Skans School of Accountancy, Lahore
- Zakariya College of Commerce, Multan

The educational program for accounting technicians is divided into the following subjects and stages:

- Foundation Stage
 - Business Communications & Behavioral Studies
 - Financial Accounting I
 - Mercantile Law & Economics
 - Business Mathematics & Statistics
- Intermediate Stage
 - Financial Accounting II
 - Cost Accounting
 - Auditing
 - Company Law & Taxation
 - Information Technology
- Final Stage
 - Advanced Financial Accounting
 - Cost & Management Accounting
 - Corporate Laws & Practices
 - Advanced Taxation

To complement the above course of studies, students receive business training linked to accounting practices, industry, commerce and the financial sector. This is geared towards helping trainees understand the place and role of accounting; where the accounting information originates in an organization; and the constraints under which it is produced. The emphasis of the course is on government accounting.

The entrance criteria is passing the intermediate examination from a recognized education board, university or institution or possesses any

other qualification considered equivalent by the Board of Governors or has passed 'A' Levels of General Certificate of Education.

Before attempting any examination of PIPFA, the candidate is required to attend at least once the classes of that examination with an approved coaching center. The following candidates are exempt to attend these classes:

- Those who are stationed outside the limits of a city having arrangements for approved classes;
- At the initial stage, the Government-streamed students would also be exempted from classes covering government subjects;
- Those students who could not get admission due to lack of facilities in the available institutes;
- Those students who have attended the approved classes of ICAP or ICMA for the relevant level.

In order to become a member of PIPFA, a student is required to complete two years approved training before, during or after passing the PIPFA examinations. The following organizations have been approved for practical training:

- Firm of professional accountants, i.e., chartered accountants or cost and management accountants
- Government departments
- Industry and commerce

The head of approved government departments must be in the position of Director-General or Director falling under the ambit of Auditor-General of Pakistan, whereas in case of industry and commerce, the head of finance department must be a member of PIPFA, ICAP or ICMA.

The Pakistan Institute of Public Finance Accountants aims to encourage and provide the education in all aspects of accountancy, including in particular financial accounting, auditing, corporate laws and financial management. The objective is to impart training to individuals who are or are likely to be employed to assist in the duties customarily undertaken by members of the professional accounting bodies and officers of the Department of Auditor-General of Pakistan.

4. Continuing Professional Education (CPE)

Members of ICAP and ICMA are required to undertake at least 15 hours per year of CPE after qualification in order to retain their status and to keep abreast of modern technology. The CPE is usually organized by ICAP and ICMA through seminars and conferences.