

VI. Main Deficiencies and Action Plans

1. Introduction

The study identified a range of gaps and weaknesses. Some of these are common across the region – as described in section two. The action plans for each country are presented in sections three to nine – each action plan has been agreed in principle with the country representatives who attended the Manila conference in October 2000. The action plans categorize issues into two groups:

- those deficiencies that are better able to be resolved with external assistance; and
- those deficiencies that are able to be resolved without the need for external assistance.

2. Regional Issues and Actions

The individual country studies identified issues that were common across the region. Five regional issues are described below. In some cases, for instance the training of lecturers and professors, ADB is exploring appropriate regional responses.

Public–Private Pay Disparities

There is a general lack of skilled accounting and auditing personnel in all countries in both the private and the public sectors. The problem is particularly acute in the public sector, given lower pay rates. The private sector, because it pays better, is able to attract the few qualified personnel that are available in the market. There is no simple answer for this very serious constraint.

Two recommendations made for individual countries offer a partial response. First, recommendations have been made to support training for public sector accountants. Second, recommendations have been made to create professional membership categories for public sector accountants. The intent of these recommendations is to raise the competence and status of public sector accountants, thereby making this a more attractive career choice for potential employees.

Tertiary Education and Training

The study found that there are constraints in the availability of space at the tertiary institutions. Large investments are needed to create this capacity to train more accountants and auditors.

Accountancy Lecturers and Professors

The training of accountancy lecturers and professors needs urgent attention. It was revealed that accountancy trainers at universities and colleges are not up to date in the latest international best practices. If the quality of accounting and auditing support is to be improved in countries, then investments must be made to train trainers on the implementation and use of international accounting and auditing standards.

Training Materials

The availability of textbooks in local languages is another major constraint that has been brought to light. Urgent attention is needed to provide assistance to prepare textbooks in local languages.

International Public Sector Accounting Standards

The international donor community supported the development of the recently issued IPSASs. It is likely that the donor community will encourage their usage – whether on the cash or the accrual basis of accounting. Assistance will be required to draw up plans to prepare countries for the eventual adoption of these standards. This will require changes in legislation, training of personnel, and other measures.

3. Action Plan: Cambodia

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Supporting the upgrading of accounting and auditing training	High	✓	✓	■■■■■■■■■■
Assisting in the training of accounting lecturers and professors	High	✓	✓	■■■■■■■■■■
Assisting a review of the asset recording system	High	✓	✓	■■■■■■■■
Assisting in the formation of a professional institute of Accountants	Medium	✓	✓	■■■■■■■■■■
Assisting the upgrading of postgraduate training	Medium	✓	✓	■■■■■■■■■■■■■■■■■■■■

MAIN DEFICIENCIES & ACTION PLANS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Supporting the preparation of a monthly report on capital expenditure	Medium	✓	✓	■■■■■■■
Supporting the replacement of the existing draft laws on Capital Markets and Commercial Enterprises with a comprehensive Law on Companies	Medium	✓	✓	■■■■■■■
Lack of transparency in government reporting	Medium	✗	✓	■■■■■■■
Inadequacies in the budget monitoring process	Medium	✗	✓	■■■■■■■
Supporting the establishment of a Public Accounts Committee	Low	✓	✓	■■■■■
The absence of a Public Sector Accounting Standards Board	Low	✗	✓	■■■■■■■■■
Absence of Public Sector Accounting Standards	Low	✗	✓	■■■■■■■■■
Absence of Accountant General position	Low	✗	✓	■■■■■

4. Action Plan: China, People's Republic

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Assisting CICPA with a project to improve professional supervision	High	✓	✓	■■■■■■■
Assisting CICPA to reform the CPA examination system	High	✓	✓	■■■■■■■

FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN SELECTED DMCS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Assisting the MOF to reform the National Uniform Accountant examination system	High	✓	✓	■■■■■■■■
Assisting CICPA to develop a strategic plan for the development of accounting profession	High	✓	✓	■■■
Assisting the CNAO to develop an explicit strategy for professional development	High	✓	✓	■■■
Assisting the CNAO to identify, procure, and implement computerized audit support systems	High	✓	✓	■■■■■■
Assisting the CIIA to develop a set of professional standards and guidelines and training materials to support their introduction	High	✓	✓	■■■■■■
Assisting in the development and implementation of a training program for accounting professors and lecturers be developed and implemented	High	✓	✓	■■■■■■■■■■
Conflicts between Regulations and Accounting Standards	High	✗	✓	■■■
Assisting the establishment of a professional organization to represent accountants (Non-CPAs)	Medium	✓	✓	■■■■■■■■■■
Assisting the Chinese Institute of Internal Auditing (CIIA) to develop internal auditor examination systems and certification procedures	Medium	✓	✓	■■■■■■

MAIN DEFICIENCIES & ACTION PLANS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Assisting CICPA to improve training materials for CPA continuing professional education	Medium	✓	✓	■■■■■■■■
Assisting the CIIA to develop a set of Internal Auditing Standards, based upon International Internal Auditing Standards	Medium	✓	✓	■■■■■
Assisting in the development and implementation of public sector standards	Medium	✓	✓	■■■■■■■■■
The lack of independence of the accountancy profession (CICPA) from the Government	Medium	✗	✓	■■■
The lack of independence of accounting standard-setting responsibilities from the Government	Medium	✗	✓	■■■■■■■■■

5. Action Plan: Mongolia

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Supporting the reassignment of institutional responsibilities, the establishment of a statutory body with accounting-standard responsibilities, and development of related legislative changes	High	✓	✓	■■■■■■■■
Supporting the establishment of a Continuing Professional Education (CPE) System for CPAs	High	✓	✓	■■■

FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN SELECTED DMCS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Support for training accountants in the countryside	High	✓	✓	■■■■■■■■■■
Assisting the development of a project to train accountancy lecturers and professors in modern methods of teaching accountancy	High	✓	✓	■■■■■■■■
The excessive requirements for audits and the short timeframes in which those audits must be performed	High	✗	✓	■■■
The granting of CPA titles to unqualified accountants (i.e. after the first of three exams is passed)	High	✗	✓	■■■■
The retention of CPA titles by accountants who qualified under low criteria from 1993 to 1997	High	✗	✓	■■■■■
Supporting a comprehensive review of reference and training materials and the development of new materials	Medium	✓	✓	■■■■■■■■■■
Assisting with the provision of training on IAS and Financial Reporting to personnel from the Banking Supervision Department of the Bank of Mongolia	Medium	✓	✓	■■■■■
Supporting the continuation of public education initiatives on the nature and uses of financial information	Medium	✓	✓	■■■■■■■■■■

MAIN DEFICIENCIES & ACTION PLANS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Assisting in a project to develop a supervision regime for the activities of accounting and auditing firms	Medium	✓	✓	■■■■■■■
Supporting the establishment of subsidiary membership categories in MICPA (e.g. accounting technician and public sector accountant)	Medium	✓	✓	■■■■
The lack of recognition given to the public sector accounting policies developed under the governance reform program	Medium	✗	✓	■■
The withholding of CPA certificates from the 18 candidates who qualified under the ADB-supported training scheme	Medium	✗	✓	■■

6. Action Plan: Pakistan

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
Assisting in the feasibility study for the establishment of an accounts and audit academy at Islamabad	High	✓	✓	■■■■■■■■■
Assisting in the development of a specific training program for accounting professors and lecturers	High	✓	✓	■■■■
Assisting a review of the asset recording system and complete fixed assets stock-take	High	✓	✓	■■■■■■■■■

FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN SELECTED DMCS

Issue	Priority	Donor Assistance?	Country Support	2001 ~ 2005
The separation of the accounts and audit functions of government	High	×	...	■■■■■■■■
Supporting the review of all commercial laws	Medium	✓	✓	■■■
Assisting the enhancing of accounting training of institutions and accounting bodies	Medium	✓	✓	■■■■■■■■■■
The absence of an independent Pakistan Accounting Standards Board	Medium	×	✓	■■■■■
The absence of a Public Sector Accounting Standards Board	Medium	×	✓	■■■■■
Absence of Public Sector Accounting Standards	Medium	×	✓	■■■■■■■■■■
The absence of the application of international accounting standards for unlisted companies	Medium	×	✓	■■■■■■■
The absence of effective Public Accounts Committees	Medium	×	✓	■■■■■■■
The absence of an effective internal audit function	Medium	×	✓	■■■■■■■■■■
Joining the Institute of Internal Auditors	Medium	×	✓	■■■
The amalgamation of accounting bodies into one or two organizations	Low	×	×	■■■■■
The absence of a public relations program directed at the small businesspeople	Low	×	✓	■■■■■■■■■■

MAIN DEFICIENCIES & ACTION PLANS

7. Action Plan: Papua New Guinea

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting in the development of public sector training through the PNGIA	High	✓	✓	■■■■■■
Supporting the upgrading of accounting facilities at training institutions	High	✓	✓	■■■■■■■■■■
Assisting in the development of a training program for lecturers and professors	High	✓	✓	■■■■■■■■■■
Lack of action by Public Accounts Committee	High	✗	✓	■■■■■■
Assisting the development of a Forensic Audit Unit in the AG's Department	Medium	✓	✓	■■■■■■■■
The absence of public sector accounting standards	Medium	✗	✓	■■■■
The absence of a Public Sector Accounting Standards Board	Medium	✗	✓	■■■■
Establishment of the position of Accountant General	Medium	✗	✓	■■■■
Review of the Accountants Act	Medium	✗	✓	■■■■

8. Action Plan: Uzbekistan

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting in the preparation of a strategic plan to develop the accounting profession	High	✓	✓	■■■■
Assisting the development and implementation of the remaining accounting standards	High	✓	✓	■■■■

FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN SELECTED DMCS

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting in the development and implementation of a training program for accounting professors and lecturers be developed and implemented	High	✓	✓	■■■■■■■■■■
Assisting in the design and establishment of an independent, competent Supreme Audit Institution in line with best international practice	High	✓	✓	■■■■■■■■■■
The linkages between auditing firms and government agencies (which are prohibited under the new <i>Auditing Law</i>)	High	✗	✓	■■■
Assisting the establishment of a professional institute of internal auditors, the development of internal auditing standards, and training in those standards	Medium	✓	✓	■■■■■
Assisting the development and implementation of the new auditor examination and certification system	Medium	✓	✓	■■■■■
Assisting the development and implementation of a professional supervision system	Medium	✓	✓	■■■■■■■■■■
Assisting the development and implementation of the remaining 14 auditing standards	Medium	✓	✓	■■■■■

MAIN DEFICIENCIES & ACTION PLANS

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting the development and publication of educational and training materials for accountancy training and continuing professional education	Medium	✓	✓	■■■■■■■■■■
Assisting in a comprehensive review of government budgeting and reporting practices	Medium	✓	✓	■■■■■
The absence of membership categories in AAA for accounting technicians and public sector accountants	Medium	✗	✓	■■■■■
The lack of independence of accounting standard-setting responsibilities from the Government	Medium	✗	✓	■■■■■
The impact of the regulatory regime on the accountancy profession	Low	✗	✓	■■■■■■■■■■

9. Action Plan: Viet Nam

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting with the drafting of a completely revised Law on Accounting which will include the mandatory application of the new Vietnamese Accounting Standards	High	✓	✓	■■■■■■■■■■
Assisting with the drafting of the Vietnamese Accounting Standards using International Accounting Standards as the base	High	✓	✓	■■■■■■■■■■

FINANCIAL MANAGEMENT AND GOVERNANCE ISSUES IN SELECTED DMCS

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Assisting with the drafting of the Vietnamese Standards on Auditing using International Standards on Auditing as the base	High	✓	✓	■■■■■
Assisting with training Accountants and Auditors on the new Accounting Standards and Standards on Auditing	High	✓	✓	■■■■■■■■■■
Assistance with the development of a training program for accounting lecturers and professors	High	✓	✓	■■■■■■■
The avoidance of conflict of interest situations involving the operations of State-owned enterprises	High	✗	✓	■■■■■■■■■■
Assisting with the drafting of the Vietnamese Public Sector Accounting Standards using International Public Sector Accounting Standards as the base	Medium	✓	✓	■■■■■■■■■
Review, consolidation, and translation of Vietnamese laws, ordinances, decrees, decisions, and circulars	Medium	✓	✓	■■■■■■■■■■
The strengthening the Vietnamese Accounting Association and allowing of non-citizens as members	Medium	✗	✓	■■■■■■■■■■
The lack of transparency with government reporting involving the Budget Accounts	Medium	✗	✓	■■■■■
The application of financial performance indicators in revenue generating State-owned enterprises	Medium	✗	✓	■■■■

MAIN DEFICIENCIES & ACTION PLANS

Issue	Priority	Donor Assistance?	Country Support	2001 ~2005
Establishment of the Public Accounts Committee	Low	✓	✓	■■■■■
Establishing a Public Sector Accounting Standards Board	Low	✗	✓	■■■■■