

## V. Accounting and Auditing Training

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

- 1 – Introduction
- 2 – Educational Responsibilities and Coordination – describes responsibilities for the management and coordination of accountancy education.
- 3 – Higher Education – examines higher accountancy education arrangements.
- 4 – USAID Accounting Training Initiatives – describes the extensive training activities that have been undertaken by USAID.
- 5 – British Council Accountancy Training of Trainers Project – describes the Accountancy Training of Trainers project that began in 1992.
- 6 – United Nations ( UNDP ) Accounting Reform Project – describes the joint UNDP / EU-TACIS accounting training project that preceded the USAID efforts.
- 7 – Other Accounting Training Initiatives – reviews other ongoing training initiatives.

### 1. Introduction

Like other states of the Former Soviet Union (FSU), Uzbekistan has a very high literacy rate (99 percent) and high educational standards. Historically, the basic education curriculum followed the FSU model, which differed substantially from a western curriculum. To maintain high education levels, and to improve the effectiveness of the education system in meeting the skills requirements and societal needs of a market economy, the Government is implementing an education reform program. This program, called the *National Program for Personnel Training*, was approved by Parliament in 1997. ADB is providing substantial support through project loans and technical assistance.<sup>29</sup>

With regards to accounting and auditing education, a significant component of accounting skills are developed through on-the-job practical training and work experience. That aside, educational standards, particularly at the undergraduate level determine the basic

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<sup>29</sup> See for instance, Loan-1594: *Basic Education Textbook Development*, for \$20.0 million, approved on 17 December 1997.

level of knowledge that new entrants to the accounting market have. The higher this level is, the faster those skills will be developed.

Because public sector and private sector accounting practices are largely the same, public sector and private sector accountants are trained under the same programs. As described in Chapter II, Uzbekistan has very high numbers of ‘accountants’. This must be taken into consideration when designing training programs (for instance, the objective of the UNDP-sponsored training program, which is described below, was to train over 100,000 accountants and tax inspectors).

## **2. Educational Responsibilities and Coordination**

The Education and Labor Department of the Cabinet of Ministers, an executive body responsible to the Prime Minister, is responsible for broad education sector policy formulation and reform. Management of education is divided between the Ministry of Public Education (MOPE), which is responsible for preschool, basic, and vocational education; and the Ministry of Higher Education, which is responsible for specialized secondary and higher education. The Republican Education Center, which is attached to the MOPE, has a professional staff of about 250 persons and is responsible for drafting standards, preparing curricula, assisting with textbook writing, and developing examinations for basic education.

## **3. Higher Education**

Twelve state institutions offer undergraduate and postgraduate programs in accountancy. The Accountants and Auditors Association (AAA) provides advice and input to universities and technical colleges on the development of accounting and auditing courses. Their advice reflects input from private sector representatives. In addition, both USAID and the British Council have supported curriculum development. First, Carana Corporation, a USAID consultant, has provided substantial support and training in the development of accounting and auditing curricula and delivery of courses over the past three years. Second, as described below, the British Council’s *Accountancy Training of Trainers Project* provided substantial input to the development of the accountancy curriculum. Nottingham Business School, the project consultant, prepared a series of teaching manuals in response to

curriculum reforms for the training of students and the retraining of practitioners.

The accountancy curricula of tertiary institutions include courses on management accounting, financial accounting, societal accounting, international accounting, audit, finance, and taxation.

Sector-specific and industry-specific courses are also offered, for instance, in transportation accounting. Of the 12 institutions, the following have been delegated auditor-training responsibilities: Tashkent State Economics University, Banking and Finance Academy, Tashkent Finance Institution, and Samarkhand Cooperative Institute. Further details on these organizations are provided in the following table:

Institution	Number of Students (June 2000)
Tashkent State Economics University	<ul style="list-style-type: none"> <li>• Bachelors – 4-year course – 397 students</li> <li>• Masters – 2-year course – 17 students</li> <li>• Doctorate / PhD – 3-year course – 4 candidates</li> </ul>
Banking and Finance Academy	<ul style="list-style-type: none"> <li>• Finance school – 30 students</li> <li>• Taxation school – 20 students</li> <li>• Banking school – 40 students</li> </ul>
Tashkent Finance Institution	<ul style="list-style-type: none"> <li>• Accounting and auditing – 850 students</li> </ul>

The Banking and Finance Academy is an elite institution under MOF auspices. The Academy was established with funding from the EBRD, ADB, TICA, and JICA (Chapter VII refers). The Academy has many foreign guest lecturers. To be admitted to the Academy, students must already have a higher degree in a relevant discipline along with at least two years' work experience – they must then sit entry examinations that include foreign language interviews. The Academy provides high-level training in banking and finance, including specialist topics such as auditing financial institutions.

#### 4. USAID Accounting Training Initiatives

USAID has provided a great deal of support in terms of accounting and auditing training. Specific activities include:

- *Training the trainers: Training Methods on International Accounting Standards (IAS)* The objective of this course was to establish a network of trainers throughout Uzbekistan. Thirty-nine trainers and teachers from universities as well as from the AAA attended the four-week course in February 1999. Although the course covered the new accounting standards and an early copy of the new Chart of Accounts, the main emphasis was on methods of teaching IAS-based accounting. The USAID project hired eight participants as trainers, financial analysts and regional coordinators based upon their results in the examination at the end of the course. An additional two participants were hired to train MOF employees in IAS-based accounting.
- *Training Courses for Chief Accountants and Auditors* Up until June 2000, 1,580 chief accountants attended three-week programs on NAS and the new Chart of Accounts. Of these participants, 1,164 individuals attempted the corresponding financial accounting examination – 650 passed the exam. The objective of these training courses was to train enterprise chief accountants. The chief accountants were given the chance to learn NAS and new Chart of Accounts. These courses were conducted in every region in Uzbek and Russian, according to regional needs. All participants were provided with training materials including practical training workbooks, NAS, the new Chart of Accounts and associated instructions.

- *Training Courses for Tax Inspectors*      Around 1,560 tax inspectors from the State Tax Committee and its regional offices attended this training in the period to September 2000. The course was taught as a program of five-day seminars (Financial accounting for tax inspectors), which covered general concepts, and methods of accounting.
- *Training for the Head Department of Control and Revision (HDCR) of the Ministry of Finance*      Three training sessions on NASs and IASs for 122 HDCR employees were conducted. The training had a particular focus on changes in financial reporting requirements, as well as how these changes will affect accounting practices within enterprises and government organizations.
- *Training Course for Accountancy Professors and Teaching Staff*      The objective of this course, which was attended by 26 professors, was to deepen their knowledge of IASs and to improve the quality of accountancy teaching. Teachers from Samarkhand Cooperative Institute, Tashkent State Economic University, and the Andijan Engineering-and-Economic Institute attended the training.

## 5. British Council Accountancy Training of Trainers Project

The British Council has been providing ongoing support for accounting training. The project began in September 1992. Its objective was to support accounting and accounting education reforms. Under the project, over 300 accounting, finance, and management teachers from accountancy education institutions throughout Uzbekistan were intensively retrained in the new accounting requirements of a market economy.

The approach taken was to train accounting trainers. Nottingham Business School, the project consultant, established Accountancy Training Resource Centers in three leading accounting education institutions. Each resource center has well-equipped teaching rooms, a strong organizational structure, computer and reprographic facilities, and Internet and e-mail facilities. In addition to core courses for accounting training and *ad hoc* seminars and conferences throughout the year, the Accountancy Training Resource Centers offer a range of educational and professional services, including; Accounting for

Beginners, Accounting and Audit, Computing for Beginners, Accountancy Software, English for Beginners, Advanced English, and Internet usage. The Accountancy Training Resource Centers are at:

- Tashkent State Economic University This center was established in 1994 and is attached to the Auditing Department. Courses are taught by teachers from within the auditing department and from other faculties.
- Samarkand Cooperative Institute This center was established in 1997 and is attached to the Samarkand branch of the Association of Accountants and Auditors. Courses are taught by teachers from the accounting and auditing departments of the Cooperative Institute.
- Andijan Institute of Economics and Engineering This center was established in 1997. Courses are taught by teachers from many different faculties.

The Project also supported the development of a series of books and manuals for use in tertiary institutions, including:

- Tulakhodjaeva, M. 1996. *Audit of the Financial Condition of Enterprises*.
- Tulakhodjaeva, M. 1998. *Organisation of the System of Financial Control in Uzbekistan*.
- Gulyamova, F. 1998. *Accounting in New Conditions*.
- Yuldashev, S. M. S. Umar, and B. Khashimov. 1997. *Principles of Accounting*.
- Azlarov, A.A. and A.T. Khudoyberdiev. 1999. *Organisation of Audit Control in Trade*.
- Azlarov, A.A. and B. Khamraeva. 1999. *Audit*.
- Azlarov, A.A. and M.K. Turdiev. 1999. *Organisation of Audit in Trade*.

## **6. United Nations ( UNDP ) Accounting Reform Project**

This project was initiated in 1993 as a joint initiative between the MOF, the UN and the European Union (chapter VII refers). As part of the project, a large training program was designed and implemented to support the introduction of the Production Cost Regulation. The Project's training objectives and results are summarized in the following table:

Objectives	Results
1. Training: <ul style="list-style-type: none"> <li>a. Generation One: 200 accountants and tax inspectors.</li> <li>b. Generation Two: 6,000 accountants.<sup>30</sup></li> </ul>	Training: <ul style="list-style-type: none"> <li>Generation One: 246 accountants and tax inspectors.</li> <li>Generation Two: 1,557 accountants.</li> </ul>
2. Training: Generation Three: 100,000 accountants and tax inspectors.	In the absence of hard numbers, anecdotal evidence suggested that large numbers of accountants attended this training.

## 7. Other Accounting Training Initiatives

The AAA offers a range of courses to various participants (e.g., finance directors, general managers, and accounting clerks) and produces a variety of training materials. The AAA President states that a key mission of the AAA is improving the quality of professional accounting training. At present, the AAA is developing new programs to improve auditors' skills. The new 250-hour training program includes the following topics: principles of legal regulation of property relations, accounts and reports, taxation, finances of enterprises, and auditing.

There are significant variances in the level of support provided for accounting training in the private sector. Some companies provide significant support. They pay course fees and give paid time-off to attend courses. At the other end of the scale, particularly for smaller companies, no support is forthcoming.

Four higher-education institutions are allowed to conduct auditor training. The Government's intention, as part of the overall accounting and auditing reforms, is to extend this right to nongovernmental organizations and higher education institutions to broaden the regional provision of training.

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<sup>30</sup> Generation One accountants attended a one-week course. These accountants then trained the Generation Two and Generation Three groups.

