

Accountancy and academic professional inter-dependency (or mutual exclusivity?)

The Case of the Czech Republic



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Project of the Quality Enhancement

- Although both systems were (and are) managed independently also a group of experts exists that has been participating in development and operations of both systems.
- Most of them supported the idea of a **common body of knowledge development** which should create an essence of both systems.
- Moreover, all those experts have not been involved in the professional education only but they have been also university professors.
- In relation to the nascent International Education Standards this group succeeded in the project enforcing “**Quality enhancement of the pre-qualification systems**” that was accepted by the top authorities of both professional bodies.

The general aim of the project was to assure compliance of both systems with the IFAC IES requirements.

However, as the means how to enhance the quality of both systems it was also approved to carry out detailed comparative analysis of both systems with the aims:

- To identify common body of knowledge of professional accountants and auditors which would enable to educate and assess adepts in both systems mutually, and – conversely
- To identify the interface of common body of knowledge to those parts of the pre-qualification education and certification systems which should be – due to differences in profiles of both professions – solved separately.

The System Analysis in the Light of the IES Requirements

- **The most important general conclusion was positive**
- **Despite this positive conclusion some changes in the structure and contents of syllabuses of both systems have been quickly realized:**
 - Besides already mentioned divisions of broadly conceived subjects of “Business Law and Taxation” and Accounting (realized at the CA CR) into two subjects and exams also
 - Extension of subject and exam of Economics (realized at the UA) by the questions of the enterprise economy and principles of corporate governance;
 - Change of the conceptual approach to Accounting – Part II (realized at the UA) that is newly concentrated on knowledge of IAS/IFRS system;
 - Consequently to the preceding change – adjustments of connected syllabuses Accounting – Part I and International Accounting Standards and Consolidated Accounts.

The System Analysis in the Light of the IES Requirements - Continuation

- Nevertheless, since the IEG 9 adoption a long time has passed.
- Thus, the IES stress or shape newly the tendencies which have been influencing the developments of the last decade:
 - Ø Higher emphasis on business and professional ethics, values and attitudes,
 - Ø Development of communication abilities,
 - Ø Development of interpersonal skills,
 - Ø Necessity to built knowledge of all above stated problem areas in the frame of the ICT.

The System Analysis in the Light of the IES Requirements - Continuation

- Both committees also stressed that the worldwide effort is visible to develop a system of textbooks and other teaching instruments that are worked out with respect to the needs of professional accountants.
- However, this way is also more expensive and more demanding for experts who prepare textbooks, exams and take care of the program development.
- In this regard the CR is too “small playground” to be able to attain reasonable costs and sufficient number of experts for the separate development of two systems.
- So, it was decided that the principal aims of the project are not only
 - Ø To co-ordinate efforts in order to follow the requirements of the IES in the future updates of the systems, but also
 - Ø To develop continuously - in connection with the secondary and university education systems – the harmonized education and examination system.

COMPARISON OF THE SYSTEMS

- Updated UNCTAD Qualification Guideline was taken like its principle inspiration source
- Moreover, the analysis took into the consideration long-term tradition in contents and structures of curricula taught at the Czech secondary business schools and universities
- Bachelor and master syllabus of the Prague University of Economics, specialization Accounting and Company Financial Management served as the principle benchmark
- The most positive feature of the analysis is its transformation from the one-shot act into the continuous process

General Concept of the Common Body of Knowledge

- Harmonization of both systems should come from the structure and content of the Certification and Education System of the UA:
 - Ø the system is better elaborated from the formal, methodological and educational points of view
 - Ø due to ACCA supervision and collaboration – better complies with world-wide tendencies;
- The common body of knowledge is created by the first and second level of the system, which were connected into one, extended by knowledge of the business combinations and the consolidated accounts questions

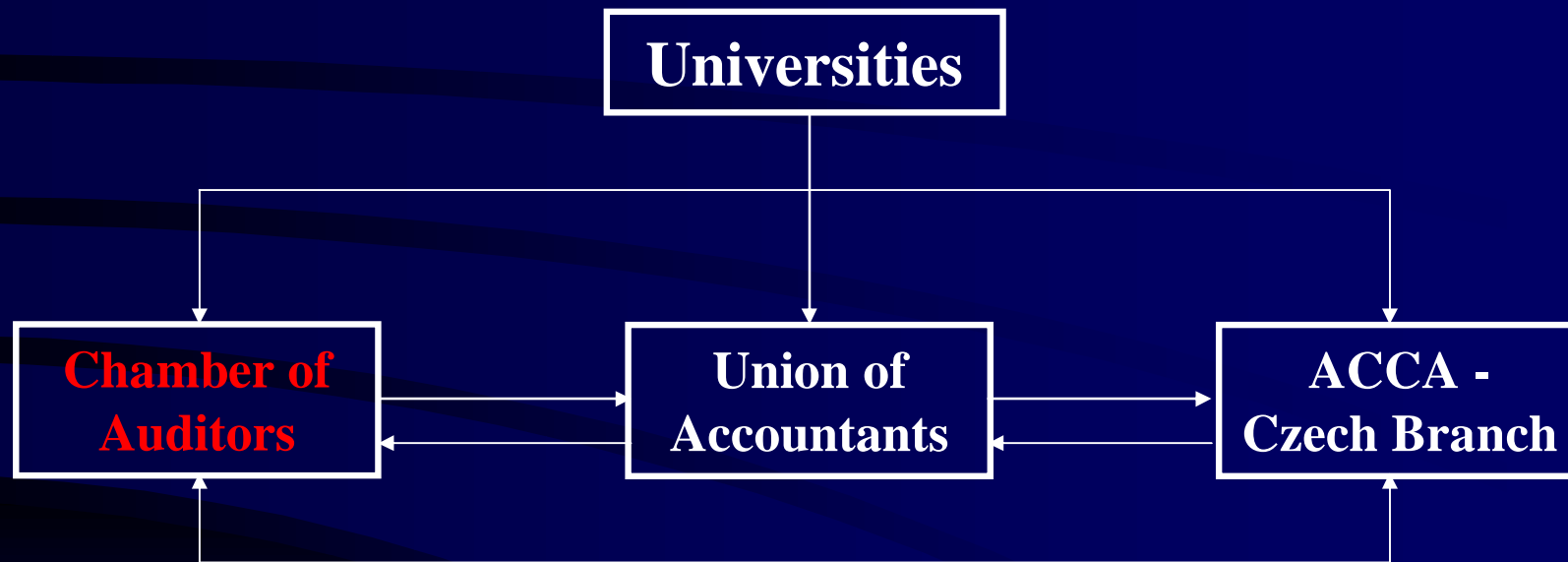
The next level primarily respects different roles of chartered accountants operating in business or auditors in the economy:

- Regarding **chartered accountants**, it includes:
 - Ø especially company strategic management issues, but
 - Ø also a minimum level of auditing questions, taught and assessed from the view point “How to prepare a company to statutory audit”
- Regarding **auditor**, it includes:
 - Ø detailed knowledge of auditing issues including respective legislation and auditing standards

RECENT STAGE

- We have succeeded in development of contentually and structurally designed common base of knowledge
 - We have succeeded in support the base by the broad set of textbooks, manuals and other teaching instruments
 - We have succeeded in support the base by the strong structure of experts – especially university professors which participate in both systems
 - We have succeeded in development of the continual update and quality enhancement system
 - We have succeeded in removing legislative limitations for the system development of the mutual recognition of those exams which create the common knowledge base
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- We have not succeeded yet in removing legislative obstacles which prevent (alt least) the organizing common exams and educational courses; moreover, it seems to be unrealistic even for the future

System of the Exam Recognition



The Common body of Knowledge

UA System	CA CR System
Accounting – Part I + II	Financial Accounting
Legal System – Part I + II	Business Law
Taxation – Part I + II	Taxation
Quantitative Methods and ICT Quantitative Methods and Management	Quantitative Methods and ICT
Corporate Finance Financial Analysis	Corporate Finance
Management Accounting	Management Accounting
Business Combination and Consolidated Accounts	Business Combination and Consolidated Accounts

CONCLUSIONS - project

- The higher level of compliance of both systems with the IES is the most important benefit. This is visible in those areas which have been newly framed by IES in comparison with IEG 9.
- Project has led not only to higher level of harmonization of requirements which creates common base, but also to better specification of differences in educational profiles of professional accountants and auditors.
- For the future, the project solution has founded a basis for more intensive collaboration of both professional bodies with universities, especially in the area of the teaching instruments development.
- The project solution contributed to the atmosphere development of positive collaboration on the basis of the “win-win” solutions

Conclusion - Role of IES in the process

- The decision about IES Adoption has been the „starting shot“ for the project
- The aims, content and structure of IES, but also of other accompanying documents including Framework have give us the inspiration how to aim and structure our project as well
- From all these documents we learnt a lot about inter-relations between education process, acquisition of professional skills and development of business and professional ethics, values and attitudes
- Finally and may be very generally – the success of the project has been connected also with patient process of negotiations, which was free of efforts to dictate something to somebody and which was strongly inspired by process of IES adoption.

**Ladies and gentlemen,
thank you for your attention!**

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