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***West Bank/Gaza  
Accounting and Auditing  
Sector Program***

*Implementation Plan*

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**West Bank And Gaza  
Accounting And Auditing Sector Program**

**IMPLEMENTATION PLAN**

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## 1 0 INTRODUCTION

As stated in the Statement of Work, the project consist of two phases

- *Phase 1* includes several tasks
  - Assessment
  - Support to the Association
  - Support to the Society
  - Curriculum Development
  
- *Phase 2* will be conducted after the passage of the Accounting and Auditing Law and will include the necessary activities required to continue the efforts initiated in Phase 1

The assessment undertaken as the preliminary step in Phase 1 leads to the development of this Implementation Plan. The Plan will primarily focus on the first year of the tasks envisioned under Phase 1.

Overall, this Implementation Plan will describe the activities undertaken to facilitate contract start-up, delays/problems encountered and steps taken to resolve them, proposed deviations from the plan submitted in the technical proposal, and planned activities.

## **2 0 ACTIVITIES UNDERTAKEN TO FACILITATE CONTRACT START-UP**

With regards to contract start-up, we have undertaken several key activities as follows

### **2 1 Review of Previous Reports**

We have thoroughly reviewed the following reports, which were provided to us by USAID, relating to previous work done in connection with this project

- (Excerpts from the) Final Report – **Mobilizing Equity Capital in the Palestinian Territories**, dated 25 July 1997
- Final Report – **Accounting and Auditing Standards Activity Design Team**, dated 15 July 1998
- **Accounting and Auditing Standards, Professional Ethics, and Accounting Education Workshop**, undated

### **2 2 Meetings with Selected People**

During the period from November 1 to December 15, 1999 we attended several meetings in order to become acquainted with the individuals who we believe have relevant opinions about the project and may be instrumental in its successful completion. Those with whom we met included

- Members of the Steering Committees of Gaza and West Bank who had participated in the drafting of the proposed Palestinian Accounting and Auditing Law
- Faculty members teaching in the accounting departments of the five pre-selected universities
- Senior officers of the Palestine Securities Exchange
- Partners and managers of the five major international accounting firms practicing public accounting in West Bank and Gaza
- The Minister of Finance, Deputy Minister of Finance and other senior officials of the Ministry of Finance
- The Head of Diwan Al Fatwa Al Tashri
- Consultants working on the Market Access Program and Palestine Monetary Authority Technical Assistance projects for USAID

### **2 3 Review Draft of Palestinian Accounting and Auditing Law**

We have reviewed the English translation of the draft Palestinian Accounting and Auditing Law provided to us by USAID

Based on the information that we accumulated in the course of the above activities, we developed a proposed committee organization and work plan of the volunteers who must be the

main work force in the establishment of the Self Regulating Accounting and Auditing Professional Organization and the development of its standards of practice and programs for their enforcement (See Exhibit A)

On December 7 a meeting of members of the Steering Committees of West Bank and Gaza was held in Ramallah We presented our proposal (Exhibit B) at the meeting and after considerable discussion by the members, they agreed to proceed on the basis outlined noting that minor changes may be required in the plan as it progresses Prior to the termination of the meeting it was agreed that the proposed Oversight Committee should be made up of nine members and the list of those members was established

### 3 0 DELAYS/PROBLEMS ENCOUNTERED AND STEPS TAKEN TO RESOLVE THEM

The meeting of members of the Steering Committees of Gaza and West Bank to consider our proposals was originally scheduled to be held on November 24. It was determined however that several of the members had conflicts in their schedules on that day and that the earliest date that would accommodate most of the members was December 7. Accordingly, the meeting was delayed. Scheduling and holding meetings with the full Oversight Committee will continue to present implementation challenges.

There appears to be little progress towards the promulgation of the Palestinian Accounting and Auditing Law and there is lack of consensus among the various interested parties as to its contents. In order for the project to proceed effectively and on a timely basis, it is very important that this law be well drafted and that it be passed and made effective at an early date. We will endeavor to maintain a "watching brief" on the progress in the drafting and presentation of the Law to the Legislative Council. We will assist in any way possible to help ensure that its provisions are sound and its passage is expedited.

#### **4.0 PROPOSED DEVIATIONS FROM THE PLAN SUBMITTED IN THE TECHNICAL PROPOSAL**

The following four additions and modifications from the plan submitted are proposed for the reasons noted

- 1 We propose that three Palestinian accountants be employed to assist the committees with their work**
  - One would be designated to assist the Audit Practice Committee in the establishment of auditing standards and issuance of supplementary explanatory statements, establishment of rules of professional conduct, establishment of a continuing education program and development of a syllabus for, and a process for conducting, a final examination
  - The second would be designated to assist the Palestinian Accounting Standards Board in the preparation of a Palestinian Financial Accounting Framework, the establishment of accounting standards and issuance of supplementary explanatory statements
  - The third would be designated to assist the General Accountants Committee in the establishment of relevant training programs to raise the level of competence of the general accountants, including programs covering the accounting standards established by the Palestinian Accounting Standards Board

We believe that without this assistance the work of the committees, which are composed entirely of volunteers, will not proceed at the required pace because of lack of time applied to the necessary detailed work

- 2 We propose to reduce the Level of Effort of Short Term Expatriate Professionals from 456 days to 432 days because we believe they can achieve their objectives within that time**
- 3 We propose to hire a Locally-Hired National to serve as a Long-Term Professional We believe that this addition is necessary in order to enable our Long-Term Expatriate Professionals to be appropriately productive and effective in carrying out their tasks**
- 4 We propose that we should establish a small office in Gaza City to provide workspace for our team members when they are in Gaza Strip and to which one of the three Palestinian accountants would be permanently assigned This will also ensure the visibility for the project**

## 5 0 PLANNED ACTIVITIES

The implementation of the program will involve a number of planned activities as described below

### 5 1 Organizational Activities

In the accounting and auditing organizational activities which will be specified in detail below we will provide close technical assistance to the organizations and committees involved

Organizational activities will be initiated by Palestinian Association of Accountants and Palestinian Association of Certified Public Auditors (*Note that these names are used for purposes of the plan and are not necessarily those that will be established by the Palestinian Accounting and Auditing Law*) who will appoint members of the Oversight Committee (OC) OC will oversee the activities undertaken by several bodies and committees The overall picture of these organizations and committees is shown in Exhibit A

Specific tasks to be carried out by each body and committee are as follows

#### **Palestinian Association of Accountants**

- Appoint members of the Oversight Committee
- Establish by-laws to enable it to effectively function under the provisions of the Palestinian Accounting and Auditing Law (The work on the by-laws must be deferred until the Act is passed)

#### **Palestinian Association of Certified Public Auditors**

- Appoint members of the Oversight Committee

#### **Oversight Committee**

- Establish its terms of reference
- Appoint the members of the various committees
- Approve the terms of reference of the various committees
- Provide advice, as requested, on issues encountered by the committees
- Establish funding mechanisms
- Appoint members of the Palestinian Financial Accounting Foundation
- Prepare and submit an application for membership in the International Federation of Accountants (IFAC)

(This committee will commence its activities immediately The appointment of the members of the Foundation must be delayed until the Law is passed The application for membership in

IFAC should not be made until the standards are established and enforced but the requirements for membership should be investigated immediately )

### **Audit Practice Committee**

- Establish its terms of reference for approval by the Oversight Committee
- Appoint sub-committee members
- Approve the terms of reference of sub-committees
- Approve the output of the sub-committees
- Establish by-laws for the Palestinian Association of Certified Public Auditors that will enable it to effectively function under the provisions of the Palestinian Accounting and Auditing Law

(This committee will commence its activities immediately, but must defer establishing the by-laws until the Law is passed )

### **Audit Standards Sub-Committee**

- Establish its terms of reference for approval by the Audit Practice Committee
- Adopt the International Standards on Auditing as appropriate
- Establish procedures for obtaining and processing comments and questions received after publication of the audit standards
- Prepare supplementary explanatory statements on the audit standards

(This committee will commence its activities immediately )

### **Professional Ethics Sub-Committee**

- Establish its terms of reference for approval by the Audit Practice Committee
- Establish a Code of Professional Conduct
- Establish a process for investigation of apparent breaches of the Code
- Establish a process of disciplinary proceedings when a breach of the Code is alleged after completion of the investigation process
- Establish sanctions for determined breaches of the Code

(This committee will commence its activities immediately )

### **Continuing Professional Education Sub-Committee**

- Establish its terms of reference for approval by the Audit Practice Committee

- Establish the minimum number of approved CPE credits required for continuance as a Certified Public Auditor
- Establish the requirements for approval of CPE credits, i.e. accreditation of courses and/or suppliers
- Establish the administrative processes for monitoring compliance with the CPE program
- Establish a process for dealing with non-compliance with the CPE program

(The activities of this committee will not commence until year two of the project )

#### **Examination Sub-Committee**

- Establish its terms of reference for approval by the Audit Practice Committee
- Establish a syllabus for an accounting final examination
- Establish a syllabus for an auditing final examination
- Establish a facility for the preparation and marking of the final examinations

(The activities of this committee will not commence until year two or year three of the project )

#### **Education Committee**

- Establish its terms of reference for approval by the Oversight Committee
- Appoint sub-committee members
- Approve the terms of reference of the sub-committees
- Approve the output of the sub-committees

(This committee will commence its activities immediately )

#### **Accounting Education Sub-Committee**

- Establish its terms of reference for approval by the Education Committee
- Establish the pre-qualification accounting course curriculum
- Develop courses covering the new accounting standards
- Develop continuing professional education accounting courses
- Develop accounting final examination preparatory courses

(This committee will commence its activities immediately but the work on the CPE and final examination preparatory courses will be delayed until year two or year three of the project )

#### **Audit Education Sub-Committee**

- Establish its terms of reference for approval by the Education Committee

- Establish the pre-qualification audit course curriculum
- Develop courses covering the new audit standards
- Develop a course covering the Code of Professional Conduct
- Develop continuing professional education audit courses
- Develop audit final examination preparatory courses
- Establish pre-qualification practical experience requirements and a process for monitoring adherence to them

(This committee will commence its activities immediately but will delay work on the CPE and final examination preparatory courses and the practical experience requirements until year two or year three of the project )

### **Palestinian Financial Accounting Foundation**

- Elect its Board of Trustees
- Establish by-laws to enable it to effectively function under the provisions of the Palestinian Accounting and Auditing Law
- Appoint the members of the Palestinian Financial Accounting Standards Board from the nominees put forward by the members of the Foundation
- Oversee the non-technical aspects of the activities of the Palestinian Financial Accounting Standards Board
- Manage the funds raised for the operating expenses of, and approve the budget of the Palestinian Financial Accounting Standards Board

(The activities of this foundation can not commence until the Palestinian Accounting and Auditing Law is passed )

### **Palestinian Financial Accounting Standards Board**

- Establish by-laws to enable it to effectively function under the provisions of the Palestinian Accounting and Auditing Law
- Establish its operating budget for approval by the Foundation
- Prepare the Palestinian Financial Accounting Framework
- Adopt the International Accounting Standards as appropriate
- Establish procedures for obtaining and processing comments and questions received after publication of the accounting standards
- Prepare supplementary explanatory statements on the accounting standards

(The activities of this board cannot commence until the Palestinian Accounting and Auditing Law is passed )

### **General Accountants Committee**

- Establish its terms of reference for approval by the Oversight Committee
- Study the education and other needs of the non-auditor members of the Palestinian Accountants Association and develop relevant programs to meet those needs
- Appoint members of a sub-committee to establish a special category of non-auditor members of the Palestinian Accountants Association who successfully complete the final accounting examination
- Approve the terms of reference of the sub-committee
- Approve the output of the sub-committee
- Establish a long-range study group to determine the future need for specialized groupings of accountants in areas such as taxation, management accounting forensic accounting, business valuations, etc

(The activities of this committee will commence immediately but the establishment of the sub-committee and the long-range study group should be delayed until after year one of the project )

### **Certified Accountants Sub-Committee**

*(Note that this term is only used herein to refer to this special category and is not a recommended designation for the category )*

- Establish the terms of reference for approval by the General Accountants Committee
- Establish membership admission requirements
- Establish the minimum number of CPE credits required for continuance as a member
- Establish requirements for approval of CPE credits
- Establish administrative processes for monitoring compliance with the CPE program
- Establish a process for dealing with non-compliance with the CPE program
- Establish a Code of Professional Conduct
- Establish a process for investigation of apparent breaches of the Code
- Establish a process of disciplinary proceedings when a breach of the Code is alleged after completion of the investigation process
- Establish sanctions for determined breaches of the Code

(The activities of this committee shall be delayed until after year one of the project )

### **Publications Committee**

- Establish its terms of reference for approval by the Oversight Committee

- Publish audit standards
- Publish explanatory statements on audit standards
- Publish Palestinian Financial Accounting Conceptual Framework
- Publish accounting standards
- Publish explanatory statements on accounting standards
- Publish Codes of Professional Conduct
- Publish results of disciplinary actions
- Publish CPE programs
- Publish professional bulletins on new developments

(The activities of this committee will commence when material is produced )

The project will explore all possibilities of maximizing the use of the internet to facilitate dissemination of materials

## **5 2 Review of university accounting program curricula**

Early in 2000 we will conduct an in-depth review of the curriculum of the accounting program in each of the five pre-selected universities and provide the necessary assistance to make the appropriate modifications

## **5 3 Regional Resources**

There are potential opportunities in the region to share resources and to minimize investment in development of new standards, training materials, etc , particularly in Arabic For example, there is already a full translation of the International Accounting Standards prepared by an international firm

In the first year of the project, the team will develop a more complete inventory of regional resources and identify opportunities for greater regional cooperation to strengthen local capacity

## **5 4 Employer Satisfaction Survey**

We will obtain from the university lists of the entities that have employed their graduates in the past year and conduct a survey of them to determine areas of observed deficiencies

## **5 5 Annual Report Contest**

To raise awareness of the need for improved accounting and auditing standards, we will locate a sponsor for an annual contest to determine the best Annual Reports of certain categories of companies listed on the Palestinian Securities Exchange We will have one of our Short-Term Expatriate Consultants carry out the judging under the supervision of our Long-Term Expatriate Consultants and it will be the responsibility of the sponsor to make the awards

**USAID West Bank/Gaza  
Accounting And Auditing Program**

***PROJECT WORK PLAN***

This work plan is founded on the following assumptions

A That the Palestinian Accounting and Auditing Law will create the following four bodies

- Palestinian Financial Accounting Foundation
- Palestinian Financial Accounting Standards Board
- Palestinian Association of Certified Public Auditors
- Palestinian Association of Accountants

And that a licensing body will be established by the Law

B That, through their members of the Steering Committee, the Palestinian Association of Accountants and the Palestinian Association of Certified Public Auditors will appoint members of an Oversight Committee to carry out the Work Plan

C That the International Accounting Standards and the International Standards on Auditing will be adopted as the accounting and auditing standards of the West Bank and Gaza

D That the members of the various committees and sub-committees will take their responsibilities very seriously and will devote the time that is necessary to properly complete the assigned tasks

E That the faculty of the five designated universities will be readily available and willing to participate in the development of course curricula and pre- and post- qualification courses and in instruction activities

**USAID West Bank/Gaza  
Accounting And Auditing Program**

**PROJECT WORK PLAN**

- 1 Palestinian Association of Certified Public Auditors
  - Appoint   ?   Oversight Committee Members
  
- 2 Palestinian Association of Accountants
  - Appoint   ?   Oversight Committee Members
  - Establish by-laws to enable the Palestinian Association of Accountants to effectively function under the Palestinian Accounting and Auditing Law
  
- 3 Oversight Committee
  - Set own Terms of Reference
  - Appoint various Committee Members
  - Approve Terms of Reference of all Committees
  - Provide advice, as requested, on Committee issues
  - Establish funding mechanisms
  - Appoint members of Palestinian Financial Accounting Foundation
  - Prepare and submit application for membership in IFAC
  
- 4 Audit Practice Committee
  - Recommend own Terms of Reference to Oversight Committee
  - Appoint Sub-committee members
  - Approve Terms of Reference of Sub-committees
  - Approve output of Sub-committees
  - Establish by-laws to enable Palestinian Association of Certified Public Auditors to effectively function under the Palestinian Accounting and Auditing Law
  
- 5 Audit Standards Sub-committee
  - Recommend own Terms of Reference to Audit Practice Committee
  - Adopt International Standards on Auditing
  - Establish procedures for obtaining and processing comments and questions received after publication of International Standards on Auditing
  - Prepare supplementary explanatory statements on International Standards on Auditing
  
- 6 Professional Ethics Sub-committee
  - Recommend own Terms of Reference to Audit Practice Committee
  - Establish a Code of Professional Conduct
  - Establish a process for investigation of apparent breaches of the Code of Professional Conduct
  - Establish a process of disciplinary proceedings to be carried out in cases where a breach of the Code of Professional Conduct is alleged after completion of the

- investigation process
  - Establish the set of sanctions for determined breaches of the Code of Professional Conduct
- 7 Continuing Professional Education Sub-committee
- Recommend own Terms of Reference to Audit Practice Committee
  - Establish the minimum number of approved Continuing Professional Education credits required for continuance as a Certified Public Auditor
  - Establish requirements for approval of Continuing Professional Education credits (accreditation of courses or suppliers)
  - Establish the administrative processes for monitoring compliance with the Continuing Professional Education program requirements
  - Establish process for dealing with non-compliance with requirements
- 8 Examination Sub-committee
- Recommend own Terms of Reference to Audit Practice Committee
  - Establish a syllabus for an accounting uniform final examination
  - Establish a syllabus for an auditing uniform final examination
  - Establish facility for the preparation and marking of the uniform final examinations
- 9 Education Committee
- Recommend own Terms of Reference to Oversight Committee
  - Appoint Sub-committee members
  - Approve Terms of Reference of Sub-committees
  - Approve output of Sub-committees
- 10 Accounting Education Sub-committee
- Recommend own Terms of Reference to Education Committee
  - Establish pre-qualification accounting course curriculum
  - Develop courses covering the new accounting standards
  - Develop continuing education accounting courses
  - Develop CPA examination preparatory accounting courses
- 11 Auditing Education Sub-committee
- Recommend own Terms of Reference to Education Committee
  - Establish pre-qualification auditing course curriculum
  - Develop courses covering the new auditing standards
  - Develop course covering Code of Professional Conduct
  - Develop continuing education auditing courses
  - Develop CPA examination preparatory auditing courses
  - Review practical experience requirements and establish standards for the training of students and methods of administration of the process
- 12 General Accountants Committee
- Recommend own Terms of Reference to Oversight Committee

- Appoint Certified Accountants Sub-committee members to establish special category for Palestinian Association of Accountants members who successfully complete uniform accounting final examination but do not wish to become auditors
- Approve Terms of Reference of Certified Accountants Sub-committee
- Approve output of Certified Accountants Sub-committee
- Study education and other needs of remaining members of Palestinian Association of Accountants and establish relevant programs
- Establish long-range study group to determine future need for specialized groupings such as
  - taxation accountants
  - management accountants
  - forensic accountants
  - business valuers, etc

13 Certified Accountants Sub-committee

- Recommend own Terms of Reference to General Accountants Committee
- Establish membership admission requirements
- Establish minimum number of Continuing Professional Education credits for continuance as a Certified Accountant
- Establish requirements for approval of Continuing Professional Education credits
- Establish administrative processes for monitoring compliance with Continuing Professional Education program requirements
- Establish process for dealing with non-compliance with Continuing Professional Education program requirements
- Establish a Code of Professional Conduct
- Establish a process for investigating apparent breaches of the Code of Professional Conduct
- Establish a process of disciplinary proceedings to be carried out when a breach of the Code of Professional Conduct is alleged after completion of the investigation process
- Establish the set of sanctions for determined breaches of the Code of Professional Conduct

14 Palestinian Financial Accounting Foundation

- Elect Board of Trustees
- Establish by-laws to enable Palestinian Financial Accounting Foundation to effectively function under the Palestinian Accounting and Auditing Law
- Appoint PFASB members from nominees put forward by PFAF members
- Oversee non-technical aspects of activities of PFASB
- Manage funds raised for PFASB operating expenses

15 Palestinian Financial Accounting Standards Board

- Establish by-laws to enable Board to effectively function under the Palestinian Accounting and Auditing Law
- Establish operating budget
- Prepare Palestinian Financial Accounting Framework

- Adopt International Accounting Standards
- Establish procedures for obtaining and processing comments and questions received after publication of International Accounting Standards
- Prepare supplementary explanatory statements on International Accounting Standards

16 Publications Committee

- Recommend own Terms of Reference to Oversight Committee
- Publish Palestinian Financial Accounting Conceptual Framework
- Publish accounting standards as they are adopted
- Publish explanatory statements on accounting standards
- Publish auditing standards as they are adopted
- Publish explanatory statements on auditing standards
- Publish Certified Accountants program
- Publish codes of Professional Conduct
- Publish results or disciplinary actions
- Publish continuing professional education program
- Publish professional bulletins on new developments

# Exhibit B: Project Workplan

