Quarterly Performance Report
Ukraine Accounting and Audit Reform Activity
July 1, 2001 through September 30, 2001

Submitted to:

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Contract # OUT-PCE-I-803-97-00017-00

Submitted by:

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October 20, 2001
USAID Private Sector Accounting Reform in Ukraine
Quarterly Project Performance Report
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A. General Information

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Report dates: July 1 through September 30, 2001

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Project Description:

The purpose of this project is to continue USAID assistance to the Government of Ukraine (GOU), the Chamber of Auditors of Ukraine (COA), the Union of Auditors of Ukraine (UAU), the Ukrainian Federation of Professional Accountants and Auditors (UFPPAA), private enterprises, accounting practitioners and other institutions to facilitate the transition of the legal and regulatory framework, education and training programs and the practice of accounting and auditing in Ukraine to become fully compliant with international standards. These efforts should further develop the capacity of the private sector in Ukraine to attract investment and accurately measure performance of enterprises. The core activity and main deliverable of the project is development, implementation, and sustainable activity of an ACCA-modeled and fully IFAC-compliant Ukrainian Auditor Certification Program.

Specific task order objectives are as follows:

1. Establish appropriate legal framework for adoption and implementation of ISA and creation of a certified auditor program.
2. Implement the certified auditor program.
3. Facilitate conversion of additional enterprises’ accounting practices to UAS.
4. Continue to strengthen UFPPAA’s financial, technical and organizational capacity.
5. Continue to support curriculum reform and strengthen partnerships between Ukrainian universities and IU.
B. Project Performance Report

Executive Summary
The project team revised the Work Plan and laid the groundwork for the effective implementation and completion of the tasks under the Order. The process involved discussions with counterparts as they explained their views and outlined their goals. Once the counterparts were interviewed, it was then possible to develop an approach to implementation, which was designed to service the needs of the counterparts in the context of the Task Order and the constraints of time and financial resources. Expatriate expert instructors began the training of sixty Ukrainian trainers (TOT program) in mid-September.

Task 1 Establish Appropriate Legal Framework for Adoption and Implementation of ISA and Creation of Certified Auditor Program
- The Chamber of Auditors will continue to have statutory control over certification;
- The Chamber of Auditors has already established with IFAC the right to translate ISA.

Task 2 Establishment and Implementation of the Certified Auditor Program
- Training for various parts of the program will not take place in a "training facility" as specified in the Task Order but at various training centers rented or available at no cost on a short-term basis;
- The Chamber of Auditors will maintain "ownership" of Level III or, more specifically, courses for the qualifying Certified Auditor Examination;
- UFPAA will maintain ownership over its Level I, Level II and Level III courses which are planned to lead to a Certified Financial Manager qualification;
- UFPAA's Levels I and II should be viewed as one path to the Chamber's qualifying Certified Auditor Examination and not the only route;
- The demand for certification training is unknown given the lack of information about "grandfathering", the final course structure, exemptions and the capacity to train;
- Ukrainian experts have been selected to prepare the materials for the Business Law and Tax Framework courses.

Task 3 Facilitate Conversion of Additional Enterprises' Accounting Practices to UAS
- The selection of an initial group of 100 enterprises for "review" to determine if there is a need for additional assistance will come from companies that did not receive Project conversion support, particularly in underserved regions;
- Assistance to agricultural enterprises in cost accounting will be directed to companies (total of 30 initially) that did receive Project conversion support.

Task 4 Continue to Strengthen UFPAA Financial, Technical and Organizational Capacity
- UFPAA financial support will continue but based on clearly defined activities or needs;
- Consideration should be given to financial or other forms of support to assist the Chamber of Auditors with its main responsibility: "enforcement".

Task 5 Continue to support curriculum reform and strengthen partnership between Ukrainian universities and IU
Indiana University’s role in the program and the University’s interest in participating in the program should be determined.

Task 1. Legal and Regulatory Framework for UAS / USA

Sub-task 1.1 Leaders of the three organizations agree on the ACCA-modeled certified auditor program by exchanging letters of intent (within 30 days).

The three counterparts have signed a letter supporting the idea of the Common Certification Program, but only for the “training of trainers” purposes, and have not signed a letter or memorandum on certification of auditors itself. UFPAA has plans to continue with its own certification program. At the same time, universities have a new curriculum designed by Indiana University, which is a US–based offering and includes some “elementary” ACCA accounting material.

Sub-task 1.2 ISA are adopted as national auditing standards (within 60 days).

The Chamber has indicated that its Board has adopted ISA, but Ukrainian Government ratification remains open. The Project has met with Ministry of Finance officials, and offered assistance with evaluating amendments to the Audit Law, which contain a provision adopting ISA. However, the Project’s ability to direct events is limited. On the other hand, the Government and the World Bank have come to an agreement on funding which includes the implementation of ISA by the Chamber.

Sub-task 1.3 The Russian version of ISA are translated into Ukrainian and an electronic copy is given to UFPAA, the Chamber and the Union (within 180 days). The Ukrainian parties will produce and sell copies at no more than their publication costs.

COA has an agreement with IFAC to translate ISA into Ukrainian. The Project has offered to use its translators to proof the work of the Chamber. The Chamber has accepted the offer and talks have begun on determining the Project’s technical and level of financial support.

Sub-task 1.4 An appropriate authority (e.g., the Chamber of Auditors) legally replaces the statutory auditor certification program with the new certified auditor program (within 360 days).

COA has begun revisions to the certification examination in accordance with IFAC requirements, and will be supported by the project in further revisions.

Forecast for Next Reporting Period:

A formal agreement of three main counterparts on an ACCA-modeled program is needed much less than for the COA to officially recognize UFPAA’s role in preparation for the certification examination. COA should also develop its own exemption policy for UFPAA courses in terms of meeting Continuing Professional Education requirements. The only current requirement to sit the Certification Examination is that an individual possesses a “Higher Degree” and three years of practical experience. The Project will strive to have the new auditor certification program substantially in place by December 31, 2001.
Anticipated Coordination with Counterparts and Other Donors:
The Project will attempt to obtain a formal written acceptance of the USAID/IBTCI-developed Vision of Accounting Profession in Ukraine statement by three main counterparts.

The Project has offered to assist UFPAA and COA in the development of materials and courses for the certification programs. Work has already begun on some aspects of each program.

**Task 2 – Establishment and implementation of the certified auditor program.**

Sub-task 2.1 The 3-level ACCA-modeled certified auditor program is fully designed and materials with the exception of those for legal framework, taxation and ACCA Paper 10 are ready (within 30 days).
The work on this Task will focus on developing courses and course material for the qualifying Examination of the Chamber of Auditors. UFPAA’s Levels I and II and the courses from the university will be upgraded, as these programs will be a source for candidates to enter the Chamber’s qualifying Examination. Upgrading can be defined either as improving course content, adding new courses or more effective course management or all three. The immediate goal is for candidates who qualify and pass the Chamber’s Certification Examination to have met IFAC’s suggested Educational Guidelines.

For the Chamber of Auditors, the following program has been devised:

<table>
<thead>
<tr>
<th>Level III (CoA Qualifying Examination)</th>
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<tbody>
<tr>
<td>Audit Framework (ISA)</td>
<td>ACCA Paper 6 and ISA</td>
</tr>
<tr>
<td>Audit and Assurance Services (practice)</td>
<td>Develop new program with CoA</td>
</tr>
<tr>
<td>Advanced Corporate Reporting (IAS)</td>
<td>Develop new program with CoA</td>
</tr>
<tr>
<td>Financial Statement Analysis</td>
<td>Develop new program with CoA</td>
</tr>
</tbody>
</table>

The course titles are identical to those previously agreed upon, but the content and some of the training materials would be changed. The previous agreement with the Chamber had already included new course development for audit practice and financial statement development. ACCA Papers 6 and 10 will be used if and when appropriate.

<table>
<thead>
<tr>
<th>Continuing Education Component</th>
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<tbody>
<tr>
<td>Business Information Management</td>
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<tr>
<td>Strategic Business Planning</td>
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<tr>
<td>Strategic Financial Management</td>
</tr>
</tbody>
</table>

The second part of the proposed program addresses the completeness issue. The previously proposed Level III omitted the courses from ACCA’s new syllabus, Strategic Financial Management, Strategic Business Planning and Development and Business Information Management. The Project proposes developing these courses as part of the Chamber’s continuing education program. One option is to develop these courses using video conferencing technology and the Project currently has this approach under review. It is important to note that the Chamber views continuing education as an important component of their program. With
regard to the three new courses mentioned above, the Chamber, at this point, has agreed, in principle, to course content but the actual details will be discussed at a later time.

The Project’s proposal to UFPAA is to strengthen and enhance their current program for Levels I and II. The courses will be developed and presented to UFPAA in a continuing education format by the Project. UFPAA will then incorporate the courses into their own program.

<table>
<thead>
<tr>
<th>Level I (UFPAA)</th>
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<tbody>
<tr>
<td>Accounting Framework/Ukrainian</td>
</tr>
<tr>
<td>Management Accounting</td>
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<tr>
<td>Business Mathematics</td>
</tr>
<tr>
<td>Economics</td>
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<tr>
<td>Management</td>
</tr>
<tr>
<td>Level II (UFPAA)</td>
</tr>
<tr>
<td>Information Systems</td>
</tr>
<tr>
<td>Tax Framework</td>
</tr>
<tr>
<td>Legal Framework</td>
</tr>
<tr>
<td>Advanced Managerial Accounting</td>
</tr>
<tr>
<td>Advanced Financial Accounting (UAS)</td>
</tr>
</tbody>
</table>

| UFPAA previously developed materials       |
| Develop new program with UFPAA            |
| UFPAA previously developed materials       |
| UFPAA previously developed materials       |
| UFPAA previously developed materials       |
| Development new program with UFPAA        |
| UFPAA or PWC development                   |
| Develop new program with UFPAA            |
| Develop new program with UFPAA            |

In the meantime, UFPAA continues to train students at Levels I and II. For the last reporting period, 196 students successfully completed Level I and 67 students completed Level II. In terms of geographical dispersion, 85% of the passes for Level I were earned in the regions; for Level II 69% of the passes were earned in the regions. UFPAA is projecting 175 will complete Level I and 140 Level II during the last half of 2001. If the 2001 numbers are achieved in 2002 and with the Chamber expected to train at least 300 (plus 60 trainers), a total of 1200 should be exceeded by the end of 2002.

ACCA Paper 10 was received electronically from AED in Armenia. The material is unedited and UFPAA has a copy.

Sub-task 2.2 A training facility is secured, rented, manned and furnished (within 90 days). The project will not secure, rent, man and furnish a training facility. It was agreed with USAID that this approach is infeasible. The establishment of a training center has been set aside for several reasons. First, there were no funds in the budget for personnel, furnishings or equipment. Second, demand for full-time training in Kiev is limited. UFPAA, for example, operates its training programs part-time and on weekends. Thirdly, training is seasonal because auditors are not available during the “year-end closing period”. Add in holidays and the summer vacation period and it is doubtful if a training center would operate for more than half a year. Lastly, the overhead from a partially utilized training center combined with instructor’s salaries and material costs would make the training center unaffordable to most Ukrainians, considerably reducing demand.
Sub-task 2.3 A course material for UAS accounting and reporting is fully developed and tailored to be used in the certification training by UFPA (within 45 days).

The emphasis in the UFPA program would move from International Accounting Standards (IAS) to Ukrainian Accounting Standards (UAS). IAS will be covered in the Chamber’s qualifying Examination. UFPA has agreed to this program except the Information Systems course.

A meeting was held with UFPA for the purposes of determining the most immediate need for assistance. According to UFPA, copies of ACCA Papers 3 and 6 are needed by next month (about 200 copies). As these quantities exceed current inventories, the Project suggested that UFPA find a printer, which would reproduce the Papers at a reasonable cost. The Project also provided UFPA with electronic versions of ACCA Papers 8 and 10. Four training seminars are also scheduled and UFPA was asked to develop a budget for each of the seminars. Also, UFPA was asked to develop a budget for the Commercial Law and Taxation courses after taking into consideration materials developed for these subjects by other projects.

Sub-task 2.4 Classes designed to produce 80 instructors for the certification program over the life of the activity begin (within 45 days). ½ comes from practitioners (UFPA and the Union) and the other ½ is from universities.

The project is currently training 60 instructors selected by a committee of CAU members with assistance and support from the project. The training program is structured as follows:

The program started on September 24, 2001 and runs through December 14, 2001. It consists of two sessions of six-weeks duration. In each session there are two courses taught in two streams of approximately 30 people each. The courses provided in the first session (September 24 to November 2) are: IAS & Financial Statements, Audit Theory (ISA). The courses provided in the second session (November 5 to December 14) are: Audit Practice, and Financial Statement Analysis (from the viewpoint of auditing). Classes are conducted five days a week, five instructional hours per day. The program was developed to provide approximately 70 hours of instruction time per course, which exceeds the ACCA instructional guidelines.

The courses are presented by Ukrainian lecturer/practitioners engaged by the Project as Senior Accountant Trainers. The course materials were developed by expatriate advisors who act as coaches, technical support, and discussion moderators during the courses as they are presented. The expat advisors also provide assistance to the Ukrainian presenters on improving the delivery and content of the courses so that a cadre of experienced and technically sound Ukrainian instructors will remain after the project ends to continue providing the common certification program training.

The CAU program is geared toward producing a minimum of 30 qualified trainers (the top 1/2 of participants) who will conduct common certification program training throughout Ukraine.

Fifty additional trainers will be trained through UFPA in December 2001. This training of UFPA trainers will be part of the assistance program mentioned in this Subtask. The courses will be short-term, more along the lines of continuing education programs. Courses are supposed to be no longer than three days.
The professors will also participate in a training program and this will begin November 26. The program will be the first of three four-week training programs. The next two sessions will be scheduled next year during the Spring and Fall semesters. The November program will cover two subjects, Audit Theory and IAS and Financial Statement Preparation. The second program will cover Audit Practice and Managerial Accounting; the third, Accounting and Reporting in Ukraine and Financial Statement Analysis.

NOTE: The training of professors was originally envisioned by the Subtask 5.2 (see below), and has been moved under Task 2 as it has been an integral part of a more comprehensive process of educational preparation of candidates for the Certification examination.

Sub-task 2.5 The certification program is offered to accountants and auditors and other participants mainly by local instructors in accordance with the enrollment benchmarks below. The schedule is designed to provide training to 1200 accountants at Level 1, 600 at Level 2, and 300 at Level 3 within the term of the activity. A fee schedule is implemented (within 120 days).

Preparation for the certification examination and training programs for candidates will start in January 2002. There is insufficient information to predict how many accountants will be trained at the end of the Task Order. Besides the previously mentioned problem of scheduling full-time training, there is also the question of demand. The final structure for certification must be finalized officially, grandfathering provisions defined as well as transition arrangements for those moving from the old certification system to the new system. Once these issues are settled, then the program must be advertised and at that time the Project will have a better indication of what might be accomplished.

Sub-task 2.6 The net surplus over cumulative training cost will be distributed at the end of each quarter or as determined most practical to Ukrainian counterparts in a manner that addresses financial sustainability of UFPAA and other participating counterparts.

Since the project will not select, furnish, staff, and operate a training facility, there will be neither surpluses to distribute nor losses to cover.

Sub-task 2.7 Courses in commercial laws and taxation are fully developed under subcontracting to UFPAA (within 180 days) and put into use in classes (within 240 days). UFPAA will maintain copyrights on both and be able to sell them.

Course content, structure, volume, as well as IFAC requirements and ACCA format, deadlines, payment arrangements, and overall contracts with the recognized Ukrainian specialists have been negotiated and are ready for signing in early November 2001. The selected authors were recommended to the Project by both COA and UFPAA.

Course on Ukrainian taxation will be written by Tamara Solonenko (Tax Instructor, Dean of Nikolaev Management University) by February 15, 2002. It will be reviewed by the experts of the Methodology Department of the Training Center of the Ukrainian State Tax Administration.

Course on Ukrainian Business Law will be written by Tatyana Krasilich (Law Instructor of the Ukrainian International Law Center) and Larisa Snisarenko (Law Instructor of the Academy of Public Administration) by January 15, 2002. It will be reviewed by professor Svetlana Zubilevich, Head of the Education Committee of UFPAA.
Sub-task 2.8 ACCA Paper 10 is fully translated into Russian or Ukrainian and put into use in classes (within 240 days).

Paper 10 has been translated by AED in Armenia. The Project has incorporated the substance into the Advanced Financial Accounting training course as part of the common certification program training courses. The course materials have also been given to UFPAA who have indicated that they will incorporate them into their training programs and courses.

Sub-task 2.9 Management of the training facility is turned over to a board/committee composed of the Ukrainian counterparts (by the end of the activity).

The project is not managing a training facility, in part because the primary demand for training comes from areas outside Kyiv and for reasons explained in previous sub-tasks. The approach that the project is taking in fact turns over responsibility for managing training and training facilities to the three primary counterparts - UFPAA, CAU/UAU, and SMCEE/University system - immediately.

Forecast for Next Reporting Period:

Each activity envisioned by Subtasks 2.1-2.9 will continue in the 4th quarter of 2001 according to the schedules of the Work Plan. No delays are expected in terms of beginning of training courses and selection of participants. Uniform policies, procedures, quality assurance guidelines, and report forms for certification program will be developed.

Anticipated Coordination with Counterparts and Other Donors:

The Project and UFPAA have agreed that the Project will assist UFPAA in enhancing their Level I and II programs to embody the content of the common certification program courses. Similar cooperation, for Level III courses will continue with leadership of the COA. Continuing involvement of KNEU professors in training activities of UFPAA and COA is envisioned.

Task 3 - Facilitate conversion of additional enterprises’ accounting practices to UAS.

Subtask 3.1 To train 250 enterprise accountants/accounting consultants not engaged in IBTCI implementation projects, and 200 STA inspectors in UAS application.

The Project is in the process of selecting the participants for the training, and approximately 120 trainees have been selected to date. The Project has met with the management of the Training Center of the Ukrainian State Tax Administration and agreed on conducting the UAS application course for STA inspectors in early 2002. The Project received assistance of DAI (USAID project on fiscal policy) as to development of materials on reconciliation of financial pretax and taxable income.

These 4-day accountant training seminars will be provided throughout Ukraine to a targeted class size of 40 persons. The Project will provide a minimum of seven such seminars, but could provide more if there is a demand and if the Project budget and LOE allow. The seminars will be conducted by the Project local conversion staff (accountants) under the supervision of the expat expert and will utilize the findings of common UAS misapplications. The training will be structured by the major areas of financial statements (assets, liabilities, equity, revenue, expenses).
Subtask 3.2 To issue 6,000 copies of the “UAS Implementation Guidelines” that would serve as a practical primer for Ukrainian accountants, and address the issues of UAS and Chart of Accounts common misapplications through its “Troubleshooting” Appendix.

The Project met with the Ministry of Finance officer Mr. Parhomenko (Head of their Methodology Department) who issued the similar “UAS Implementation Guidelines” and agreed that we could work on, and issue a joint primer for Ukrainian accountants. Ministry of Finance would provide the list of Ukrainian Accounting Standards along with the brief application instructions, whereas the Project would provide the practical material on UAS implementation based on work with 100 enterprises. As of 09/30/2001, 92 enterprises have been selected. The one-day training seminar for the consultants who will be working with these enterprises, has been conducted.

The first draft is expected to be prepared in November 2001. The “Troubleshooting” Appendix of this "Guidelines" will summarize and analyze the most common mistakes and misapplications of the new Chart of Accounts and significant findings in the financial statements compilation.

Subtask 3.3 To provide training in management accounting with subsequent implementation of the management accounting system for 30 agricultural enterprises.

The Project has selected thirty accounting/audit consultants, who will be trained in comprehensive and advanced Management Accounting skills in a one-week seminar to build advanced management accounting skills. The agricultural enterprises have been selected as well.

Several successful Ukrainian enterprises with advanced managerial accounting system have been contacted in order to utilize their practical experience with such systems for training purposes.

Forecast for Next Reporting Period:
The first group of accountants and consultants will be trained in the 4th quarter 2001 as follows:

<table>
<thead>
<tr>
<th>Participants</th>
<th>Sep-Dec 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants</td>
<td>100</td>
</tr>
<tr>
<td>Accounting Consultants</td>
<td>50</td>
</tr>
<tr>
<td>STA Inspectors</td>
<td>0</td>
</tr>
</tbody>
</table>

The collection, summarization, and analysis of the accounting data from 100 enterprises will take place from September 2001 through March 2002. This data will be used in preparation of the “UAS Implementation Guidelines”.

The Management Accounting training seminar will start on November 26, 2001.

Anticipated Coordination with Counterparts and Other Donors:
UFPAA’s Head of the Standards Committee, author of the book on managerial accounting, Mr. Golov has been contacted and agreed to deliver several lectures on the Managerial Accounting system and practical implementation issues in Ukraine.

State Tax Administration will be critical in arranging the training of 250 Tax Inspectors. The preliminary contacts proved positive.
Task 4 - Continue to strengthen UFPAA financial, technical and organizational capacity.

Sub-task 4.1 Conditions that ensure that UFPAA is reaching self-sustainability will be met quarterly. The general support and regional chapter support money not to exceed $12,000 and $15,000 per quarter, respectively will decrease to zero over the life of the task order, gradually being substituted with training revenues. Financial assistance to UFPAA will most probably continue at previous levels over the life of the Project since there will be no surplus revenues from a training center to offset operating expenses. At the same time, UFPAA will continue to develop its own professional qualification, the Certified Financial Manager. The Project will continue financial support of UFPAA and its regional chapters because the organization’s Levels I and II will be an important vehicle for candidates intending to enter the audit profession. University graduates, candidates holding international university degrees and/or professional qualifications will also be part of the “certification model”. In this regard, it is necessary to find other resources for counterparts who are part of the certification process.

Sub-task 4.2 A working partnership between UFPAA and a US accounting/audit association is established and, at least, one volunteer from the partner association provided assistance raising organizational capacity (within 210 days). Given UFPAA’s desire to develop a CFA, such a relationship would be most beneficial. At the same time, with the Chamber of Auditors acting as the legal administrator of the Certified Auditor qualification, it will be desirable to direct a similar initiative to this organization since it holds and will continue with the authority and responsibility to “certify”.

IMA has been contacted in the US about sending a representative to Ukraine to “partner” with UFPAA. At the same time, USAID has under consideration a study tour to Edinburgh, Scotland for 16-20 professors/practitioners who will attend classes in “Audit Practice”. As part of this program, a group of 3-6 from the Chamber and/or UFPAA will visit ACCA in London and Glasgow as well as the headquarters of ICAS in Edinburgh to learn more about professional examinations, standard enforcement, membership services, training and other issues.

Sub-task 4.3 UFPAA obtains a full IFAC membership (within 360 days). Given the UFPAA’s short history, full membership may not be possible before the end of 2002. Contact will be made with IFAC to determine if UFPAA qualifies for full membership.

Forecast for Next Reporting Period:
UFPAA will be holding its annual congress in December 2001. It is expected that congress will approve the certification based on IFAC requirements. Possible merger with UAU can be considered (UFPAA’s president Mrs. Savchenko expressed her active interest and approval of such idea). This could lead to consolidation of the accounting and auditing profession in Ukraine, and strengthen the UFPAA’s position by acquiring the legitimate status of UAU, and bring the “accounting component” to the proposed Auditor Certification program.

Anticipated Coordination with Counterparts and Other Donors:
UFPAA will remain the main counterpart under this Task. Closer collaboration with UAU is expected as this organization could consider a merger.
Task 5 - Continue to support curriculum reform and strengthen partnerships between Ukrainian universities and IU.

Sub-task 5.1 The substantive content of the certification program described under Task 2 is fully accepted and embedded in the new accounting and audit curriculum (Level 1 within 90 days, Level 2 within 210 days, Level 3 within 450 days).

The new US-based curriculum recently adopted by KNEU and other business schools, whether strictly incorporating ACCA basic courses or not, will be an important element in the certification process. Basic accountancy courses do not dramatically differ between ACCA and western educational institutions whether in the US or the United Kingdom. However, there are certain deficiencies in the old ACCA syllabus, which is one reason ACCA issued a new syllabus, scheduled to be tested for the first time December of this year. The Project will be careful not to use any dated ACCA material whether in its work with the universities, UFPAA or Chamber of Auditors.

The Ministry of Education prefers using the three months (or less) allotted to the 60 professors by the administration to be used for training in areas where help is needed the most. The details on the training program are mentioned above, under Task 2.

Sub-task 5.2 Training of faculty members

This Subtask is included in the training schedule under Task 2. The figures include faculty members. The Project has determined that it is best for faculty members to be trained separately from the other counterpart trainers.

For details please see Subtask 2.4.

Sub-task 5.3 All textbooks and course materials aids are provided during training of faculty members and no later than 30 days before the beginning of each class.

The Project will provide each faculty member being trained with a set of textbooks and training materials at the beginning of each course. The textbooks are meant to provide additional depth to the course presentations, may be referred to in the course training, and will serve as references so that the faculty members taking the course may incorporate the concepts and principles into the classes they teach in their Universities. The project expects to provide additional materials from the Chamber of Auditor's training program (including ACCA textbooks), any material developed for UFPAA and copies of the revised Conversion Manual. Furthermore, any other textbooks or materials identified during the life of the Project will also be made available to the participating faculty, if it is determined by the project to be of sufficient additional value.

Sub-task 5.4 Six additional English-speaking faculty members are trained at IU under the same arrangement existed under the previous task order: three within 210 days and three within 390 days.

IU has been contacted about the need to schedule the visit of six Ukrainian professors to learn the ways to implement the new syllabus and present the material to students.
Sub-task 5.5 IU faculty members facilitate the implementation of the new curriculum, assist the Ukrainian partner universities in setting an IT accounting faculty, and deliver part of academic/certification courses in Ukraine (within 390 days).

IU plans to assist with implementation of the new syllabus. The problem, at this point, is that IU would like to expand its program beyond the requirements and budget as stipulated in the contract. In the meantime, the six professors continue with English instruction. The best time for the six to visit the US will be the Spring Semester. Other alternatives are now being explored, such as University of Wisconsin.

Forecast for Next Reporting Period:
- Continue to work with counterparts to make sure each organization understands their respective roles in the certification of auditors;
- Select 60 professors for November training program;
- Fine tune course and training material development program for UFPAA and begin work on the program;
- Finalize agreements to develop courses for taxation and commercial law;
- Call meeting of Advisory Commission for purposes of reconstituting the terms of reference and/or expanding the membership;
- Finalize IMA visit;
- Start development/discussion of action plan for Chamber in terms of regional training program, Certification Examination syllabus, “grandfathering” and CPE and implementation of ISA as well as other issues.
- Continue training of trainers for Chambers qualifying Certified Auditor Examination and Continuing Professional Education programs;
- Continue process of gathering, developing, translating course material needed for training scheduled to run from mid-September to December;
- Continue work with “pilot” milk processing company;
- Select 100 enterprises for conversion evaluation;
- Continue modifications/development of Conversion Manual after review of results from pilot enterprise;
- Complete selection of contractors who will work with 30 agricultural enterprises;
- Find an alternative to IU.

Anticipated Coordination with Counterparts and Other Donors:
Continuing consultations with the Ministry of Education and Kiev National Economic University will continue throughout the 4th quarter of 2001.