

# BENCHMARKING INTERNATIONAL STANDARDS OF TRANSPARENCY AND ACCOUNTABILITY

Thursday, 28 August 2008

"A Public  
Private Partnership Promoting Financial Transparency and Accountability"

The public interest demands a transparent and accountable financial system based on international standards, rigorously and honestly applied, by credible professionals with the requisite credentials. In transition economies across Europe & Eurasia, the Benchmarking International Standards of Transparency and Accountability (BISTA) project accelerates implementation of harmonized international standards, closes compliance gaps, and fosters global and regional alliances and the transfer of best practices. BISTA serves the public interest by ensuring the sustainability of regional and national institutions that improve and oversee the competency and credibility of accountants and auditors in the private and public sectors. Overall, BISTA project components enhance economic governance and the anti-corruption environment, contribute to improvement of the macroeconomic environment, encourage foreign and domestic investment, and increase human and institutional capacity.

## BISTA Project Components

### Accounting Development Index

The Accountancy Development Index (ADI) is a quantitative measure of the level of development of a country's accountancy environment. Using international standards and best practices in the areas of accounting and auditing, the ADI provides a numerical benchmark of a country's position at a point in time and its progress toward compliance with and implementation of these standards and practices. To direct the development of the ADI, the BISTA Project has assembled a 14 member ADI Steering Committee comprised of internationally recognized accounting and auditing experts, academics and practitioners from around the world. With their guidance, BISTA will apply the completed ADI to approximately 30 countries worldwide and will share the results and findings of this research in the form of an ADI Report. To date, the BISTA Project, with the assistance of the ADI Steering Council, has developed a draft framework and methodology for the ADI and is currently creating an econometric and statistical overlay for the index.

## Twinning Partnerships

BISTA and Royal NIVRA, the professional accounting association of the Netherlands, together with professional member bodies from Kosovo, Albania, and Moldova have entered into twinning agreements to accelerate compliance with international standards. BISTA will assist Royal NIVRA in helping professional bodies with measurable and actionable plans to accelerate compliance with International Federation of Accountants (IFAC) Statements of Membership Obligations (SMOs) that serve the public interest and promote strong economies. In Kosovo, the Twinning Partnership between Royal NIVRA and the Society of Certified Accountants and Auditors of Kosovo (SCAAK) has worked together to develop and file an Action Plan and to begin plan implementation to move toward greater compliance with IFAC SMOs. In Moldova, an MOU for twinning arrangements was signed in December 2007 and work has promptly begun on an Action Plan for SMO compliance in this country as well. In May 2008, Mr. Paul Hurks, twinning counterpart from Royal NIVRA, visited and began cooperation between the Albanian professional association, IEKA, and Royal NIVRA. The end goal of these three alliances will be the development of a sustainable twinning model, a 'twinning toolkit,' based on the experiences and lessons learned in regards to twinning partnerships with global relevance for professional bodies and universities. To date, a preliminary outline of documents, case studies, and templates to include in this 'twinning toolkit' has been developed.

## Workforce Development

BISTA has served as a catalyst for increasing cooperation between professional bodies, universities, government regulators, and private firms to address the critical shortage and cross border mobility of accountants and auditors. To meet these goals BISTA has created an analytical survey tool and distributed it to the suppliers (professional associations) and consumers (audit firms) of professional accountants in an effort to understand the needs and demands of the marketplace, the degree of shortage of competent and capable accounting professionals and the micro and macro-level impacts of such a shortage on a country's financial sector and overall economy. Survey results have been obtained and information is currently being analyzed for several Eastern European countries, including Albania, Moldova, Kosovo, Poland, and Lithuania. A report is expected to be completed detailing the results and findings of this research later this year.

## Practical Audit Experience Training

The goal of this initiative is to create a program for enhancing the capacity of the audit profession in Kosovo, Moldova and Albania. To achieve this, PPPs have been established with internationally recognized audit firms to provide practical audit experience training- with focuses on work paper documentation, international accounting and audit standards, internal controls and ethics- to increase the capacity of local providers of audit services in the three aforementioned countries and to develop a model and guidelines for duplicating similar training programs throughout the Europe and Eurasia Region. Currently, the materials for this training are being developed with training programs to be delivered in mid-September in Kosovo and in October in Moldova and Albania.

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A sustainable twinning model for development

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Updated, expanded, and field tested benchmarking methodology

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Development alliances with international accounting and auditing firms and leading universities

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Compliance Action Plans for Moldova, Kosovo and Albania

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Publication of an Accounting Development Index

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Survey of workforce supply and demand of trans-national accounting and audit firms and professional bodies