

## **CEF / CIPFA Public Accountants Certification Training in Montenegro**

Under Activity result 2 - ***Analytical capacities and skills in the area of public finance enhanced and strengthened*** the programme targets government stakeholders with the aim to develop the institutional and human capacities for sound and effective management of public finance. The project implemented in Montenegro aims to provide assistance to the Ministry of Finance (MF) of Montenegro in the area of **public sector accounting and reporting**. The first phase of the project in 2011 resulted in the assessment of the current accounting and reporting systems and drafting the medium-term strategy for transition to accrual accounting. Reports on lessons learned from the reform of accounting and reporting in the public sector of Slovakia (including adoption of the European System of Accounts methodology) were shared with the MF Montenegro.

**Phase 2 started in July 2014** in response to a new proposal for cooperation submitted by the MF Montenegro and supported by the new finance minister of Montenegro. In phase 2, the project will support the Ministry of Finance of Montenegro in developing capacities for gradual transition to accrual accounting in accordance with IPSAS and ESA standards. The project is guided by the implementation plan agreed between UNDP and the MF Montenegro.

**The Ministry of Finance of Montenegro, Sector for Treasury, as the beneficiary** of the accounting project, submitted a request for financial support of the CEF/CIPFA public accountants' certification training from the Public Finance for Development programme. This training is complementary to the project activities supported by the Public Finance for Development programme in in project phase 2, mainly in the following aspects: i) it will support capacity building in the area of accounting; ii) it will ensure sustainability of the acquired knowledge and skills through localization of the training in Montenegro, iii) it will facilitate transition to the accrual accounting system that is being prepared in Montenegro with support of the Public Finance for Development programme.

## **2. OBJECTIVES AND EXPECTED RESULTS**

CEF and Montenegrin Ministry of Finance capacities' and needs' assessment in the field of public accountants certification training has echoed in urgent call for a comprehensive, basic-to-advanced training program, supported with institutionalization efforts. The needs for training are rooted in multi-fold factors: lack of filled positions (15%), lack of continuous training and lack of staff with professional qualification. Public accountants certification training would respond to the basic accounting needs in the urging transitory period, and establish grassroots of certified practitioners who would establish the grounds for proper understanding of the important role of accountants in managing public finance in efficient, effective and economy manner. Training of public accountants completes the human capital development in the public finance management and control area, and stands as compatible component to the internal auditors training already delivered for Montenegrin Ministry of Finance in 2012. Firm experience demonstrated in the Western Balkans countries, enables CEF and CIPFA to take adequate tactics in Montenegro, and apply the win-win approach of training of trainers, translation of training materials, training and localization process. The holistic approach to sustainability was proven as the best way to increase the knowledge and skills' absorption capacity, and establish critical mass for implementing reformist efforts in line with international standards and best practices.

**The Public Accounting Certification Training (PACT)** under CIPFA is a two year program divided in two levels:

- (i) **certificate level**, with three modules (management accounting, financial accounting and national public finance and accounting legislation and taxation) and
- (ii) **diploma level** with four modules (audit and assurance, managing finance, managing organizations and public sector financial reporting).

The project is aligned with the professional development needs of the Montenegrin public finance administration, as outlined in the assessment report prepared by the Ministry of Finance of Montenegro, the medium term strategy for transition to accrual accounting approved by the Government of Montenegro in March 2015 as well as with the UNDP implementation plan for the accounting project within the framework of PFD programme. PACT project will follow the stream of the certification methodology, thus proposing two phases of the training program.

1. The **first – preparatory phase** delivered in 2015 will focus on selection and training of local tutors, development of a national accounting module for Montenegro, translation of international modules to Montenegrin and launching of the localization process through the pre-assessment study. It would also cover preparatory activities in terms of application procedure of students for the training. The following activities described in this TOR and budgeted for in the attached detailed budget are planned to be conducted in 2015:
  - Activity B.1: Development of International modules (CIPFA) and national module by Ministry of Finance of Montenegro
  - Activity B.2: Translation and proof reading of training material
  - Activity C.1: Selection of tutors
  - Activity C.2: Training of tutors and selecting international tutors supervisors
  - Activity D.1: Enrollment of students
  - Activity D.2: Assistance to local training institution in delivering the training program
  - Activity E.1: Pre-assessment study (report)
2. The **second phase** will encompass the complete delivery of training to local students, examination procedure and localization of the training programme certification level during 2016.

To provide complete information on the project and to present activities to be supported by UNDP in the context of the overall training program, both phases are outlined in the narrative part of this project. The financial contribution through this agreement is sought for **phase 1 of the project in 2015** as reflected in the **Work plan** with the **Budget**.

### Objectives

1. Build the capacities of the public accounting function in line with international public accounting standards and best practices in Montenegrin public sector,
2. Assist to localization of the certification training for accountants in public sector and make the training sustainable.

### Expected results

1. Montenegrin civil servants in charge of public accountancy are equipped with knowledge and understanding of internationally recognized best practices and standards in public sector accounting. The successful training attendees will be awarded the CIPFA PACT certificates.
2. Montenegrin Ministry of Finance is equipped with necessary preconditions for a sustainable running of certification program of public accountants.