

HEAD OF THE SERVICE FOR ACCOUNTING, REPORTING AND AUDITING SUPERVISION

ORDER N

Tbilisi --- ----- 2017

On Approving Procedure for Recognition of Certification Programs and Examination Process

Pursuant to the Article 11(2) of *the Law of Georgia on Accounting, Reporting and Auditing* I order:

Article 1. Approve the Procedure for Recognition of Certification Programs and Examination Process in accordance with the enclosed Annex.

Article 2. This Order shall come into force

Yuri Dolidze

Head of the Service

Chapter I

Procedure for Recognition of the Professional Certification Program

Article 1. Scope of Regulation

The present document defines procedure for recognizing compliance of certification programs and examination process with Professional Certification Standard established by the Service for Accounting, Reporting and Auditing Supervision (SARAS) in accordance with Article 11 (2) of the *Law of Georgia on Accounting, Reporting and Auditing*.

Article 2. Certification Program

1. Certification program consists of several courses. One course may include one or several subjects.
2. Certification Program recognized by the SARAS for professional certification consists of those courses that are to include at least the following subjects listed under Article 6 of the Professional Certification Standard and respective exams:
 - a) Financial Accounting and Reporting - “Financial Accounting and Reporting”;
 - b) Auditing and professional skills – “Audit”
 - c) Corporate Governance, Risk Management and Internal Control – “Business Management and Risk”
 - d) Business Law, Taxation – “Law and Taxation”
3. Certification Program Courses and learning outcomes, which cover subjects listed in subparagraphs (a) - (c) of Article 1 (2) should correspond to the advanced level of qualification and the attained professional competence is to be checked at three certification examinations. These three examinations assess the ability to use professional knowledge in practice required at the advanced level of qualification.
4. Certification Program courses and learning outcomes, which related to the subjects listed in subparagraph (d), Article 2 (2) should correspond to the intermediate level of qualification and the attained professional competence needs to be checked through one certification exam. This examination assesses professional knowledge and the ability to use it in practice required at the intermediate level of qualification.
5. Certification exams are held twice a year in June and in December in the following sequence:
 - I „Financial Accounting and Reporting “
 - II „Auditing“

III „Law and Taxation“

IV „Management and Risk“

6. Result of each specific exam will be retained for a candidate only if he/ she passes all the other exams within 3 years.
7. Examination shall use 100 -point system of assessment. The exam will be regarded as passed if a candidate receives 70% of the total score.

Article 2. Course

1. Certification Program course and learning outcomes are to correspond to one of the following qualification levels:
 - a) Foundation qualification level;
 - b) Intermediate qualification level;
 - c) Advanced qualification level
2. Respective syllabus is to be developed for each course which will include the following information:
 - a) Name of the course;
 - b) Purpose of the course;
 - c) Methods for teaching the course;
 - d) Detailed content of the course and respective learning outcomes;
 - e) Preconditions for studying the course;
 - f) Number of credits and allocation of hours;
 - g) Teaching language;
 - h) Skills acquired after completion of the course;
 - i) Professional qualification level;
 - j) Examination format;
 - k) Study materials and the other resources.

Article 3. Submission of Application and Documents

1. For the purpose of recognizing the certification program, an authorized person submits an application to SARAS, drafted in accordance with Article 78 (1) of the General Administrative Code of Georgia, which is to be accompanied by:
 - a) Self-assessment report of certification program in an electronic format;
 - b) Certification program in an electronic format;
 - c) Certification program in an electronic format;
 - d) Hard copies or electronic versions of references (literature) corresponding to the certification program;
 - e) Information on program author (s) and their qualification (academic degree, practical experience).

2. For the purpose of recognizing the certification program, the SARAS will review the self-assessment report and program in the light of compliance with the professional certification standard.
3. The SARAS, whenever necessary, will issue recommendation on elimination of weaknesses in the program and request additional information from an applicant seeking program recognition.

Article 4. Recognition of Certification Program

1. SARAS makes the following decisions with respect to certification programs:
 - a) On recognition of certification program;
 - b) On refusal to recognize certification program;
 - c) On abolishing certification program.
2. SARAS makes decision on recognition of the certification program if a program submitted by an authorized person fully meets requirements of the professional certification standard.
3. SARAS makes decision on refusal to recognize certification program if a program submitted by an authorized person partly does not meet professional certification standard.
4. SARAS makes decision on abolishing the certification program if the certification program no longer meets professional certification standard.
5. For program recognition, the SARAS in cooperation with international organizations and experts defines a reference document, which includes full program curriculum and syllabus, learning objectives and outcomes, competence map. SARAS uses this document as a guidance in recognition of the certification program.
6. SARAS is authorized to involve experts in the process of certification program recognition.

Chapter 5. Self-assessment Report of the Program

1. Program recognition criteria, compliance with which is to be reflected in the self-assessment report submitted by an authorized person to the SARAS, shall include:
 - a) Purpose of the program and learning outcomes;
 - a.a) Purpose of the program corresponds to professional requirements that are clearly formulated, focused on labor market and achievable;
 - a.b) Content of program component with consideration of teaching methods and number of credits ensures achievement of goals and learning outcomes set under this component within a defined timeframe;
 - a.c) Final learning outcomes of the certification program are clearly formulated, publicly available and correspond to final learning outcomes defined under the present procedure;
 - a.d) Set of program components ensures achievement of goals and learning outcomes set under the program in accordance with the qualification level.
 - b) Preconditions for admission to the program, teaching methodology and assessment adequacy.

- b.a) Program admission preconditions are transparent and ensure involvement of persons with respective knowledge, skills and values in the program aimed at attaining learning outcomes by a candidate.
 - b.b) Criteria required for recognition of the candidate's knowledge prior to admission to the program are adequate, clearly defined and publicly available;
 - b.c) Combination of teaching methods used in various program components ensure achievement of outcomes provided for in the program.
 - b.d) Evaluation methods in each program component for assessment of attained learning outcomes are adequate and fair;
 - d.e) When assessing a candidate's knowledge transparent criteria are applied, which ensure candidate's awareness about attained results, weaknesses and ways for improvement.
2. Component of study program shall include subject/ subjects provided for in this procedure.
 3. Study materials should provide for contemporary and relevant requirements of the respective field, include practical elements and ensure attainment of learning outcomes of the program.

Article 6. Teaching Resources and Quality Development

1. Teaching process is to be led by lecturers/ instructors/ experts of high qualification and reputation, who have respective competencies required for teaching respective course and achieving learning outcomes.
2. Study materials (literature) is to be available for all students.
3. Infrastructure and technical equipment used in teaching the course shall ensure attainment of learning outcomes provided for under the course.
4. The system for ensuring the program quality should clearly define responsibilities, have respective structure and involve program participants in its operation.
5. Quality assurance system is to cover all aspects related to program, including teaching and learning, supervision and administration. Quality assurance procedures shall provide sufficient analytical information for governance so that the program quality is constantly being developed.

Chapter II Procedure for Recognition of Examination Process

Article 7. Examination Format

1. Examination for assessing professional competence shall be held in written or/ and an electronic (computer-based) format.
2. For becoming a certified accountant various evaluations can be applied to measure technical competence level. Respective evaluation measures may include:
 - a) Written examination consisting of a questionnaire, which requires short answers;

- b) Analysis of practical cases;
 - c) Written essay;
 - d) Objective testing (multiple choice tests and etc.);
 - e) Computer -based testing;
 - f) Evaluation of past knowledge, based on which exemption may be granted from certain examination aspects;
3. For formal assessment purposes, whether a professional competence level has been achieved, a specialized examination body may develop one or more evaluation measures. Evaluation configuration may be changing and include the following:
 - One multi – disciplinary examination held at the end of the education period; or
 - Examination series focused on evaluation of specific aspects of professional competence, which are held during the education period.
 4. At the advanced qualification level the ability to use professional knowledge in practice is to be checked at least through four certification exams in subjects defined by the SARAS. These four exams passed by a person within the framework of one certification program represents the final stage of certification and in case of passing it successfully, he/ she will be assigned the status of a certified accountant.
 5. A person shall be allowed to sit in the certification exam only if his/ her theoretical knowledge in all subjects listed in Article 6 of the Professional Certification Standard is confirmed at intermediate level and he/ she has 2-year practical experience in accounting and/ or auditing.
 6. A person's theoretical knowledge of the subject at an intermediate qualification level may be proved through an examination, that corresponds to a teaching course of the professional organization's certification program, in a specialized examination body, or exemption from the final stage examination based on exam passed within the framework of the accredited educational program of an authorized university.

Article 8. Examination Procedures

When assessing examination procedures for recognition of Specialized Examination Body, the SARAS is guided by information paper - Development and Management of Written Examinations developed by International Federation of Accountants (IFAC).

Article 9. Specialized Examination Body

A Specialized Examination Body shall document and submit for evaluation to the SARAS its own policy and procedures for preparation and management of exams in the following areas:

- a) General policy;
 - a.a) Examination control;

- a.b) Independence, conflict of interest and confidentiality policy;
- a.c) Policy for outsourcing several aspects of examination process.
- b) Exam preparation:
 - b.a) Testing objectives;
 - b.b) Knowledge – based and competence – based evaluation;
 - b.c) Selection of question types;
 - b.d) Exam scale;
 - b.e) Link with the syllabus or competence map;
 - b.f) Access to reference materials and the other auxiliary means (e.g. exam with “open or closed book”)
 - b.g) Coverage of exam content
- c) Use of computer at the examination:
 - c.a) Computer application approaches to evaluation
 - c.b) Substantiating increased application of computers for assessment;
 - c.c) General security and control measures.
- d) Management of exam development:
 - d.a) Selection of authors/ evaluators;
 - d.b) Instructions for authors;
 - d.c) Process of exam approval;
- e) Ensuring exam security before the exam date:
 - e.a) Security and confidentiality
 - e.b) Stand-by plan
 - e.c) Printing and distribution of exam materials
 - e.d) Electronic distribution of exam materials
 - e.e) Control of stationery and the other materials;
- f) Approval of candidates:
 - f.a) Applications for passing an exam;
 - f.b) Approval for passing an exam;
 - f.c) Exam instructions for candidates
 - f.d) Anonymity
 - f.e) Candidates with special needs
- g) Examination center
 - g.a) Selection of examination center
 - g.b) Filing materials
 - g.c) Duties of examination center supervisors;
 - g.d) Security issues
 - g.e) Introduction of instructions to candidates
 - g.f) Management of unforeseen cases;

- g.g) Potential mistakes
- g.h) Allocation of examination time
- g.i) Improper behavior during an exam
- g.j) Candidate's illness
- g.k) Collection of exam materials and return from the examination center
- h) Exam evaluation
 - h.a) Administrative mechanisms for evaluation process;
 - h.b) Selection of evaluators
 - h.c) Preparation of assessment guide
 - h.d) Test assessment
 - h.e) Double assessment
 - h.f) Audit of assigned mark;
 - h.g) Revaluation of exam papers
 - h.h) Report on assessment results.
- i) Approval of assessment (marks), publishing results and appealing:
 - i.a) Define testing standard
 - i.b) Approval of testing process results
 - i.c) Notification procedures
 - i.d) Appeal
 - i.e) Review of testing results
 - i.f) Publishing results, test questions and answers;
 - i.g) Policy for keeping records and examination materials.

Article 10. Exemption Procedure for Examinations

1. Exemptions are granted by professional organizations only for purposes of their certification programs.
2. Professional organizations grant exemptions:
 - a) for learning outcomes proved through final examination passed according to accredited program of an authorized higher education institution;
 - b) for learning outcomes proved through final examination passed at the special examination body according to certification program course of the other professional organization.

Article 11. Appeal Procedure

Decision of the SARAS on recognition of certification programs and examination process may be appealed in the Accounting, Reporting and Auditing Board and Court in accordance with the Georgian legislation.