

# PAO GLOBAL DEVELOPMENT REPORT



**MOSAIC: THE MEMORANDUM OF  
UNDERSTANDING TO STRENGTHEN  
ACCOUNTANCY AND IMPROVE  
COLLABORATION**

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When professional  
accountancy  
organizations function  
properly, they hold  
the power to support  
the production of  
high-quality financial  
information, contributing  
to public and private  
sector development,  
economic growth, and  
the aid effectiveness  
agenda.

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## A CLOSER LOOK AT PAO DEVELOPMENT: THE INSTITUT DES REVISEURS COMPTABLES

With a population of more than 60 million inhabitants, the Democratic Republic of Congo (DR Congo) has enjoyed sustained economic growth since 2002. After a long period of poor governance and civil war that plunged the country into a serious economic crisis, the DR Congo established new political institutions in 2002 and began a period of economic reform.

The oldest and most representative PAO is the Institut des Réviseurs Comptables (IRC), which was created in 1992 by members of the Conseil Permanent de la Comptabilité au Congo (Permanent Council on Accounting of the Congo, or CPCC) who were trained in Belgium for three years as part of a cooperation arrangement with the Instituut van de Bedrijfsrevisoren - Institut des Réviseurs d'Entreprises (IRE Belgium). Today, IRC exists as the professional association for accountancy in DR Congo and maintains membership in PAFA and FIDEF, through which it works to engage in enhancing the profession internationally.

### LEGAL AND REGULATORY FOUNDATION—THE PAO ENABLING ENVIRONMENT

The IRC is a nonprofit association with independent legal status established by Ministerial Order No. 073/CAB/MIN/J&GS/2002 of April 13, 2002. Additionally, in 2006, the IRC obtained protection for the title of “réviseur comptable” (auditor) by Certificate No. 665/2006 of the Ministry of Industry. Though the IRC is not officially recognized by the government as a PAO, the organization and its membership have received some recognition through granting certain restricted practicing rights (e.g., members of IRC are permitted by the Ministry of Justice to undertake audits of banking sector entities).

Although the legal and regulatory framework governing accounting in the DR Congo has changed very little over the past three decades, the DR Congo’s 2009 decision to join as a signatory to OHADA and further develop its business and financial environment in line with regional best practices presents great opportunity for change.

Accordingly, on September 10, 2012, the eight Uniform Acts comprising OHADA became effective within DR Congo. With the

focus of these Uniform Acts on elements such as harmonization of company accounting systems, the DR Congo’s decision to sign OHADA provided an impetus for the development of a PAO.

Presently, the country and its stakeholders have not yet begun development of legislation, institutions, or processes that would formally recognize and enable a PAO. Therefore, additional assistance to DR Congo, its government, and the IRC may be useful in establishing and recognizing the accountancy profession and moving to embody the requirements of OHADA.

### PAO ORGANIZATIONAL CAPACITY

To organize its structure and operations, IRC maintains articles of association, bylaws, ethical requirements, internal rules, and a code of conduct. Its organization is comprised of 40 members with auditors making up the majority. In addition to auditors, the IRC has accountant, tax reviewer and preparers, and student members. The organization maintains a General Assembly, Council, president, vice president, treasurer, and different committees (e.g., Internship and Research Committees). The General Secretary leads the strategic direction of the organization and the day to day operations. Additionally, IRC maintains a small staff of 3-4, including an accountant and secretarial staff. The IRC has a headquarter office and maintains a small library of resources for its members.

### PROFESSIONAL EDUCATION, ASSESSMENT, PRACTICAL EXPERIENCE, AND CONTINUING PROFESSIONAL DEVELOPMENT

The IRC and the government of DR Congo have maintained a cooperative relationship with IRE Belgium since 1983 to further the development of the Congolese audit profession. Candidates achieve certification, and membership in IRC, by attaining a university degree and three years of practical experience through the IRC’s formal internship program. Additionally, many candidates travel to Belgium to attain training and sit for the required certification examinations. Due in large part to the cooperative relationship between IRE Belgium and IRC, IRE Belgium undertakes a substantial portion of the training and certification of professionals. To ensure lifelong education and attainment of knowledge and skills in line with latest emerging issues in the profession, IRC provides seminars three times per year on various topics relevant to the accountancy profession. In addition, representatives of IRE Belgium travel to DR Congo

annually and work with IRC to organize trainings and provide CPD education.

#### **SUPPORT FOR ADOPTION AND IMPLEMENTATION OF CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS**

The IRC maintains a Code of Conduct, which was initially adopted in 1992. In recognition of the need to update and enhance ethical requirements, in September 2012, the IRC adopted the French translation of the 2009 *Code of Ethics for Professional Accountants*. In light of these recent changes to ethical requirements, additional support and assistance for awareness building and the development and provision of ethical training and education programs may greatly facilitate the implementation of these standards.

#### **SUPPORT TO ADOPTION AND IMPLEMENTATION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In accordance with the West African Economic and Monetary Union (WAEMU) Regulation number 04/96/CM/UEMOA, the OHADA Uniform Act Organizing and Harmonizing Company Accounting Systems of February 22, 2000, and the OHADA Uniform Act Relating to Commercial Companies and Economic Interest Groups of April 17, 1997, entities in WAEMU or OHADA are now preparing their financial statements in accordance with the OHADA standards.

In DR Congo, SYSCO-OHADA will come into force in September 2012; however as the enforcement date is close to most companies' year end, these standards will most likely be applied by companies beginning in January 1, 2013. It is important to note that the accounting standards laid out in the Congolese General Chart of Accounts (Plan Comptable Général Congolais, or PCGC) were developed in 1976 and have not been amended over the years to align with changes at the international level.

Therefore, adoption and implementation of the Uniform Acts presents a significant change in financial reporting requirements and necessitates intensive education and training activities in order to appropriately prepare the business community and profession for SYSCO-OHADA adoption and implementation. Additional support and assistance for development and provision of SYSCO-OHADA training and education programs and technical support to members of the profession actively involved in transitioning companies to these standards may greatly facilitate the implementation of SYSCO-OHADA.

#### **SUPPORT FOR ADOPTION AND IMPLEMENTATION OF INTERNATIONAL STANDARDS ON AUDITING**

The auditing standards applicable in the DR Congo are not defined in a law or regulation. Although not embodied in law, recently the IRC has taken the progressive step of declaring ISAs to be used by its membership in undertaking statutory audits. In spite of this step, without legislative support to this declaration, the IRC holds little to no ability to compel adherence.

The IRC works very closely and collaborates with neighbors in the region to gain knowledge and prepare its professionals for the application of ISAs. Although not legally mandated, in previous years, the IRC has conducted training on ISAs, including a 40-hour training seminar on international accounting and auditing standards as part of the capacity-building project financed by the World Bank. Additional support to DR Congo and the IRC in strengthening the legal and regulatory framework to define auditing standards and increasing IRC capacity to provide education and training on ISAs may greatly enhance the quality of audit services.

#### **SYSTEM OF INVESTIGATION AND DISCIPLINE**

The IRC maintains a Disciplinary Committee that can discipline auditors and deliver sanctions, including warning, suspension, and expulsion from membership. The system is designed to allow the committee to act on referrals, complaints from an interested party, or written orders from the Attorney General. The committee decides cases by a majority of votes after hearing a response from the concerned party. Discipline by the IRC is exercised first by the Board of the IRC. In case of appeal of decisions by the Board, the Disciplinary Committee may be convened for a second time and can be expanded to include a judge and lawyer from the Court of Appeal to make a final decision. The system's design requires decisions of the Disciplinary Committee be forwarded to the president of the IRC for execution. Although a system of investigation and discipline does exist, its operations are limited by its lack of legal recognition as an organization and its inability to effectively enforce sanctions.

#### **QUALITY ASSURANCE**

The activities of audit firms and statutory auditors in the DR Congo are not subject to any controls by the IRC or by any other authority. This means that professionals who do not respect the applicable rules and standards are unlikely to be sanctioned.

***The IRC works very closely and collaborates with neighbors in the region to gain knowledge and prepare its professionals for the application of ISAs.***

Efforts to develop a system for quality assurance for IRC have been attempted; however, due to lack of legal recognition as a PAO and enforcement powers, efforts were unsuccessful.

#### **SUPPORT TO ADOPTION AND IMPLEMENTATION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTANCY STANDARDS**

DR Congo does not require the use of IPSAS and the IRC does not maintain responsibility for adoption of IPSAS in the country. However, members of the IRC have begun initial discussions with appropriate government representatives to raise awareness of IPSAS, their benefits, and the importance of adoption.

#### **SUPPORT TO PUBLIC FINANCIAL MANAGEMENT**

Although IRC does not have a formal relationship with the government, it does have organizational members who are members of the national standard setter and/or have supported the efforts of public sector entities in strengthening accountancy.

The IRC recognizes the extremity of DR Congo's lack of accountancy professionals to meet the needs of the country's public and private sectors (for a country of 60 million inhabitants, the IRC has only 40 professional members). Therefore, one of IRC's main areas of interest is to expand its membership to include a broad base of professionals, including those in the public sector. Additionally, IRC would like to establish a certification directed toward accounting technicians in recognition of the importance of the role of these professionals in the economy. Development of such a program may offer opportunities for engaging and incorporating a membership more inclusive of public sector professionals.





For more information on MOSAIC, please visit [www.ifac.org/MOSAIC](http://www.ifac.org/MOSAIC) or email [MOSAIC@ifac.org](mailto:MOSAIC@ifac.org).

