

V. Accounting and Auditing Training

This chapter describes accounting and auditing education and training in Papua New Guinea. It is structured as follows:

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1. Introduction

In Papua New Guinea, bookkeeping and computerization is taught in primary schools, community schools and international high schools. Colleges and universities cover accounting Diploma and Degree Courses. Masters Degrees are not yet available in Papua New Guinea. However, they are available through distance learning arrangements with certain universities in Australia.

In order to become an Associate or Fellow of the PNGIA, graduated students must pass seven exams of the Institute. This normally takes approximately three years.

There are no accurate statistics kept on qualified accountants or accounting students in PNG; however, the following estimates have been supplied by members of the PNGIA:

Position Type	Estimate
Accounting students	1,800
Qualified accountants not members of PNGIA	2,500
Qualified accountants members of PNGIA	1,500
Public sector accounting positions yet to be filled	700 – 1,000
Private sector accounting positions yet to be filled	500 – 1,000

There is an acute shortage of qualified accountants in both the public and private sector. Unfortunately, there is also an acute shortage of accountancy student positions available at universities and colleges each year, and it is estimated that only one accountancy student application in four is accepted.

2. Institutional Training Establishments

Generally, the Bachelor of Accounting Degree Courses cover Accounting (based on International Accounting Standards), Computing, Management, Commercial Law, English, Macro and Micro Economics, Financial Accounting, Cost Accounting, Corporate Accounting, Marketing, Management Information Systems, Auditing, and Tax Law.

There are six Government-owned public universities or colleges providing full-time accounting training in PNG as follows:

- University of Papua New Guinea
- University of Technology
- Lae Technical College
- Port Moresby Business College
- Institute of Public Administration
- Institute of Continuing and Distance Education

There are six privately-owned universities or colleges providing full-time education in accounting in PNG as follows:

- Pacific Adventist University
- Divine Word University
- Institute of Business Studies
- Business Training Institute
- Coronation College
- International Training Institute

Different church groups own the first two universities mentioned above. There are no Masters Degree Courses available in PNG.

3. Entry Requirements

The minimum level of general education standards required for entry in the accountancy degree courses at universities are Grade 12 with at least B passes in English and Mathematics. Normally there is a break after the successful completion of the second year and students are required to undertake one year's appropriate work experience before

continuing with the degree course. If the students leave at the conclusion of the second year, they are awarded with a diploma or certificate. The majority of students do not continue on to year three.

The minimum level of general education standards required for entry in the accountancy diploma courses at colleges is Grade 10 standard.

4. Public Sector Training

The Department of Finance and Treasury (DFT)

Although DFT finance staff use PNG Institute of Public Administration (IPA), there is no formal coordination between the organizations. PNGIPA is hampered by a shortage of resources, especially professional staff with knowledge of public sector finance.

The DFT has eight training officers delivering training to national and subnational level staff. It has its own training room in Vulipindi Haus that doubles as a computer-training laboratory and general training room. Courses cover Government Accounting System, budget preparation, bank reconciliation and financial procedures. In addition, the DFT, with PNGIPA, is currently piloting a Certificate in Accounting and Auditing in association with the UK Chartered Institute of Public Finance and Accountancy (CIPFA). The program is still running, but because of the cost and the relatively small take-up, is unlikely to continue.

The DFT does not have any formal staff development program, apart from a five-day induction program, when an officer joins the service. No other training programs are scheduled over an officer's career. Divisional heads make recommendations on staff training, but the lack of resources results in many of these being declined, particularly since the majority are aimed at overseas qualifications programs.

It is estimated that there could be up to 400 qualified accountants in the public sector who do not belong to the PNGIA. In the strict interpretation of the Accountants Act, any person carrying out accounting work in Papua New Guinea must belong to the PNGIA. There is a move by the Government to identify these people and pay their fees to join the PNGIA.

5. University of Papua New Guinea

The University of Papua New Guinea (UPNG) commenced in 1965 and is owned by the Papua New Guinea Government. It was the first university established in Papua New Guinea. The first full-time accountancy degree courses were introduced in 1979.

The University suffers from lack of funds. Buildings are in need of maintenance, some windows are broken, most telephones have been disconnected and the year 2000 handbook of curricula for the various courses has not been produced. There is widespread student unrest and many student strikes occur. In 1999, the third semester was cancelled because of student strikes and the 1999 exams were held in March 2000. Stoppages occasionally occur just before exams and sometimes, in the past, concessions have been granted to students when sitting for exams. Student unrest has been occurring at the University for at least 25 years.

In 1994, a proposal to establish a separate School of Business Administration was submitted to the PNG Government and approval in principle was received. The land is available, however the raising of funds is seen as a problem. No design plans have been drawn up nor have costings been done. The establishment of this School would alleviate the critical shortfall of accounting students classroom availability.

UPNG Diploma / Degree in Commerce

The prerequisites for entering a diploma or degree course is the completion of year 12 at high school and at least a B grade pass in Mathematics and English.

There is a two-year Diploma in Commerce Course. If students wish to continue on to the Degree Course, they must complete at least one-year appropriate work experience, then a further two years study before obtaining their Degree in Commerce (Refer to appendix 9 for the course curriculum).

6. The PNG Institute of Public Administration

The PNG Institute of Public Administration (PNGIPA), which is owned by the PNG Government, commenced in the mid-1960s and is recognized as the longest, established training institute in PNG.

The Institute offers a range of courses. It has a large campus in Waigani, with reasonable teaching and residential facilities. It provides certificate level courses in accounting, but the Diploma in Public Finance and Accounting was transferred to the University of PNG in 1989. PNGIPA has introduced a certificate in accounting (technician-level) and a Diploma in Accounting. There are four regional centers, and PNGIPA has four qualified faculty members in finance and accounting. Demand for courses is very high, and far exceeds the places available. Distance learning is planned at master's degree level (MBA), in an agreement with Northern Territories University, Darwin. PNGIPA has indicated that it sees a major future focus on short courses.

7. Pacific Adventist University

The Pacific Adventist University (PAU) is a private Seventh Day Adventist University with its own philosophy, and with its own specific focus on Pacific developing countries.

The Pacific Adventist College was funded in 1983 as a tertiary institution under an Act of the Papua New Guinea Parliament (the Pacific Adventist College Act, No. 24 of 1983).

Under an Act of the Papua New Guinea Parliament (the Pacific Adventist University Act, NO. 34 of 1997) the College was officially upgraded to full university status and is legally entitled to award certificates, diplomas, degrees, and other such awards as the university determines appropriate.

The Pacific Adventist University is reported to be one of the best institutes in Papua New Guinea for the training and production of high quality accounting graduates.

Admission Requirements

Academic eligibility for admission to PAU is gained on meeting at least one of the following requirements:

- The successful completion of Year 12 High School Certificate or equivalent;
- The successful completion of matriculation programs from the University of Papua New Guinea, University of South Pacific foundation courses or CODE. PAU no longer offers entrance programs to the University;

- The successful completion of a diploma or degree from a recognized tertiary institute. The Academic Registrar may require such graduates to sit for the PAU mature entrance test;
- The recommendation of the Academic Registrar who has invited an applicant to sit the PAU Mature Age Test. Such recommendation is contingent upon the applicant obtaining a suitable minimum mark in this test; or
- Special approval by the Deputy Vice-Chancellor based on current or previous professional or vocational experience and responsibilities.

There are different criteria for entrance to PAU depending on the country where the student was educated to high school level. Students attending PAU have come from high school level status from Fiji, Kiribati, Samoa, Solomon Islands, Tonga, Vanuatu, New South Wales and PNG. The PNG requirement is:

- HSC (High School Certificate) - Papua New Guinea.
 - Matriculation: A pass in four subjects, including English with a minimum upper C level pass;
 - A pass is defined as a mark higher than 50 percent; and
 - An upper C pass in subjects selected as content major is normally required.

Specific Requirements for Bachelor Degrees

Candidates must have:

- Completed all academic and practical requirements related to their specific course;
- Satisfied the general requirements for entry into the final year of the degree course including a cumulative GPA of 2.2 (60 percent);
- Been registered for two semesters and successfully completed at least 30 credit points in the final year of the degree course;
- Earned at least 24 points in 300 level subjects and not more than 36 credit points in 100 level subjects;
- Maintained a minimum semester and cumulative GPA of 2.2 (60 percent) throughout the final year of the course; and
- Successfully completed at least 30 credit points in each major content area, and at least 18 credit points in each minor content area.

Graduation Achievement Levels

Graduates may receive the following notations to their awards:

- Bachelor of Business with Merit for a final grade between 75 percent and 80 percent.
- Bachelor of Business with Distinction for a final grade of over 80 percent.

Bachelor of Business Degree Courses

There are currently 80 students undertaking the Bachelor of Business Degree Courses. Financial Accounting is taught using International Accounting Standards as the base. Computing is taught using MYOB business program as the base. There are three computer classrooms each with 16 computers (Refer Appendix 10 for curriculum of both Bachelor of Business Degree Courses).

Academic Staff Training

PAU has a staff development budget and academic staff are encouraged to attend seminars and workshops held in Port Moresby (and occasionally overseas) to keep abreast of developments in their respective fields. In the School of Business, the academic staff consists of Associate Professors, Senior Lecturers, and Lecturers. Several of these staff are members of the PNGIA, and for these the Continuing Professional Education of the PNGIA assists them in their professional development.

8. Planning Proposal – School of Business Studies

One of the most successful university schools is the School of Business. In the fields of Accounting, Management, Computer Applications, and Office Administration, PAU graduates have been readily hired after their graduation. In addition to classroom education, students must successfully complete a work experience program during the mid-year university recess. Graduates from the degree program are eligible for graduate membership in the Papua New Guinea Institute of Accountants. Currently, there are a total of 74 business students (42 male students and 32 female students), of which PAU graduate about 20 each year. In addition to the business students, there are 22 secretarial administrations.

School of Business Development Needs

School of Business Center: PAU needs to increase the size of enrolment and keep pace with demands for innovative instruction, and experience in the School of Business. To achieve this, the university needs to build a new fully equipped School of Business center. Ideally, this would consist of computer labs, two lecture halls, faculty office space, a workroom/resource center, and four classrooms, including one classroom fully equipped for instruction in office administration. PAU has already designated a location for this building.

Currently the school is housed in a number of locations and the construction of a School of Business center would facilitate operations that are more efficient. The increased classroom space would also allow for an increase in student numbers.

Expanded Course Offerings: The School of Business has preliminary plans to offer an MBA, a graduate diploma, and professional development classes for employed individuals. These courses would cater for both the private profession and the public sector, and may be offered on an external basis. A new School of Business center would facilitate these developments.

Support Facilities: As the School of Business grows other needs are immediately apparent. Expanded dormitory space is needed to provide for increased enrolment and this project is receiving due attention. Further, the university library needs to expand its facilities in order to increase space for holdings, equipment, and resource materials. The construction of a new School of Business would increase library space as the School of Business currently takes up a significant amount of library space,

9. Institute of Business Studies

The Institute of Business Studies was established in 1989 and is recognized as the leading privately-owned business training establishment in PNG. The Institute caters only for accounting, business, and computing courses at the Certificate, Diploma and Degree Levels.

Courses Available at the Institute of Business Studies (IBS)

IBS Certificate Courses

- Certificate in Accounting (CIA)
- Certificate in Computing (CIC)

Diploma Courses

- Diploma in Commerce of UPNG
- IBS Diploma in Business

Associate Degree Programs

- IBS Associate Degree in Business (Accounting)
- IBS Associate Degree in Business (General)
- IBS Associate Degree in Business (Computing)

Bachelor Degree Programs

- Bachelor of Business (B. Bus) (Accounting)
- Bachelor of Business (B. Bus) (General)
- Bachelor of Business (B. Bus) (Computing)

Revision Classes for PNGIA Professional Examinations

IBS Certificate Courses

Certificate in Accounting (CIA)

IBS has been offering this program since 1993 and it has evolved constantly over the period in response to business and student needs. This course is designed to provide students with a basic qualification in accounting and offers a firm grounding in fundamental accounting concepts. It also covers allied subjects such as Business Communication, Business Administration, Business Mathematics, Business Statistics, and Computer Applications in Business.

The CIA program is recognized as an entry qualification for the Diploma in Commerce of the Institute of Distance and Continuing Education (IDCE) of the University of Papua New Guinea, and IBS Diploma in Business, leading to Southern Cross University Degree programs in Accounting, Business and Computing.

Certificate in Computing (CIC)

The Certificate in Computing (CIC) course offered by IBS enables the students to gain fundamental knowledge in various business application software. The content of the course accommodates latest versions of spreadsheet, word processing, and disk operating systems. The students in this course are given specific training in the Acc-Pac Accounting package. The course also covers the core subjects of Business Writing Skills, Bookkeeping, Accounting and Computing.

Diploma Courses

Diploma in Commerce of UPNG

IBS offers the Diploma in Commerce (DIC) program as a sub-center of the Institute of Distance and Continuing Education (IDCE) of the University of Papua New Guinea (UPNG). IBS was granted the sub-center in 1996 and currently is the only privately-owned Institute to hold this position.

This course is designed to provide students with the skills, knowledge and understanding, which will enable them to perform most of the accounting functions of a business. The course also offers a basic grounding in fundamental business areas such as economics, law, taxation, statistics, auditing, and information systems.

On completion of this course, the students will be eligible to a UPNG Diploma Award. A further two years study at UPNG or UNITECH after the Diploma will enable students to obtain a Bachelor of Commerce Degree. Alternatively, the Diploma of Commerce graduates can enroll in IBS Associate Degree Programs, leading to a Southern Cross University Degree program in Accounting, Business, and Computing.

IBS Diploma in Business

The course provides students with knowledge and skills in all the basic areas related to business. The program consists of eight units of core and allied subjects delivered under a licensing agreement with the Southern Cross University, Australia (equivalent to one year of full-time study) of their Bachelor of Business Degree Programs. The diploma is awarded by IBS in affiliation with Southern Cross University, Australia.

IBS Associate Degree in Business (Accounting)

The course aims to train and equip students to undertake a wider variety of accounting and administrative functions with a minimum of supervision while working under a professional accountant or within a professional environment. This IBS Associate Degree in Business (Accounting) is awarded by IBS through affiliation with Southern Cross University to those who have successfully completed the first 16 units (equivalent to two years' full-time study) of their Bachelor of Business (Accounting). The Degree Program is delivered under a licensing agreement with Southern Cross University, Australia.

IBS Associate Degree in Business (General)

This course is designed to train those who are employed in the administrative management field, hold positions of responsibility, and work with senior management providing a range of administrative and management services. On successful completion of the first 16 units (equivalent to two years' of full-time study) of their Bachelor of Business Degree Program delivered under a licensing agreement with Southern Cross University, Australia, an IBS Associate Degree in Business will be awarded by IBS in affiliation with Southern Cross University, Australia.

IBS Associate Degree in Business (Computing)

This course aims at providing necessary knowledge and skill about usage of software, system development and networks. The candidates, after completing this level, will be able to serve as programmers, system analysts in a business organization. This IBS Associate Degree in Business (Computing) will be awarded by IBS in affiliation with Southern Cross University, to those who have successfully completed the first 16 units (equivalent to two years' of full-time study) of their Bachelor of Business (Computing). The degree program is delivered under a licensing agreement with Southern Cross University, Australia.

Bachelor of Business (B. Bus) (Accounting)

The aim of the course is to provide stimulating and rigorous studies at degree level in accounting and other disciplines relevant to business which, together with the period of professional skill development, will continue to the future supply of professionally qualified, and broadly trained, accountants. The core of the program is centered on the study of accountancy, law, economics, and business computing. On successful completion of the 24 units, Bachelor of Business (Accounting) Degree will be awarded by Southern Cross University, Australia.

Bachelor of Business (B. Bus) (General)

The degree course offers specialization in management and other indepth allied areas such as accounting, human resource management, individual relations, management of change, and international management. On successful completion of 24 units, a Bachelor of

Business (General) Degree will be awarded by Southern Cross University, Australia.

Bachelor of Business (B. Bus) (Computing)

This course is designed to enable the candidates, who have finished Associate Degree in Computing, to take up higher-level positions like electronic data processing managers, systems managers, etc. At the end of the course, the candidates will have the knowledge of hardware and software, skills to use advanced software for managerial decisions in a business organization. On successful completion of 24 units, a Bachelor of Business (Computing) Degree will be awarded by Southern Cross University, Australia.

Revision Classes For PNGIA Professional Examination

IBS has been conducting revision classes for the professional examinations conducted by the PNGIA since its inception in 1989. Since then, IBS has achieved excellent results and has been commended by the council of the PNGIA for its efforts. IBS holds the rare distinction of producing the first two female Accountants in Papua New Guinea.

On completion of the PNGIA examinations, students with three or more years of relevant work experience will be eligible for the Associate membership of the PNGIA, which qualifies them to register as a public accountants and company auditor. For more comprehensive details on the above courses, refer Appendix 11.

Approval in principle has been given for IBS to facilitate a Masters Degree next year on behalf of a leading Australian university.

Future Development of IBS

The area of land occupied by IBS will not allow for any future expansion. Currently IBS is rejecting approximately 75 percent of its student applicants because of unavailability of classroom space.

IBS has purchased 33 hectares of land at Sogeri, near Port Moresby, which would accommodate approximately 2,500 students, compared with their current enrolment of 500 students

10. Divine Word University – Madang

The Divine Word University offers a Diploma on Business Studies, which is a two-year course, and students may continue on to a Degree in Business Studies which is a further two years of study.

An MBA course in accounting has been developed for comments and is awaiting finalization and funding.

The Divine Word University, like other institutions, only has sufficient classroom space to accept approximately 25 percent of accounting student applicants. The needs of this institution are as follows:

- New Business Studies Building with fully-equipped lecture rooms;
- A computer laboratory set up for networking and connection to internet; and
- More library reference materials on accounting, business, and related topics.

11. Papua New Guinea Institute of Accountants

CPE Training

The following is a typical calendar of events for the Continuing Professional Education (CPE) training:

- Understanding Accounting – For Managers, Supervisors
- Breakfast discussion group with resident World Bank representative
- Joint PNGIA/ICAA (Institute of Chartered Accountants of Australia) Conference on IT
- One-day workshop sessions on IT jointly sponsored by PNGIA/ISACA
- PNG ASCPA luncheon – Speaker, Governor of Bank of PNG – ‘Central Banking – regulating in a changing financial environment’.
- Seminar - Accessing the Equity Market
- Seminar - Accounting for Churches, Charities, Clubs, Associations
- Privatization Seminar
- Highlands Branch Conference, Mt Hagen
- Lae Branch Conference
- National Conference (jointly with ASCPA) Port Moresby

CPE Requirements for PNGIA members

Fellow members, Associate members and Accounting Technicians are required to undertake a minimum of 40 hours of continuing professional education each year. Included in these activities must be 20 hours of structured CPE. The balance of the minimum period of 40 hours may be devoted to unstructured CPE. Registered Graduates are encouraged to undertake CPE.

Structured CPE includes all CPE courses and conferences offered by the Institute and other courses prescribed by the Institute. The passing of the professional module examinations offered by the Institute earns a credit of 14 hours for each module passed.

Structured CPE in house courses conducted by practice entities or business organizations must be approved by the Council of the Institute to receive credit by members.

Unstructured CPE hours include a wide range of activities, but must be relevant to the member's practice or occupation, including the reading of technical literature (such as professional journals, information, and study group discussions).

Subject matters considered relevant to both structured and unstructured CPE are as follows:

- Accounting,
- Administrative Practice
- Auditing
- Behavioral Science
- Business Law
- Computer Services
- Corporate Advisory Services
- Economics
- Functional Fields of Business (including finance, production, marketing, personnel relations, business management, and organization)
- Insolvency
- Management Services
- Mergers, Acquisitions, and Reconstructions
- Public Offerings
- Revenue Law
- Taxation Administration, and
- Statistics & Business Mathematics.

Activities acceptable to the Institute as structured CPE hours are as follows:

- formal individual study of whatever duration at postgraduate level provided by distance education, correspondence, programmed learning, audio/visual tapes/courses;
- the preparation and presentation of lectures, courses and discussion group papers of a technical nature at Papua New Guinea Institute of Accountants, other professional, educational or industrial functions (whether of a public nature or in-house), not exceeding three hours, and not including repeat presentations;
- the writing of articles and papers, which are submitted for publication; and
- formal business luncheons with a keynote address, including any question time not exceeding one hour.

Members are required to keep a personal record of the time spent on CPE, complete the CPE Record of attendance form, and send it to the Institute's National Office with their renewal of membership cheque each year.

Exemptions from CPE

Any member obliged to undertake CPE who seeks exemption from the obligation to devote a minimum period of 20 hours to structured CPE activities in each year must make written application for exemption to the Council of the Institute, stating the grounds of their application and any special circumstances upon which they rely.

The Council may grant exemption if it considers it reasonable to do so in the light of any special circumstances contained in the application.

Members obliged to undertake CPE include amongst others, those members who are in practice, and those members who are overseas.