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Meeting of a group of experts on the
standardization of industrial
accounting in developing countries:
development of systems and training of personnel

Organized by UNIDO
and the Government of the People's Republic of Benin
at Cotonou from 9 to 14 April 1979

INTRODUCTORY NOTE AND PROGRAMME FOR THE MEETING*

* This document has been translated from an unedited original.

INTRODUCTORY NOTE

Accounting is a method and technique of recording, classifying and evaluating facts to be used for many different purposes - legal, economic, fiscal, social - whether by a business, a professional body or the Government.

To standardize accounting means to lay down rules which will make it as efficient a tool as possible for the most important of these uses.

If accounting is to be a reliable instrument for measuring and comparing facts in time and space, it has to meet a number of conditions, including the following:

- It should use a terminology based on precise definitions;
- It should classify the facts in accordance with logical criteria that are clearly formulated;
- It should provide a general method for recording movements between classes of accounts;
- It should state with precision rules - as general rules as possible - for determining the figures to be recorded.

In document UNIDO/IOD.147 of 27 January 1978, UNIDO drew the attention of developing countries to the advantages they could gain by standardizing their accounting methods. Many different measures were recommended relating to:

- Adaptation of the OCAM General Accounting Plan (structures, scope of action);
- Choice of an accounting system;
- Activities of the team of experts (action in enterprises, training, functional relationships);
- Evaluation of action by the team of experts.

UNIDO also placed special emphasis on the desirability of each country drawing up a national accounting plan in accordance with the provisions of the OCAM General Accounting Plan and proposed three series of seminars. An annex to the document gives an outline of suitable programmes for the three series of seminars.

From this initial theoretical phase, UNIDO now wants to pass on to the practical phase. It has therefore planned a meeting of experts to identify ways and means of hastening the introduction and efficient operation of standardized systems of industrial accounting in developing countries.

While the document quoted as a reference above is to serve as the basis for the meeting's discussions, participants are being provided with a secondary dossier covering ten items. It contains a few very succinct comments on the document which could contribute to a more rewarding debate. It also includes a proposal for preparing a national accounting framework.

PROGRAMME FOR THE MEETING OF EXPERTS

1. Opening address by a representative of the host country
2. Presentation of the delegations by a UNIDO official
3. Statements by delegations
4. Consideration of the secondary dossier prepared by UNIDO on the standardization of accounting methods:
 - Item No. 1 Structures
 - Item No. 2 Accounting plan committee
 - Item No. 3 Scope of action
 - Item No. 4 Scope of action (bis)
 - Item No. 5 Action by experts in enterprises
 - Item No. 6 Functional relationships
 - Item No. 7 Composition of the team of experts
 - Item No. 8 Procedure
 - Item No. 9 Evaluation of action in pilot enterprises
 - Item No. 10 Preparation of a national accounting framework
5. Explanation by a UNIDO official of the proposal for preparing a national accounting framework
6. Closing address by a representative of the host country.

N.B.:

The ten items in the secondary dossier consist of brief comments on document UNIDO/IOD.147. That document should therefore be included with the documentation so that participants will be familiar with the questions to be discussed. They will also need document UNIDO/IOD.147 in order to follow the programmes of the proposed seminars.

SECONDARY DOSSIER

- Item No. 1 Structures
- Item No. 2 Accounting plan committee
- Item No. 3 Scope of action
- Item No. 4 Scope of action (bis)
- Item No. 5 Action by the experts in enterprises
- Item No. 6 Functional relationships
- Item No. 7 Composition of the team of experts
- Item No. 8 Procedure
- Item No. 9 Evaluation of action in pilot enterprises
- Item No. 10 Preparation of a national accounting framework

Item No. 1

STRUCTURES

Comments

Despite the adoption of the OCAM Accounting Plan by the Lomé Conference, it has been found that in most developing countries businesses are still free to choose whatever method of accounting they see fit. This has often led to the recording of flows on the basis of the old accounting methods and the presentation of end-of-year documents on the basis of the OCAM Plan. Obviously these documents have little meaning and are hard to use.

Proposals

Each country should adopt legislation or regulations making the use of the OCAM Accounting Plan binding on enterprises.

Other legislation should be adopted to reorganize the syllabuses at present taught in universities and technical secondary schools and colleges. This is a long-term undertaking. We consider that in order to carry it through, seminars should be organized on the teaching of accounting in every country. The participants in these seminars would be:

Teachers of accounting;

Accountants practising on their own and working for State, semi-public and private corporations;

Tax experts, statisticians and senior officials of the national accounting plan committee.

At these seminars all the programmes would be reviewed and revised in the light of the local situation.

Item No. 2

NATIONAL ACCOUNTING PLAN COMMITTEE

Comments

The OCAM Accounting Plan introduces obvious innovations in accounting. In each country, accountants, experts and all other users of accounting would be glad of an opportunity to explain the difficulties they encounter in practice and to resolve them or discuss them with competent persons.

Experts, accountants and heads of enterprises would welcome information about OCAM meetings and modifications or additions which will need to be made to the General Accounting Plan to render it more effective.

Proposals

It would be desirable for each country to have a national accounting plan committee, whose functions would be:

To maintain permanent contact with the General Secretariat of OCAM and other subregional institutions;

To publicize any new provisions OCAM may adopt on the General Accounting Plan;

To find solutions to the difficulties encountered by experts and any other people who use accounting in practice and to publicize their decisions in the country;

To organize meetings which would lead to the preparation of a national accounting plan;

To monitor the application of the OCAM Accounting Plan throughout the country.

Item No. 3

SCOPE OF ACTION

Comments

Apart from its action in enterprises the team of experts should devote part of its efforts to training. This training should first of all be given on the job but should be continued at seminars. Thus persons who use accounting but who cannot be reached in the enterprises will be able to take advantage of training through the seminars.

Proposals

Two series of seminars should be organized:

1. For senior accountants;
2. For heads of enterprises and other managers (see annexed programme).

Item No. 4

SCOPE OF ACTION (bis)

Comments

The task of standardizing accounting methods in developing countries would be only half done if the experts' activities were limited to action in enterprises and training of their staff. That would be like trying to put up a building without foundations.

The young people who will replace those at present working in business are still at school. It would be sensible to give them training which will make them efficient once they are familiar with industry.

Proposals

A seminar should be organized for teachers of accounting in universities and technical secondary schools and colleges.

The syllabuses to be taught in schools should be discussed with the teachers.

Item No. 5

ACTION BY THE EXPERTS IN ENTERPRISES

Comments

The expert brings the enterprise his experience. Under no circumstances can he take the place of the chief accountant. His task is to make proposals and to persuade. It would be out of place for him to impose his own viewpoint without having discussed it with the management.

Proposals

The team of experts will have to:

Evaluate the existing systems in the enterprises;

Propose simple systems;

Help the accountant to introduce the recommended system with the approval of the management;

Help the chief accountants to draw up lists of accounts specific to the activities of their enterprises;

Give assistance in keeping accounts.

Item No. 6

FUNCTIONAL RELATIONSHIPS

After its action in enterprises, the team of experts will be expected to inform the country's authorities on the state of health of those enterprises. In their reports the experts will mention the proposals made to the enterprises which have enjoyed their assistance. All this information, which will sometimes oblige the authorities to take important decisions, will have to be supplied to the authorities concerned in good time.

Proposals

The team of experts will maintain functional links with:

All the heads of departments who have under their authority enterprises, offices or organizations pursuing economic aims and enjoying financial autonomy;

The Ministry of National Education;

The national accounting plan committee.

Item No. 7

COMPOSITION OF THE TEAM OF EXPERTS

Comments

In addition to their other activities the international experts will have to train national staff to replace them. This training, which should be given systematically on the job, should be supplemented by small discussion sessions outside the enterprises.

Proposals

It would be desirable for the team of experts to be composed of at least twice as many national experts as foreign experts in each country. In this way it would be possible later on to set up sub-teams.

Item No. 8

PROCEDURE

Comments

Since the number of experts is small and the enterprises are far away from each other, the team cannot disperse its efforts by trying to reach all enterprises in the country during one and the same period.

Proposal

A very limited number of enterprises should be chosen for assistance by the experts during a given period. In other words, in each country, a centre should be set up which would be responsible for the organization and operation of the appropriate accounting system, serving as a pilot centre which would send out antennae all over the country.

Item No. 9

EVALUATION OF ACTION IN PILOT ENTERPRISES

Comments

Evaluation is a means of checking the effectiveness of the experts' programme of work. We believe that if the experts find their action in pilot enterprises to have been inadequate, they will be very ready to introduce modifications in their methods and work programme. No syllabus should be taught if those teaching it are not convinced that it meets local requirements.

Proposals

The experts will have to evaluate their programme on the basis of:

Individual interviews with heads of enterprises, accountants and all other persons concerned with the accounts of pilot enterprises;

A comparison between the accounting systems introduced in the pilot enterprises and those of other enterprises whose staff have not yet been trained;

Diagnostic analyses of existing enterprises carried out in close collaboration with the national staff, providing them with living examples and an appropriate framework for training.

Item No. 10

PREPARATION OF A NATIONAL ACCOUNTING FRAMEWORK

Comments

In a modern economy, accounting is not just an excellent management tool, but also a good instrument for modern data-processing techniques.

It is therefore essential for each country to prepare a national accounting framework in order to establish better liaison between business accounting and government accounting. The national accounting framework should be regarded not just as a management tool essential for accountants but also as a statistical tool, a set of classifications drawn up in accordance with the principles behind the OCAM Accounting Plan.

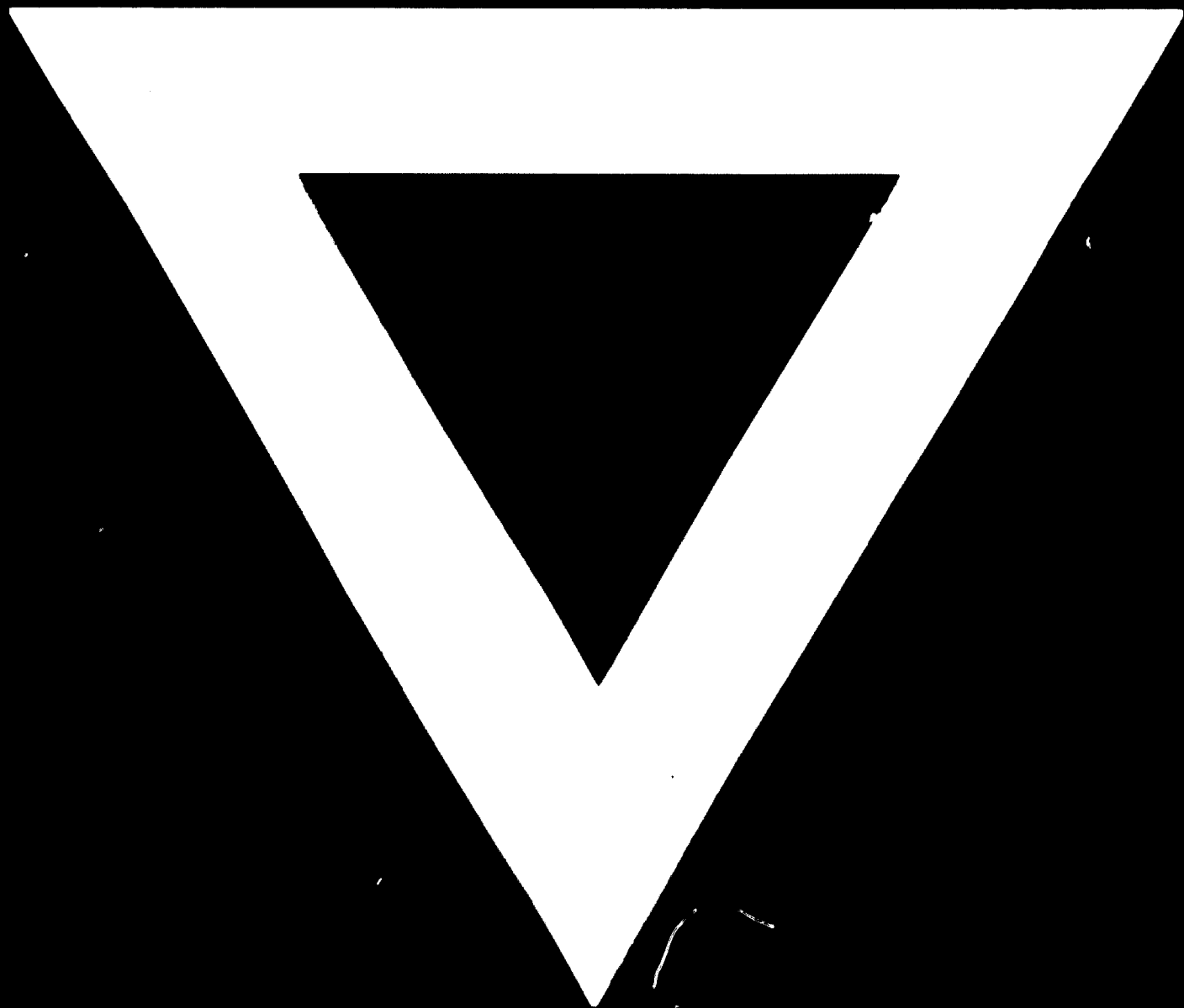
Proposal

The question of a national accounting framework should be studied from two standpoints:

One purely accounting, namely the content and use of the accounts, and the other statistical, namely the classifications to be adopted in order to adapt accounting systems to the documentation used by the statistical and fiscal authorities.



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