

## **PROGRAM FOR STRENGTHENING PRIVATE-SECTOR EXTERNAL AUDITING**

**(TC-99-01-02-5)**

### **EXECUTIVE SUMMARY**

<b>Executing agency:</b>	The Society of Public Accountants of Nicaragua (CCPN).
<b>Other participants:</b>	The Nicaraguan Association of Public Accounting Firms (Cámara); the National Council of Universities (CNU); and the Office of the Comptroller General of the Republic (CGR).
<b>Objectives:</b>	The objective of this program will be to strengthen the technical and professional skills of public accountants and private independent auditing firms in Nicaragua so that they may provide their clientele with transparent, reliable and timely accounting and financial information. In addition, assistance will be provided to help the CGR review and update its internal procedures.
<b>Description:</b>	To achieve this objective, the program will provide support for: (a) review and modernization of the legal framework governing public accountancy, and study of amendments to be made to the Commercial Code requiring firms to keep account books according to generally accepted accounting principles, plus publication and promotion of the new standards; (b) strengthening the administrative structure and operations of the CCPN, enabling it to oversee the profession and develop continuing education programs; (c) raising the level of professional competence among public accountants by reviewing and upgrading the university curriculum in accountancy, developing a graduate program in auditing, and establishing a self-financing program of continuing education; and (d) review and updating of the procedures and methods currently used by the CGR in the selection and hiring of independent auditing firms, and examination of the methods for overseeing and evaluating the internal auditing units of public agencies in Nicaragua.
<b>Structure of the program:</b>	As set forth in the logical framework, the program will consist of four components: (a) legal reforms; (b) institutional strengthening for the sector's policy-making body (CCPN); (c) improvement of academic training and development of a continuing education program; and (d) review and updating of procedures in the CGR.

<b>Financing:</b>	<b>Source:</b>	<b>Grant:</b>
	Local counterpart:	US\$ 475,000.00
	MIF: Window I	US\$ 531,000.00
	Window II	<u>US\$ 392,000.00</u>
	<b>Total:</b>	<b>US\$1,398,000.00</b>

The contribution from the Multilateral Investment Fund (MIF) will be provided on a nonreimbursable basis (Facilities I and II).

**Execution timetable:** The execution period for program activities will be 36 months, and the period for disbursement of the contribution will be 48 months. Disbursement is scheduled over a longer period in order to permit coverage of expenses relating to ex post evaluation and external auditing of the program.

**Special contractual clauses:** Prior to the first disbursement of resources, the CCPN will present evidence satisfactory to the Bank that: (a) the general coordinator for the program has been selected; and (b) the program's operating regulations have been placed in effect. And prior to the first disbursement under component III, the CCPN will provide proof to the Bank that: (a) the continuing education division has been established and the technical coordinator selected; (b) the Interagency Committee on Continuing Education (CIEC) has been created; (c) the sustainability plan for the continuing education component has been developed; and (d) the agreements have been signed with the Cámara and the CNU.

**Exceptions to Bank policy:** None.