USAID CIPA – Ukraine Project

CIPAEN: An updated qualitative review with recommendations

Prepared for USAID under contract to the Pragma Corporation

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February 12, 2006

I. Executive Summary

This is a qualitative review – with recommendations – based on visits to CIPAEN in Ukraine and Russia between 24 January and 4 February, 2006, as well as on extended discussions with Bobbe Barnes, face-to-face interviews with two CIPEAN country directors and the (Acting) Director of the Grading Center, and an extensive review of documents. It builds on my (and others') earlier reviews conducted in 2002-2003 and 2004. The criteria against which CIPAEN was evaluated derive not only from my professional expertise, but from CIPAEN's stated purpose: to build and offer an examination program that meets recognized and accepted international standards, and that can provide the basis for a new globally recognized professional accounting qualification

It has been barely 18 months since my prior qualitative review of CIPAEN, during which time significant energy was expended on negotiations to secure AICPA's assistance, from which AICPA withdrew last fall. Although their priority apparently was not mutually agreed on, organizational issues created by problems with CIPAEN's initial incorporation papers were also addressed. AICPA's withdrawal left un-addressed the major qualitative issues with the examinations that had been identified in the earlier reviews.

Nonetheless, significant and important progress has been made. Test development and grading – while still in need of upgrading – have been more systematized, with results that can be presumed to be more consistent and comparable. Test administration has been undertaken successfully – in most instances – by the local in-country projects. Test fees have begun to generate income, a critical step in creating a self-sustaining project. Expenses have been reduced. Common information has been developed for potential examinees, and common procedures have been published for several key functions in test registration and test administration. In most cases, we still know what needs to be done, and how to do it, and what kind of help will be most useful. *Carpe diem.*

II. Background

During the past four years, it has been my pleasure to conduct several on-site reviews for CIPAEN in central Asia, Russia, and Ukraine. The first – a series of reviews carried out in Ukraine and central Asia during the winter of 2002-2003 – identified a large number of areas in which CIPAEN should be improved, particularly if it was to meet its own goal (and that of its funding source, USAID): to build and offer an examination program that meets recognized and accepted international standards, and that can provide the basis for a new globally recognized professional accounting qualification.[1]

Virtually concurrent with the completion of those first reviews, new staff assumed responsibility for the CIPAEN Project and for CIPAEN test development, and devoted significant time and effort to addressing the recommendations made in the 2002-2003 reports. By spring of 2004, CIPAEN had begun informal talks with an internationally recognized partner already offering high quality examinations of competence in accounting, the American Institute of Certified Public Accountants (AICPA). As those discussions became more serious, US/AID contracted for a new review, designed to provide all parties with an understanding of the then-current status of the CIPAEN program, including its strengths and needs.[2]

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[1] (1) Robert A. Altman, Ph.D. "Creating an Assessment/Certification Program for Accountants in Ukraine: A Qualitative Review", December 10, 2002; (2) Norman R. Hertz, Ph.D. "Psychometric Audit of the Examination Program of the Certified International Professional Accountant Examination Network (CIPAEN)" December 12, 2002; and (3) Robert A. Altman, Ph.D., "CIPAEN: A qualitative review with recommendations", February 6, 2003

[2] Robert A. Altman, Ph.D. "CIPAEN: An updated qualitative review with recommendations", June 30, 2004.

Ultimately, those discussions did not come to fruition, although much of the planning that took place was beneficial to the CIPAEN leadership. And, while AICPA brought significant assets – both an internationally-recognized professional reputation and world-class technical skills in testing – the potential advantages of a qualified partner resulted in continuing investigation of possible organizations with which CIPAEN could work, and from whose cooperation it could benefit. Now that discussions with another potential partner are ripening, US/AID has asked once again that a new review be carried out and made available to provide all parties with an understanding of the current status of the CIPAEN program.

This review was carried out on-site between 24 January and 4 February, 2006, then followed by organization and writing. Thanks to extraordinary cooperation, extended interviews could be conducted with two CIPAEN Country Directors (Elena Durneva, Kazakhstan and Sergey Mudruk, Ukraine), and with the current supervisor of the Grading Center (Saidakhror Burkhanov, Uzbekistan). Numerous documents – reports, procedures, examinee materials, manuals, and examination outlines – were reviewed, and access was given to the in-country documents, processes, and processing in Ukraine, where Barry Pitts was both gracious and helpful. Above all, Bobbe Barnes, CIPAEN Managing Director in Moscow, was welcoming, open, and sharing – of her time, her knowledge, and whatever information I needed. Thanks to all and, of course, any and all responsibility for the opinions, descriptions – and errors – in this report are mine alone.

III. CIPAEN: a descriptive overview

As is to be expected in an evolving program, much of the current program's offerings and procedures would be familiar to those who knew the program in the past. It's primary purpose remains the same as that cited above: to build and offer an examination program that meets recognized and accepted international standards, and that can provide the basis for a new globally recognized professional accounting qualification.

There program still offers two primary certifications – Certified Accounting Practitioner (CAP) and Certified International Professional Accountant (CIPA) – which are based on a set of seven examinations:

For CAP	For CIPA
Financial Accounting I (FA2)	Financial Accounting II (FA2)
Managerial Accounting I (MA1)	Managerial Accounting II (MA2)
Tax & Law (T&L)	Finance
	Audit

where each examination consists of some number of "Tasks," some constructed response questions and "Multiple Choice" questions. In addition, there is a take-home IT exam that must be completed.

The program continues to offer examinations in a number of countries, with consistent examinee volume. Beginning in 1997 with 68 examinees in one country in central Asia,, in the most recent year (2005), CIPAEN administered almost 16,500 examinations in nine countries. And, while CIPAEN's name, organizational structure, legal structure[3], and local contractors have changed over the years, the purpose – to develop and deliver high quality examinations – has remained the same.

From the outset, the model for CIPAEN included developing a common set of examinations,[4] administered under common conditions, on common dates, and with common descriptive materials for examinees. In each country, a local CIPAEN Country Director is responsible for adapting the model Tax & Law examination to local circumstances, and for the quality of the test administration process: making registration and descriptive materials available to examinees and signing them up for examinations, collecting test fees, arranging for local space for testing that meets CIPAEN's administrative and security requirements, hiring and training test proctors, carrying out the test administration under

[3] CIPAEN was originally incorporated in Delaware in 2002. Because of technical errors in the application, CIPAEN was incorporated again in Virginia in 2005, an activity that consumed considerably time and energy since my last evaluative review.

[4] Unlike the other CAP/CIPA examinations, in which the same examination is offered in every participating country, there is a separate Tax & Law that is developed by CIPAEN and then adapted in each participating country to reflect its unique legal and tax structures

CIPAEN guidelines, and forwarding the completed examinations and answer booklets to the CIPAEN grading center. After tests are graded, score reports (pass/fail) are returned to each country's CIPAEN Country Director for distribution to the examinees.

As with any complex activity, the quality of all elements of the Program has not evolved at the same rate and, given local conditions, not all countries have been able to achieve the same level of quality in their process for registration or for test administration. Areas for needed improvements – and recommendations on how to accomplish them – were included in prior evaluations, and many improvements have been made. Some of the continuing issues are structural, while others are based in the limited availability of expertise in the more technical (but necessary) areas of test validity, item writing, and data base management for a multi-national multi-examination testing program.

IV. CIPAEN: recent progress

In the most recent (2004) evaluative report, discussion and recommendations were grouped under four central CIPAEN goals:

1. to ensure CIPAEN's acceptance as a globally recognized professional accountancy qualification
2. to increase CIPAEN volume
3. to move CIPAEN toward sustainability and eventual self-support
4. to clarify and improve CIPAEN's "governance" and ability to make decisions

Progress toward meeting each of these goals is described below. Where there are critical issues remaining to be addressed, they are noted in this section, and discussed in greater detail in the following section (CIPAEN: Remaining Issues, with Analysis and Recommendations).

At the outset, it is important to note that the primary focus of this evaluation is on CIPAEN's success in moving toward meeting its *goals.* In the June 2004 report, each goal was followed by a number of specific recommendations that could help CIPAEN meet its goals. In some cases, those specific recommendations have been implemented; in other case, alternate methods have been used. With a few exceptions – noted below – the having achieved the goal is significantly more important than having used the specific method recommended.

This section of the report focuses on progress, and there is a lot of progress to report.

A. To ensure CIPAEN's acceptance as a globally recognized professional accountancy qualification

CIPAEN's actual – and perceived – quality are the lynchpins on which its future will depend. From the outset, the technical quality of the tests – and, to a lesser extent, the quality of the test administration process – were at its core, and each needed work to reach the standards that CIPAEN has set for itself.

1. Among the most critical problems described in earlier reviews were "serious issues in the Tax & Law examination." While some issues do remain – now, however, usually the same issues faced in other CIPAEN examinations – the most serious problem with the Tax & Law examination has been successfully addressed. Specifically, use of the identical Tax & Law examination for both CAP and CIPA made it "the most problematic of any test offered by CIPAEN…." The decision to remove this examination from CIPA, and to use it only in CAP, where it's content is most appropriate, made a significant improvement in the quality of CIPAEN. There have also been significant improvements in the grading of Tax & Law (see A-4 below).

2. The balance between "constructed response" and "objective" questions[5] underlies several issues facing CIPAEN tests, and some of those issues still remain. One important step, however, has been taken: an increase in the number (and, in most cases, in their contribution to an examinee's score) of objective questions.

[5] While there are many specific *kinds* of questions – that is, ways of letting examinees show the knowledge, skills and abilities that they possess – there are two fundamentally different approaches: (1) objective, in which the examinee selected the correct answer from among those presented; and (2) constructed response, in which the examinee must create the answer. Contrary to popular belief, well constructed objective questions can be used not only to test facts and information, but also the ability to analyze and abstract information. Yet, because objective questions have typically not been seen by CIPAEN examinees, significant extra effort is required to help examinees learn how to approach them in a

This increase brings many advantages. Objective questions (and also most simple "fill in the blank" questions), are quick for the examinees to take, and have a single "Discrete Correct Answer" which is easily, quickly, and accurately scored. Objective questions are not limited to multiple choice questions, but include a variety of kinds of questions in which the candidate fills in a blank (as with templates), chooses among several answers (as with multiple choice), or correctly matches entries from two lists (as with a list of terms and a list of definitions). In addition, an increase in the number of questions in CIPAEN examinations will almost automatically increase the examinations' reliability.[6]

3. Today's CIPAEN is – on the surface – very similar to that which existed in early 2004. Since then, however, the program has made positive changes and improved its quality in several areas involving the program's publications and processes for test registration and test administration. And, while this may seem to be a relatively unimportant area, it is the primary way in which examinees – and the general public – come in contact with CIPAEN. As a rule, people rarely acknowledge (and may not even be aware of) improved clarity and efficiency in a complex process, particularly one related to a system of examinations that is already perceived as difficult, threatening, and stress inducing. But to the extent that examinees can navigate the process with fewer problems and frustrations, those improvements can have a significant positive effect on the ultimate reputation and viability of the testing program, and on the attitudes that are reported by examinees to employers. This latter fact is important not only for the goal of increasing quality, but also for the goal of increasing examination volume.

   Specific changes have come in several areas. Now prepared at CIPAEN in Moscow, the materials through which potential examinees learn about CIPAEN, its offerings, its availability, how to register, its content, and its rules have been extensively revised and improved, although the extent to which these materials are modified and used varies from country to country. Through work by the local Country Directors, the processes by which examinees register for the examinations have been simplified and streamlined. In some countries, web-based registration has been introduced. The new operational processes and procedures under development in Ukraine seem very positive, and consideration could be given to adapting them for use in other countries (although not necessarily to centralizing the registration function, which benefits greatly from its ability to adapt to local circumstances).

4. Improvements in the test grading process have been significant. One of the most significant is the centralization of grading for Tax & Law in the Tashkent grading center, which has eliminated a significant amount of the variability in grading; remaining Tax & Law grading issues are discussed below in Section V. Early rumors suggested that graders (all from one country) might be grading differently for examinees from different countries, identifiable by the first digits in their candidate ID number. Although never proved, this threat was minimized by randomizing digits in the candidate ID. At the same time, graders can still likely distinguish between examinees from central Asia (on the one hand) and Russia/Ukraine on the other.

   As described in Grading Center procedures – and as documented in detailed process records – the grading process has been significantly and positively changed, and now includes training for graders, with sample essays, on each program to be scored, re-scoring a sample of each grader's tests to monitor and correct drifting (changes in that grader's standards) and calibration (that grader's consistency with other graders), and re-scoring of all tests with initial scores that are close to the passing cut-score. To the extent that these processes and procedures are being implemented with the same quality as they are being described, the overall quality, reliability, consistency, and comparability of the resulting scores has been significantly increased. One possible step for future evaluations would be an on-site review of the grading process in action, an offer that has been repeated make to (and, because of time constraints, declined by) me.

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test. The alternative – questions that require the candidate to create (construct) their own response (as in writing an essay) are called "problems" in CIPAEN, and are best used, and only really needed, for testing a candidate's ability to understand, integrate, and present high-level information. Even without training, it is easier to write adequate objective questions than it is to write adequate "problems." Of even greater importance, it is significantly easier to have accurate and consistent grading of objective questions, even after training by testing professionals. Yet, objective questions remain unfamiliar to CIPAEN examinees, and this concern must be taken into account as test content is changed.

[6] One of the most important psychometric elements of a test's quality, reliability is essentially a measure of the extent to which we can assume that examinees' scores would be comparable regardless of which version (March, July, November) of a test they take.

B. To increase CIPAEN volume

Although the total number of CIPAEN examinees has not increased during the past two years, several potentially significant changes in the patterns of test taking seem to be emerging, and important steps have been made to facilitate volume growth in the future. CIPAEN's test volume (attendance) is shown below:

	FA1	MA1	T&L	**Total CAP**	FA2	MA2	Finance	Audit	**Total CIPA**	**GRAND TOTAL**
2003	7,143	5,051	5,525	**17,719**	537	313	360	511	**1,721**	**19.440**
2004	6,633	4,439	4,782	**15,854**	662	461	454	479	**2,056**	**17,910**
2005	5,617	4,419	4,454	**14,490**	602	519	423	439	**1,983**	**16,473**
GRAND TOTAL	19,393	13,909	14,761	**48,063**	1,801	1,293	1,237	1,429	**5,760**	**53,823**

*Data on which this table is based are drawn from: CIPA Examination Network, Inc. "Annual Report for the Period October 1, 2004 – September 30, 2005"

1. While total volumes are essentially unchanged, there is a small, but consistent, increase in the percentage of examinees taking CIPA exams. While "interesting" in the context of CIPAEN, this shift is potentially important in the broader US/AID project of which CIPAEN is a part, as it demonstrates a rise in the number of examinees ready to attempt the more rigorous CIPA exams (and the more advanced CIPA credential). At the same time, Bobbe Barnes reports that the average scores of CIPA examinees are also increasing.

2. Although discussed in greater detail in Section C below, the introduction of fees for CIPAEN examinations was a difficult and controversial decision in mid-2003. One fear was that test fees would dramatically reduce examination volume. Although volume did drop initially, it now appears to be stabilizing, with fewer "no-shows" and the start of an income stream (see below).

3. Over time, examination volume can be severely effected by examinee difficulties in their interactions with the "system" that is CIPAEN. In this respect, several of the qualitative improvements cited above – improvements in the information for examinees and in the registration process – bode well for the future.

4. One early problem in CIPAEN was that examination dates were often announced one-by-one, rather than for a year at a time, making it difficult for examinees (and Country Directors) to plan ahead. This problem has been eliminated, and an annual calendar is now available (although, in some countries, the apparent advantage of administration to administration increases in test fees is a major rationale for not implementing "rolling registration" which would allow examinees to register not only for the next scheduled administration, but for any scheduled administration.[7]

5. The decision to begin regularly scheduled testing in Russia was expected to produce a dramatic increase in examinee volume. While the introduction of that testing is an accomplishment in and of itself, little of that anticipated volume has materialized.

C: To move CIPAEN toward sustainability and eventual self-support

As with all business endeavors, reaching sustainability and self-support depends on (at least) matching income to expense. In the case of CIPAEN, as of the most recent evaluation, there were no test fees – and thus no income independent of US/AID support – and MANY expenses were driven by numerous inefficiencies and/or faulty policies.

[7] As with so many potential changes for CIPAEN, the expense (and possible confusion) of moving to rolling registration is a two-edged sword. For some examinees, the increase in convenience (and, for CIPAEN, the earlier collection of test fees) would be positive. For an unknown number – but, presumably, for the majority – who schedule exams only after completing training, the change would likely be irrelevant.

1. One of the most significant changes was the introduction – and gradual increase – of fees for CIPAEN examinations. Following a decision at CIPAEN headquarters, individual Country Directors were then free (and encouraged) to implement fees consistent with local abilities to pay. Fees are now being charged in five countries – Kazakhstan, Kyrgystan, Moldova, Russia, and Ukraine – and are being considered in other participating countries. As assumed, fees differ by countries, and were originally low, followed by planned increases. In some cases, the increases occur from administration to administration, in others, they occur from testing year to testing year. As they grow, they are able to offset significant (and increasing) local (country) costs for the program's publications, test administration, and local staff.

   Several changes were needed in order to introduce fees, some within CIPAEN and others in the larger societies within which it operates. The basic policy decision – based, in part on the societal changes – was made by CIPAEN. The capability of electronic funds transfer in participating countries allowed fees to be collected and audited without dealing with cash (although cash is still needed for some local expenses). In a related – and significant – decision that both simplified processing and maintained income, CIPAEN implemented a "no refund" policy for those people who registered for but not did attend the examination ("no shows"). This decision – consistent with refund policies of virtually all major testing organizations – is based on the reality that each person's registration triggers almost all of the expense (materials, test books, space, hiring proctors) that will be incurred, regardless of whether or not the registrant shows up.

2. As shown in the Table below, the introduction of test fees also significantly reduced the number of "no shows", with a corresponding decrease in expense. While the percentage of "no shows" differed by country, approximately **55%** of all those who registered for an examination in 2002-2003 actually showed up to take the examination. At the simplest level, this meant that CIPAEN was renting twice as much space – and hiring twice as many proctors – as it would need. Other "wasted" expenses included test book printing and shipping, the provision of registration materials to those who would not use them, and unnecessary demands on the time of local CIPAEN staff.

CAP and CIPA Expected (E) and Actual (A) Attendance, by year

	CAP E	CAP A	**CAP %**	CIPA E	CIPA A	**CIPA %**	Total E	Total A	**Total %**
2003	24,579	17,458	**71.0%**	3,130	1,682	**53.7%**	27,709	19,140	**69.1%**
2004	21,063	15,794	**75.0%**	2,849	2,045	**71.8%**	23,911	17,839	**74.6%**
2005	17,423	14,492	**83.2%**	2,589	2,002	**77.3%**	20,012	16,494	**82.4%**

*Data on which this table is based are drawn from: CIPA Examination Network, Inc. "Annual Report for the Period October 1, 2004 – September 30, 2005", with additional data provided by Bobbe Barnes. Because data were drawn from different sources, total examinees (A) may not be identical to volume in the more detailed volume chart on page 4. In terms of the conclusions being drawn, however, the differences are not significant.

3. CIPAEN's stabilization of the basic testing calendar – and the related decision to create "Special Administrations" – had very positive effects on both expense and income. The introduction of an annual testing calendar not only facilitated planning by examinees and Country Directors, but it distinguished between those months when "regular" CIPAEN administrations could be expected and those months in which administrations would be more *ad hoc*, that is, "Special." Today, regular administrations offer both CAP and CIPA in March, July and November. "Special administrations," offering only CAP (given CIPA's very low volumes), can be arranged – with an additional fee – for February, June, or October.

4. Under the former testing calendar, each time that CAP and CIPA examinations were offered, they were scheduled on successive days, creating a testing period spread over five or six days, where each day required

both space rental and hiring of proctors.[8] In the new testing calendar, CAP and CIPA exams are administered on the same days and, where possible, in the same room. CIPA examinations are offered at only two (July and November) of the regular testing sessions; at those, the longest sessions, testing is now limited to four days. The March Regular Administration and all Special Administrations only offer CAP examinations, and now span three days. Both these changes not only decrease space and proctoring expenses, but also allow CIPAEN to limit the number of weekdays – which can involve more expensive rental and proctor hiring – on which examinations are offered.

5. Another way to reduce expense is to regularize and streamline the check-in and administration processes at each test center. Each country has made improvements; those in Ukraine, involving a prototype with bar coding and scanning of most materials, have great promise. And, as noted in A-3 above, web-based registration has been introduced in several countries, along with electronic bank payment of fees, making the entire process more efficient.

6. Many of the qualitative improvements in the grading process were discussed in A-4 above, and most of them – by leading to increased efficiency as well as increased quality – had implications for CIPAEN's sustainability. Two changes are particularly notable for their impact on costs. When Tax & Law grading was done in each individual country, university professors were often used to grade not only "Tasks" but multiple-choice questions as well, and examinees were permitted, on multiple-choice questions, to write explanations "for extra credit" – each of which was evaluated and scored. With the elimination of "extra credit" comments, and the centralizing of all scoring at the Grading Center, both of these cost drivers have been eliminated.

D: To clarify and improve CIPAEN's "governance" and ability to make decisions

Although often not seen as an integral part of the testing program *per se* – and not usually considered in a *qualitative* evaluation – the role and functioning of the board, and the structure for flow of authority and responsibility within the organization – almost always play a central role in the organization's ability to meet its goals. In this area, one very positive step has been taken in the past eighteen months, although many significant issues remain (and are discussed in Section V below). Specifically, for the first time, the CIPAEN leadership (now in Moscow) has developed and issued a single set of documents that (a) provide information for potential examinees and (b) provide a single authoritative document that outlines administrative processes that should be followed in each country.
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V. CIPAEN: REMAINING ISSUES, WITH ANALYSIS AND RECOMMENDATIONS

As readers of prior reports will know, the twin concepts of comparability and consistency underlie virtually all consideration of – and recommendations for – improving and maintaining the quality of the testing CIPAEN's primary product: a score report that accurately represents an individual's ability to accomplish specific, identified tasks. In order to be useful, and fair – that is, in order to support (rather than jeopardize) the larger project of which it is a part – the CIPAEN's examinations and results must be comparable, which is best achieved through consistency, across time and in different places. Many people will work on the design and creation of tests, on shipping and handling, and on their administration, scoring; and the reporting of results. In the current parlance, their participation – in fact, their existence as different people – should be transparent. Regardless of when or where it's given, and regardless of who has worked on any aspect of it, each test – and, of most importance, the results it reports – should be a comparable and consistent measure of those skills and knowledge deemed essential by experts for performance (and certification) of accountants on the job.

Not surprisingly – given the complexity of the remaining technical issues, the likely need to involve foreign experts in their solution, and the withdrawal of AICPA from discussions with CIPAEN in late 2005 – virtually all of the technical issues identified in 2004 remain of central importance. At the same time, as progress has been made in some areas, new issues to emerge. Each of these is discussed briefly below, organized along the same major topics (quality, volume, sustainability, and governance) used above.

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[8] The combined effect of longer-than-needed testing sessions and of large numbers of "no shows" provided significant opportunities to reduce costs, which has now been realized.

A. To ensure CIPAEN's acceptance as a globally recognized professional accountancy qualification

Since the past evaluative report, on-going interaction with both professional staff and specialized consultants assembled by AICPA brought many advantages to the CIPAEN leadership, and to the (test) product for which they are responsible. What these discussions did not bring, however, were (a) a job/practice analysis, (b) a series of item-writing (and question-grading?) workshops, nor (c) a review and possible re-design of the main CIPAEN data base, and of its connection to and interaction with the data bases maintained in local countries.

1. The completion of a job/practice analysis remains critical; such a study is the primary way by which the tests' content and relevance to the job for which examinees are being certified can be demonstrated.

   That said, it would be difficult, if not impossible, to do a traditional "full-scale" job analysis, particularly in the context of changing jobs, changing training, changing education, and changing laws in a variety of economies and countries. Each of the traditional approaches – to link the training to the job, and the test to the training, or to start with an analysis of the knowledge, skills and abilities needed on the job, and link them back to the test – has several severe disadvantages. Although not the most sophisticated – nor one on which one could rely for an indefinite time period – the most appropriate (and easiest to complete quickly) is likely to craft questions based on the KSA's in the test itself, and then to quantify the extent to which these are needed, important, and/or essential in the jobs performed. This approach also has the significant advantage of facilitating a job analysis in which the jobs are dispersed over different economies, at different stages of development, in different countries.

2. Preparation of the content of CIPAEN tests relies of a small cadre of people, three (including the Director) in Moscow, several in Kyrgyzstan, and those in the local countries who modify the Tax & Law examination to fit local circumstances. In most cases, this item writing has been learned "on-the-job", and both the quality and consistency of the examinations would be greatly improved by an opportunity to learn more formally the basic techniques of writing quality test items.

3. Procedures for both item writing and examination grading include appropriate reviews. At some time, a more hands-on analysis of actual practice might lead to suggestions for change and/or improvement.

4. Over the past several years, CIPAEN has created – and relies on – a relatively small group of graders, as well as the small cadre of examination writers. To the extent possible – recognizing time, distance, and cost – there could be qualitative advantages to increasing both the number of graders and the number of examination writers.

5. As noted above, CIPAEN is making appropriately increased use of objective (primarily multiple-choice) questions, even though these item-types remain relatively unfamiliar to most examinees. In the future, that constraint should increasingly be balanced against the advantages of using item types that are optimal ways of testing the knowledge, skills, or ability that underlies each test question. For most KSAs – even those involving analysis and integration of knowledge – essays or constructed response questions are *not* the best item type, both because of their inability to focus the examinees attention of specific tasks and because of the increased difficult of providing fair and consistent scoring. In fact, the only skills that require assessment through essay questions are those which combine understanding, integration, and presentation of high-level information.

6. First noted in Dr. Hertz's 2002 psychometric evaluation, the issue of using arbitrary and un-validated passing scores remains significant, particularly in examinations that are not (and cannot be) formally equated for difficulty.

B. To increase CIPAEN volume

1. As noted above, examination volume can be severely effected by examinee difficulties in their interactions with the "system" that is CIPAEN. There have been several significant improvements in this area, and now is an appropriate time to consider exporting or replicating the most successful for use in other countries.

2. Volume in Russia has been a major disappointment – projected in the thousands and materializing in the hundreds. While generating volume is not among CIPAEN's responsibilities, some of their steps (e.g. testing on-site in local enterprises, and providing discounts for use of enterprises' space for testing) have helped to increase volume. Nonetheless, those responsible for marketing CAP/CIPA, and for generating testing volume, must redouble (or more) their efforts and, of even greater import, their success.

C: To move CIPAEN toward sustainability and eventual self-support

Increased volume is necessary – but not at all sufficient – to continue CIPAEN's move toward sustainability and eventual self-support, and issues remain on both the income and expense sides of the ledger:

1. Income. The introduction of test fees – as well as fees for Special Administrations (and, if possible, late registration) – is a major step. Introduction in other countries – and continuing to raise fees as much as is possible and reasonable – are important steps. Increased volume will also be very helpful. According to some informal estimates in one country, *gross* examinee fee income may currently equal as much as 75%-80% of in-country CIPAEN testing costs, as well as some portion of staff costs.

   Yet, several important – and, in some cases, unanticipated – problems remain:

   a. in some cases, in-country CIPEAN registration must be changed to avoid the need to collect VAT. Similarly, in some countries, CIPEAN is now required to pay taxes on *gross* income. Either of these changes would make a significant impact on CIPEAN's progress toward sustainability.
   b. at the current time, it appears to be difficult (if not impossible) to efficiently move money earned by local in-country testing to help support CIPAEN's centralized expenses (such as test development and scoring). For example, if CIPEAN (Moscow) sends an invoice to CIPAEN (Kyiv), it is likely to create an obligation for payment of VAT. Yet, long-term sustainability will require both increased income – almost all of which is now generated at the "local" level – *and* the ability for each participating country to support their proportional share of test development, scoring, and central management expenses.

2. Expenses. Expenses are currently managed by and supported through separate USAID projects. To the extent practicable, CIPAEN should become directly involved in the development, review, and (even) authorization of in-country expenses directly related to CIPAEN operations. This could include

   a. in-country CIPEAN budgets – although paid through in-country USAID projects – should be forwarded to, and reviewed by, CIPEAN management. To the extent possible, CIPEAN management should have input into those budgets.
   b. concurrently, CIPEAN budgets for all non-in-country costs (e.g. central management, publications, test development, data management, and scoring) should be formalized and reviewed to identify potential efficiencies. Ideally, an expert familiar with testing processes and costs should assist in both the in-country and central budgetary reviews.
   c. As mentioned above, some in-country projects have developed effective and efficient processing methods (or prototypes); these should be identified, and replicated in other countries. (NOTE: This is not a recommendation to centralize functions (such as registration and organizing test centers) best done locally, but to draw on "best practices" and to facilitate their implementation in all CIPEAN countries.)

D: To clarify and improve CIPAEN's "governance" and ability to make decisions

Not surprisingly – in a testing program embedded in a larger project, staff by people hired under different projects in multiple countries, and designed to result in formal certification that can be issued jointly by a local (national) professional accounting organization and by a multi-national organization, with comparable meaning for potential employers in all participating countries – structural as well as substantive issues have prevented the Project from reaching its full potential.

At the Board level, ECCAA – while likely an important governance and marketing organization for the larger project of which CIPEAN is a part – is not the appropriate organization to function as the board for CIPAEN itself. That role is better played by a separate CIPAEN Board, modified and expanded to include broader representation both of participating countries and of expertise (testing). (See my remarks prepared for the ICCAA meeting in Kyiv, January, 2003).

Although not intentional – and not precise – CIPEAN ends up operating as a form of "matrix organization", yet with the product manager even more limited than in that model as traditionally implemented. As originally stated in my 2004 report, "Regardless of which organization functions as Board, the senior staff of CIPAEN must have authority commensurate with their responsibility for the on-going management of CIPAEN, including the ability to make decisions that change operations (e.g. number of test administrations) but do not change policy (e.g. charging fees for testing). "

Equally important, for CIPAEN to be both successful and accountable, the CIPAEN Managing Director (or whatever CEO title is ultimately adopted) must have *authority* over all critical aspects of the testing program, regardless of by whom, and in which country, the local process is administered. CIPAEN staff, working at the local level under local contracts – must have sufficient responsibility and authority to accomplish many specific functions (e.g. creating arrangements with local organizations to facilitate registration and testing space, carrying out registration *per se*, arranging for in-country test security, and identifying and training test proctors). But it is the CIPAEAN CEO that must have authority to promulgate the standards, process, and regulations – the (minimal) data collected at registration, the rules under which tests are administered, the security standards that must be maintained – and they must be carried out with consistency in each participating country. Only in this way can CIPAEN's meet its self-declared standard ("build and offer an examination program that meets recognized and accepted international standards".

This clarification of roles also places requirements on the CIPAEN CEO (and may require some significant convergence of the USAID contractual goals across countries). Among the obligations to be incurred by CIPAEN management are to more regularly and actively consult with country representatives before making some key operational decisions. This obligation can have only positive effects, both on CIPAEN's quality and on the effectiveness of the working relationships among key staff.