

Empirical analysis of the evolution of the accounting profession in Algeria from 2010 to 2024 based on data from the National Accounting Council

Analyse empirique de l'évolution de la profession comptable en Algérie de 2010 à 2024 à partir des données du conseil national de la comptabilité

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Abstract:

The implementation of the *Système Comptable Financier* (SCF), modeled on the IAS/IFRS framework (2004), is considered the foundational element of institutional reforms in Algeria. This transition marks a move away from a planned economic system, seeking instead to establish a market-driven economy. Rooted in liberal economic principles, this reform was accompanied by an extensive restructuring of the accounting profession, codified through the enactment of Law 10-01. This legislative structure addresses pivotal elements within the accounting sector, emphasizing the enhancement of regulatory supervision by governmental authorities, the reorganization of professional bodies, and the elevation of educational benchmarks. A primary aim of this legislation is to align domestic accounting practices with international norms, demonstrating a commitment to adopting global best practices and driving the modernization of the profession.

The approach utilized in this research predominantly relied on the examination of collected data and interviews carried out with representatives of the National Accounting Council. The findings indicate that governmental intervention has played a pivotal role in the consolidation and reorganization of the accounting profession, serving as a positive force in its evolution and synchronization with global standards.

Keywords: Reform in accounting, rules pertaining to accounting, training in accounting.

Jel Classification Codes : M41, M48, M49.

Résumé :

L'adoption du *Système Comptable Financier* (SCF), inspiré du cadre des IAS/IFRS (2004), est perçue comme la pierre angulaire des réformes institutionnelles en Algérie. Cette transition marque un éloignement du modèle d'économie planifiée, visant plutôt à instaurer une économie de marché. Ancré dans les principes de l'économie libérale, cette réforme s'est accompagnée d'une restructuration approfondie de la profession comptable, formalisée par l'introduction de la Loi 10-01. Ce cadre législatif aborde des aspects essentiels du secteur comptable, notamment le renforcement de la supervision gouvernementale, la réorganisation des structures

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professionnelles et l'amélioration de la qualité de la formation. Un objectif central de cette loi réside dans son ambition d'aligner les pratiques comptables nationales sur les normes internationales, témoignant d'un engagement en faveur de l'intégration des meilleures pratiques mondiales et de la modernisation de la profession.

La méthodologie de cette étude s'est principalement appuyée sur l'analyse des données collectées et sur des entretiens menés avec des représentants du Conseil National de la Comptabilité. Les résultats indiquent que l'intervention gouvernementale a joué un rôle significatif dans la consolidation et la restructuration de la profession comptable, contribuant de manière positive à son développement et à son alignement sur les normes internationales.

Mots Clés : Réforme comptables, Réglementation comptable, Formations comptables.

Jel Classification Codes : M41, M48, M49.

Introduction

The evolution of the accounting profession in Algeria since its independence has been intricately tied to the transformations and shifts driven by legislative measures reflecting the nation's economic priorities. The reforms, primarily designed to modernize and harmonize accounting practices with international standards, have significantly impacted the accounting landscape in Algeria. These changes have significantly reshaped the operational landscape of accounting, fostering greater harmonization with global standards and enhancing the overall integrity and clarity of financial reporting practices across the country.

The accounting reform was reinforced by a comprehensive restructure of the accounting profession, underscored by the passage of Law 10-01 on June 29, 2010. This regulatory framework delineated the roles and obligations of chartered accountants, auditors, and certified public accountants, therefore formalizing professional practices and enhancing the dependability and accountability of the accounting profession. The National Accounting Council (NAC) has significantly progressed in this reform by incorporating and modifying the International Standards on Auditing (ISA) into national rules, referred to as the Algerian Auditing Standards (NAA). These concepts are included within the extensive framework established by the International Federation of Accountants (IFAC).

Following the enactment of Decree 11-24 on January 27, 2011, which outlined the framework, organization, and operational protocols of the National Accounting Council, this institution has initiated a range of measures aimed at aligning the three primary professional categories with international standards. These initiatives are thoroughly analyzed and interpreted within the scope of this article, providing insights into their significance for the progression of accounting practices and the enhancement of professional norms.

This article examines the development of the accounting profession in Algeria, highlighting the crucial influence of governmental interventions, legislative reforms, and international collaborations in creating a comprehensive and effective regulatory framework. These measures have played a central role in strengthening the profession's credibility and fostering the convergence of domestic accounting practices with internationally accepted standards. By exploring these dynamics, the study highlights the transformative impact of such efforts on the professional landscape.

In conclusion, this article offers an in-depth examination of the progressive evolution of the accounting profession in Algeria, emphasizing significant achievements, current obstacles, and potential prospects that are shaping the advancement of this critical sector within the country.

1. A Profession Governed by Regulatory Standards :

1.1. The period from 1962 to 1991:

Prior to 1991, the accounting profession in Algeria was regulated under Ordinance No. 71-82 of December 29, 1971, which specifically addressed the roles of chartered accountants and public accountants. During this period, the responsibility for auditing public companies was entrusted to the Inspection Générale des Finances (I.G.F.). This decree established the High Council of Accounting, operating under the authority and oversight of the Minister of Finance.

The council's primary duties encompassed the development of the national chart of accounts and the oversight of public accountants and chartered accountants. A key function of the council was the issuance of professional licenses, a process administered under the direction of a delegate appointed by the Minister of Finance. This regulatory structure remained in place until the enactment of Law No. 91-08 on April 27, 1991, which marked a significant transformation by broadening the regulatory framework to encompass chartered accountants, auditors, and certified public accountants. This legislative reform represented a notable progression in the regulation and organization of the accounting profession in Algeria.

Law No. 91-08 was introduced as part of broader efforts to adapt legal frameworks to the evolving business environment, particularly in response to the 1988 laws on company autonomy. These laws marked a significant shift by introducing the requirement for companies to undergo audits conducted by independent professionals, thereby reinforcing transparency and accountability in financial reporting.

1.2. Reforms of Law No. 91-08 of 27 April 1991:

The reforms introduced by Law 91-08 are essentially characterized by the creation of a national order administered by a council, the grouping within this order of the three (03) most important professional bodies, encompassing chartered accountants, auditors, and certified public accountants, are regulated through an ordinal institution, which operates independently without interference from public authorities. This framework grants the National Order Council the exclusive prerogative of a public authority, specifically the issuance of professional licenses, thereby ensuring self-regulation within the profession.

The ordinal institution has been plagued by persistent, severe, and profound internal crises, which have significantly disrupted its operations, frozen its activities, and created divisions among professionals. From its inception, this organization has been characterized by several inherent weaknesses. These include the exclusive delegation of regulatory authority over the accounting profession to the ordinal institution, with minimal oversight from public authorities ; the consolidation of diverse professional categories with divergent missions and interests into a single organization ; the issuance of professional licenses by the ordinal institution without

adequate public oversight; and the lack of provisions addressing the training and professional internships required for auditors.

The organizational deficiencies have considerably weakened the efficacy of the institution and its capacity to oversee the accounting profession. One of the most pressing challenges has been the inability to issue accreditations due to delays and inefficiencies in processing applications, many of which have remained pending for extended periods. Furthermore, the hindrance of practical internships and the lack of certification for completed training programs have left candidates for the chartered accountant profession insufficiently equipped to meet the demands of professional practice. These systemic issues have contributed to a broader erosion of confidence in the institution's capacity to fulfill its regulatory and developmental mandates. The lack of continuing education programs has further hindered professionals from adapting to the rapidly evolving and increasingly internationalized landscape of accounting and financial standards.

Outdated professional practices, which have not been updated to align with international auditing standards, have resulted in audits that lack credibility and fail to provide sufficient assurance regarding the accuracy and fairness of audited companies' financial statements. Other significant challenges include the absence of approved internal regulations, the failure to publish registers of active professionals, and the disruption of accounting standardization efforts by the National Accounting Council. This instability has been further exacerbated by concerns surrounding the representation of the seven members of the Order's Council within this organization. Furthermore, the institution's instability has led to a near-total lack of cooperation with foreign professional orders, further isolating it from global best practices and international collaboration. These issues collectively underscore the urgent need for comprehensive institutional reform to restore credibility, functionality, and alignment with international standards.

1.3. The reforms of Law 10-01 of 29 June 2010 :

To mitigate the effects of these challenges and guarantee that professionals adhere to the necessary standards, the Ministry of Finance has launched an extensive reform of the accounting profession. This reform aims to rectify existing deficiencies, enhance the quality of professional training, and align practices with both national and international expectations, thereby fostering a more robust and credible accounting sector.

The stipulations of Law 10-01 seek to ensure the stability of the profession by allowing the ordinal institution to concentrate on improving the proficiency of professionals in accordance with international standards, thus equipping them to compete effectively in light of Algeria's accession to the WTO and the liberalization of accounting services.

It is imperative to underscore that the objective of Law 10-01 is to enhance the quality of professional training, restructure the accounting profession, and strengthen the authority of

public institutions in the implementation of regulatory supervision. This includes ensuring that training programs are aligned with international benchmarks, thereby promoting greater competence and adherence to global best practices within the profession. Among the key measures introduced by Law 10-01 to achieve these objectives, the following deserve particular attention :

The creation of three (03) professional categories:

- ☞ A national organization of certified public accountants,
- ☞ A national chamber of auditors
- ☞ A national order of chartered accountants.

Oversight by the Ministry of Finance : The Ministry of Finance maintains regulatory control over professional organizations via the National Accounting Council and its appointed representatives within different professional councils. This supervisory role ensures adherence to established standards and regulations within the accounting profession.

Issuance of Professional Licenses : The responsibility for granting licenses to practice accounting, auditing, and associated professions lies with the Ministry of Finance, in accordance with its regulatory functions. This encompasses the evaluation, approval, and accreditation of individuals aspiring to work within these professional domains.

Quality Assurance : Certified public accountants, auditors, and chartered accountants are subject to the supervision and assurance of their technical and professional proficiency by the Ministry of Finance. This regulatory framework is designed to guarantee the integrity and precision of financial reporting processes and to uphold high standards of practice.

Professional Development : A specialized institution is responsible for the training and education of chartered accountants and auditors, which is regulated by the Ministry of Finance. Conversely, the Ministry of Vocational Training oversees the training of certified public accountants, which guarantees a structured and specialized approach to professional development for these unique positions. This division of responsibilities guarantees that professionals receive education and preparation that are specifically designed for their respective roles.

Law 10-01, Article 4, was enacted on June 29, 2010, and it regulates the professions of chartered accountant, auditor, and certified public accountant. The law mandates the establishment of a National Accounting Council, which is overseen by the Minister of Finance. This council is assigned critical responsibilities, such as formulating accounting standards, advancing professional ethics, and ensuring the harmonization of domestic accounting practices with internationally recognized principles. Its establishment reflects a commitment to enhancing the regulatory framework and advancing the accounting profession in line with global best practices. This council is entrusted with the following missions :

- **Accreditation :**

Mission of the National Accounting Council :

This duty entails the organized gathering and meticulous examination of applications for professional certification and affiliation with the National Order of Chartered Accountants, the National Chamber of Auditors, and the National Organization of Certified Public Accountants. Furthermore, it includes the evaluation and validation of the educational credentials and practical experience of candidates seeking endorsement and enrollment within these bodies. Furthermore, it includes the systematic compilation and public dissemination of registers listing accredited professionals, ensuring transparency and accessibility for relevant stakeholders. Additionally, the council is responsible for receiving and investigating disciplinary complaints against professionals, organizing and scheduling professional quality controls, and approving and adopting codes of ethics formulated by the various professional categories.

- **Accounting Standardization :**

The council is tasked with gathering and utilizing all information and documentation related to accounting and its education. It conducts or commissions studies and analyses on the evolution and application of accounting tools and processes, proposes measures aimed at standardizing accounting practices, and reviews and provides recommendations on draft legal texts pertaining to accounting. Moreover, the council holds a central role in promoting and developing training and continuing education programs within the accounting profession. It oversees and enforces quality control measures to ensure alignment with evolving accounting methodologies and international auditing standards. Additionally, the council monitors global developments in accounting practices, organizational frameworks, and technological tools. It also facilitates the organization of conferences, seminars, and other professional gatherings within the scope of its mandate, fostering knowledge exchange and professional development.

- **Organization and Regulation of the Accounting Professions :**

The primary duties of this mission center on actively promoting the growth and evolution of the accounting professions. This involves designing and implementing frameworks and programs aimed at the training and ongoing professional development of practitioners within the field. Additionally, it entails the continuous monitoring of international advancements in methodologies, organizational structures, and tools relevant to accounting education, ensuring alignment with global best practices and innovations. Additionally, the mission involves ensuring the ongoing updating of professional practices, conducting studies in accounting and related fields, and disseminating the findings of such research. It also entails assisting accounting training institutions in the design of educational materials and manuals, organizing or supporting workshops to facilitate the introduction of new accounting standards, and Engaging in research endeavors to create advanced and innovative tools and resources tailored to the accounting profession.

2. The National Accounting Council's Collaborative Committees :

These missions are formally authorized and monitored by the following cooperation committees :

2.1.The Committee for the Standardization of Good Accounting Practices and Ethics :

This committee is responsible for establishing methodologies for accounting practices and professional due diligence. It is also charged with formulating opinions on national accounting standards applicable to individuals or entities legally obligated to maintain accounts. Additionally, the committee conducts studies and analyses on the evolution and application of accounting tools and processes. This committee executes initiatives to standardize accounting practices, evaluates and provides recommendations on proposed legislative texts related to accounting, and fosters the integration and consolidation of theoretical and methodological research across various domains within the accounting field. Furthermore, the committee prepares draft opinions, in collaboration with relevant institutions, on standards developed by international accounting bodies and their practical implementation.

2.2.The Approval Commission :

The Accreditation Commission is tasked with creating procedures for handling accreditation requests, defining the criteria and processes for ensuring a trustworthy and regulated entry into the professions of chartered accountancy, auditing, and certified public accounting. It oversees the processing of approval requests, prepares accreditation submissions, and maintains and publishes the register of accredited professionals. Annually, on January 1st, it officially approves the roster of certified professionals and releases it in the format specified by the Minister of Finance.

2.3.The training commission :

This commission is tasked with designing methodologies for training initiatives, evaluating applications for internship participation, and ensuring continuous oversight of internship programs. It directs trainees to accredited firms and issues certificates upon the successful completion of internships. Additionally, the commission develops training programs focused on international accounting standards and collaborates with other training institutions and specialized institutes in various domains of international accounting. It also participates in the appointment of examination boards for all training courses, establishes a comprehensive database of international standards for the professional development of accountants, and organizes seminars, study days, conferences, and workshops covering diverse areas of accounting and auditing.

2.4.The Disciplinary and Refereeing Committee :

This committee is tasked with examining instances of misconduct related to professional, technical, or ethical standards perpetrated by practitioners while carrying out their professional duties. It plays a pivotal role in conciliation and arbitration, resolving disputes between professionals and their clients, as well as among professionals themselves. Additionally, the committee develops methodologies for disciplinary actions, arbitration, and conciliation processes. It reviews disciplinary cases related to violations of professional standards, prepares draft opinions on arbitration and disciplinary provisions, and serves an advisory role in preventing and resolving conflicts. The committee also undertakes preventive and conciliatory measures to mediate disputes between professionals.

2.5. The quality control commission :

This committee is responsible for formulating methodologies to enhance the quality of services, issuing opinions, and proposing draft regulatory texts related to quality assurance. Its primary objective is to ensure the quality of audits conducted by accounting professionals, in alignment with Article 22 of Executive Decree No. 11-24. Furthermore, the committee formulates guidelines concerning the organizational and operational frameworks of accounting firms and defines protocols to ensure the quality assurance of services provided by these entities. It also monitors adherence to rules of independence and ethical conduct. Furthermore, the committee compiles a roster of auditors selected from among qualified professionals to undertake quality control missions. It organizes seminars aimed at improving the technical quality of work, ethical standards, and professional conduct, with a particular focus on client advisory services and client relationship management.

3. Professional organizations:

Law 10-01's Article 14 calls for the establishment of three separate professional organizations, each in line with the particular skills and responsibilities of its members. Comprising the National Institute of Chartered Accountants, the National Association of Auditors, and the National Federation of Certified Public Accountants, these organizations Every one of these companies has legal standing and serves as a representative organization for companies and people approved to run as certified public accountants, auditors, and chartered accountants.

The Ministry of Finance exercises regulatory oversight and supervisory authority over these professional entities through the National Accounting Council as well as through its designated representatives appointed to serve on the various councils. Each organization is to be managed and directed by a National Council comprising of nine (9) members who are elected by the certified professionals duly and registered and listed on the official roster. Three (3) members of the specified board act as representatives of the National Accounting Council's affiliated company.

Each organization is granted legal personality, encompassing both natural and juridical persons who have been duly approved and authorized to practice as chartered accountants, auditors, or certified public accountants. These professionals are admitted under the conditions and provisions stipulated by applicable laws.

Each of the National Institute of Chartered Accountants, the National Association of Auditors, and the National Federation of Certified Public Accountants is run under national governing bodies. Representing the goals and professional standards of the accounting and auditing sectors, these councils include delegates chosen by the members of their respective organizations, hence creating a self-regulating system.

4. The measures implemented by the National Accounting Council subsequent to the implementation of Law 10-01 :

The primary foundational task of the National Accounting Council was to create and implement registration systems for the three distinct professional categories. This undertaking involved a thorough examination, modification, and modernization of the professional database to guarantee full compliance with the regulatory frameworks and legal stipulations applicable at the time the accreditations were granted. This operation of updating and updating the professionals' files complied with the following steps:

- **Identification and Analysis of Access Rules :**

A comprehensive guide has been developed to identify and analyze the regulatory framework governing access to the different professional categories. This guide serves as a standardized tool for assessing application files, ensuring consistency and transparency in the evaluation process.

- **Examination of Files Transmitted by the Liquidation Unit :**

The records submitted by the liquidation division of the former National Institute of Chartered Accountants, Statutory Auditors, and Certified Public Accountants—comprising documentation for 425 chartered accountants 4,189 auditors, and 1,535 certified public accountants—was rigorously reviewed to verify adherence to regulatory standards and the thoroughness of their supporting materials.

- **Reconstruction of Professional Records :**

The files of professionals have been systematically reconstituted based on a detailed list of regulatory documents required for each professional category. This list, informed by the opinion of the National Accounting Council (CNC), specifies the necessary documentation to ensure alignment with legal and professional standards.

- **Examination of Files by Professional Category :**

The files of professionals have been examined by category, utilizing two sources : the files provided by the liquidation unit and those submitted directly to the CNC by the professionals themselves.

- **Updating Professional Contributions :**

The process of updating and reconstituting the files has enabled the CNC to compile the first official registers for the three professional categories. These registers were published on the CNC's website on June 17, 2014, marking a significant milestone in the reorganization and transparency of the profession.

4.1. Advancement and Progression of Professionals in 2014 :

The task of revising and updating the database of accounting professionals played a pivotal role in establishing comprehensive registries for the three distinct professional categories. It is crucial to emphasize that this process required strict compliance with the regulatory provisions in effect at the time the professional approvals were originally issued. The table below provides a summary of the key outcomes of this operation.

Professional Categories	Liquidation Unit 2010	Table 2014	Difference	Rate
Accountants	425	234	-191	-45%
Statutory auditors	4.198	1.708	-2.490	-59%
Chartered Accountants	1.535	1.481	-54	-4%
Total	6.158	3.423	-2.735	-44%

Source: National Accounting Council.

This significant decline in the number of female professionals can be explained by the following:

- Professionals who do not meet the regulatory conditions for approval,
- Approved professionals who are not established (employees in companies),
- Professionals reaching retirement age,
- Deaths.

4.2. Professional Development in 2024 :

The National Accounting Council (CNC) has implemented procedures to codify the status of various trainees across the three professional categories as part of the comprehensive reforms in the accounting profession. This effort has produced two significant results : first, it has enabled the Minister of Finance to grant professional accreditations to auditors and chartered accountants ; and second, it has revived the accounting examination system, leading to the accreditation of a substantial number of qualified accounting professionals.

Evolution of professionals during the period from 2014 to 2024.

Professional Categories	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Evol 14/24
Accountants	234	243	263	295	309	323	331	332	325	343	329	41%
Statutory auditors	1708	1854	1908	2039	2225	2379	2591	2745	2851	2950	2822	65%
Chartered Accountants	1481	1563	1626	1732	1942	2120	2416	2615	2752	2859	2773	87%

Source: National Accounting Council.

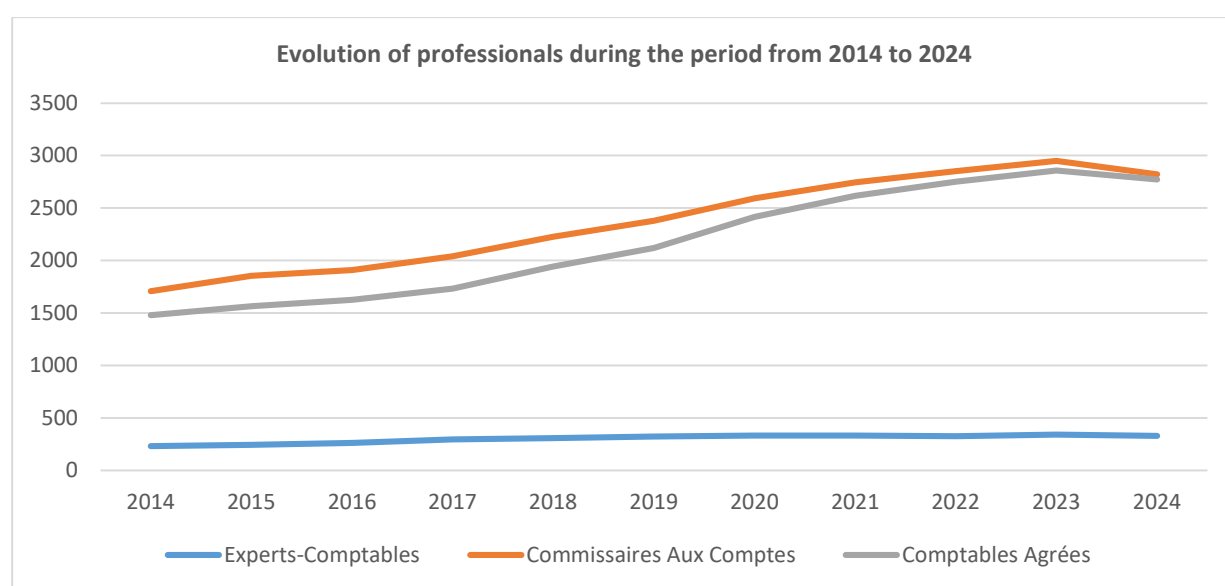


Figure N° 02: Evolution of female accounting professionals from 2014 to 2024

5. The work carried out by some joint committees until 2024 :

In alignment with our research endeavors, beyond the efforts dedicated to refining and purging the registries of professionals, we have focused our attention on the activities of several joint committees within the National Accounting Council. The primary undertakings of these committees are characterized by the following:

☛ The Quality Assurance Committee :

The quality control commission conducts thorough evaluations within audit and accounting firms to ascertain that their operations adhere strictly to prevailing professional standards, current regulations, and established internal policies. This commission's responsibilities encompass a comprehensive review of operational processes, an assessment of personnel competencies, verification of adherence to ethical guidelines, and the implementation of strategies aimed at enhancing the calibre of services rendered. By meticulously examining these facets, the commission ensures that firms maintain the highest levels of professional integrity and service quality.

By October 2024, the commission's initiatives were clearly defined through the following achievements :

- The auditor's standard working file was completed and published in December 2019,
- The execution of Article 30 of Law 10-01 concerning the announcement of statutory auditor appointments,
- The Self-Control Guide for Audit Firms and Accounting Professionals was issued in March 2021.
- The Quality Control Guide was finalized and distributed in March 2021.
- The Self-Control Guide for Audit Firms and Accounting Professionals was developed in October 2023.
- The Quality Control Guide was developed in October 2023.

The deliverables received official approval and publication after a comprehensive assessment and support by the Committee for the Harmonization of Accounting Practices and Professional Diligence².

☛ The Committee for the Harmonization of Accounting Practices and Professional Conduct :

The Committee for the Harmonization of Accounting Practices and Professional Conduct occupies a pivotal position within the realm of the accounting profession. The core duties encompass the development and enhancement of accounting standards and methodologies, as well as the establishment of guidelines for professional due diligence. This endeavour aims to

² http://www.cnc.dz/fichier_regle/7370.pdf

ensure that the financial information produced by entities is transparent, reliable, and consistent. By upholding these standards, the commission plays a crucial role in maintaining the integrity and credibility of financial reporting within the industry.

Since its establishment in 2011, the Committee for the Harmonization of Accounting Practices and Professional Conduct has reviewed, analyzed, and validated nearly all the initiatives undertaken by the other joint committees. It has issued seventeen (17) opinions and interpretations to support businesses and professionals, which we have summarized in the table below :

Year	Date	Entitled
2011	10-March	Announcement about the strategy and operational regulations for accounting, as well as the disclosure of financial statements for insurance and/or reinsurance firms.
2012	21-Nov	Announcement from the Commission for the Standardization of Accounting Practices and Professional Diligence
2013	11-March	Opinion on workers' participation in profits
	17-Apr	Accounting for consolidated taxable income tax
	23-Apr	Opinion on employee benefits and example of calculation (reviewed and corrected)
	30-Jul	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences, bis.
	30-Jul	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences
	05-Dec	Opinion of the Commission for the Standardization of Accounting Practices and Professional Diligences of the National Accounting Council.
2014	10-June	Notice regarding deferred taxes of June 10, 2014
2015	19-August	Eight (08) Notices from the Commission for the Standardization of Accounting Practices and Professional Diligences
2017	04-Jan	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences "long-term contracts"
	13-March	Eight (08) Notices from the Commission for the Standardization of Accounting Practices and Professional Diligences, year 2016.
	04-June	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences "Financial Statement Models"
2019	02-Jan	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences dated 01/28/2019.
	08-Oct	Notice from the Commission for the Standardization of Accounting Practices and Professional Diligences. "evaluation, accounting, and presentation of loans and related charges"
2020	29-Jan	Opinion of the Commission for the Standardization of Accounting Practices and Professional Diligences, regarding the establishment of value losses on receivables.
2022	25-April	Use of extraordinary expense and income accounts
2023	11-Jan	Evolution of the results over the past five years
2023	06-Feb	Accounting for internally created brands
2023	20-Feb	Accounting treatment of financial incentives granted by social security organizations to retail pharmacists
2024	16-Dec	Digitalization of inter-company appeals in automobile insurance
2024	16-Dec	Accounting method for properties placed in Wakfs

Source: National Accounting Council.

The training commission:

Since its creation in 2011 to date, the training commission continues to clean up the files of trainees in the three professional categories, inherited from the former regional councils which amount to almost seventeen thousand (17,000) files.

This operation has made it possible to issue certificates of completion of internships for interns who have regularly completed their professional internships and deadlines for the submission of internship reports for late interns.

This commission also participated in the appointment of the examination boards for the accounting exams relaunched since 2013 to date.

In order to provide prospective accountants chances for professional growth and hands-on experience, the Commission for the Standardization of Accounting Practices and Professional Due Diligence has been offering the Chartered Accountant Internship Program since 2023. This initiative aligns with global trends in accounting education and training, as seen in similar programs offered by leading firms and institutions worldwide. This initiative includes the establishment of comprehensive procedures for managing and supervising interns, the introduction of a formalized compensation framework for interns, the creation of standardized contracts for trainee employment, and the recommendation to amend the interministerial order dated December 12, 2022. This order specifies the academic qualifications issued by institutions under the Ministry of Higher Education and Scientific Research, as well as those under the Ministry of Vocational Education and Training, that are recognized as prerequisites for entering the professional training phase required to qualify as a chartered accountant.

6. Additional duties performed by the National Accounting Council :

6.1. Inauguration of the I.E.S.P.C. Institute for Specialized Instruction in the Accounting Profession :

In order to enhance the reform of the financial accounting system and meet the requirements of companies and entities obligated to prepare and present their financial statements in line with the Financial Accounting System (S.C.F.), which is consistent with international accounting standards and the stipulations of Law 10-01 dated June 29, 2010—regulating the professions of chartered accountant, auditor, and certified public accountant—an Institute for Specialized Education in the Accounting Profession (IESPC) has been created. This institute functions under the jurisdiction of the Minister of Finance.

The IESPC plays a crucial role in advancing the accounting profession by providing specialized education and training programs tailored to the evolving demands of the sector. Its establishment underscores the commitment to aligning national accounting practices with global standards while ensuring that professionals are equipped with the necessary skills and knowledge to meet regulatory requirements and contribute to the transparency and reliability of financial reporting.

The Ministry of Higher Education and Scientific Research has established specific facilities at Lounici Ali University (Blida 2 - El Affroun) to accommodate the institution, acknowledging the crucial role of accounting experts in fostering openness and accountability in the national economy. This strategic investment highlights the dedication to fostering the advancement of the accounting profession and ensuring that future practitioners with the requisite skills and knowledge to address the challenges of a dynamic economic landscape. The Ministry has reiterated its commitment to partnering with the IESPC's administration to establish the institution as a School of Excellence, promoting superior education and training in the accounting field.

The IESPC was created with the goal of meeting the growing needs of the accounting industry by training highly skilled professionals with the technical and analytical skills to excel in an ever-changing professional environment. Our academic program is designed to provide comprehensive training, ranging from fundamental accounting principles to the latest international trends and standards.

The documents permitting the establishment and functioning of this institution are published in the official gazette, including the training program, which is notably influenced by worldwide training standards (L.F.A.C) and experienced nations, as follows :

- Executive Decree No. 12-288, issued July 2, 2012, delineates the creation, organizational architecture, and operating guidelines of the Institute for Specialized Education in the Accounting Profession (IESPC). This decree establishes the legal basis for the institute's objective to improve the quality of accounting education and training, assuring conformity with national and international standards while responding to the changing demands of the accounting industry.
- Interministerial Order issued on 7 March 2017, which delineates the catalog of academic qualifications required for eligibility to sit for the IESPC entrance examination.
- Interministerial Order of March 7, 2017, delineating the number, type, weighting, and curriculum of the test components, along with the membership of the jury responsible for overseeing the admission procedure to the Institute for Specialized Education in the Accounting Profession (IESPC). This order ensures a structured and transparent evaluation process for candidates seeking entry into the institute, aligning with its mission to uphold high standards in accounting education and professional training.
- Interministerial Order of March 7, 2017, which establishes the terms and conditions for the implementation of training and specialized programs aimed at obtaining the diploma of chartered accountant and the diploma of auditor. This order outlines the framework for delivering high-quality education and professional development, ensuring that candidates meet the rigorous standards required for these qualifications and are well-prepared to contribute effectively to the accounting profession.

The operational launch of the institute will be carried out in alignment with the following strategic plan :

- Appointment of the Director General of the Institute (a procedure that has already been completed), the first step involves selecting and appointing a Director General who will oversee the institute's operations, ensuring its alignment with national and international accounting standards and driving its mission to enhance the quality of accounting education and professional training.
- Designation of the Project Manager responsible for overseeing the institute's initial phase (a step that has been successfully executed).
- Formation of the Board of Directors and the Scientific Advisory Board, with members required to satisfy specific eligibility criteria, which are currently in the process of being finalized.
- Call for applications for the selection of teachers who must meet the conditions that will be set and applied by the application committee;
- Conduct of the ESPC entrance examination, in alignment with the stipulations outlined in the aforementioned interministerial orders dated 7 March 2017 (points 2 and 3). These regulations define the eligibility requirements for candidate registration and establish the criteria for the selection and admission of applicants.

6.2. Dissemination of auditing standards :

Algeria has embarked on an extensive reform program focused on modernizing its accounting frameworks across both the corporate and public sectors. This endeavor entails the implementation of a Financial Accounting System (S.C.F.), designed in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Moreover, it encompasses the incorporation of International Public Sector Accounting Standards (IPSAS) to guarantee that public sector accounting processes conform to globally recognized standards. The objective of these measures is to improve openness, accountability, and the general quality of financial reporting in Algeria. These reforms are designed to improve financial transparency, reliability, and consistency across all sectors, ensuring alignment with global best practices in financial reporting and accountability.

Following the enactment of these accounting reforms, Algeria adopted **Law 10-01** on June 29, 2010, which regulates the professions of chartered accountant, auditor, and certified public accountant. This legislative framework introduced a comprehensive regulatory system designed to supervise and standardize these professions, aiming to elevate the quality and reliability of financial reporting practices across the nation.

The National Accounting Council (CNC) is concluding the reform by incorporating and amending the International Standards on Auditing (ISA) into national regulations, referred to as the Algerian Auditing Standards (NAA). This endeavor, conducted within the framework created by the International Federation of Accountants (IFAC), exemplifies the incremental approach previously used in the development of the S.C.F.

It is crucial to highlight that an accounting system founded on an international framework must be audited in line with the requirements of that framework, or at the very least, closely aligned with them. This guarantees that consumers of financial statements may rely on the "assurance mission" being executed with appropriate care and in accordance with international best standards.

As of now, the National Accounting Council has issued sixteen Algerian Auditing Standards by ministerial decisions, which are:

Decision No. 002, promulgated on February 4, 2016, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **210** : Agreement on the Terms of Audit Engagements,
- **505** : External Confirmations,
- **560** : Post-Closing Events,
- **580** : Written Declarations.

Decision No. 150, issued on October 11, 2016, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **300** : Planning an Audit of Financial Statements,
- **500** : Audit Evidence,
- **510** : Initial Audit Engagements – Opening Balances,
- **700** : Basis for Opinion and Audit Report on Financial Statements.

Decision No. 23, promulgated on March 15, 2017, by the Minister of Finance, delineates the following Algerian Auditing Standards :

- **520** : Analytical Procedures,
- **570** : Going Concern,
- **610** : Use of the Work of Internal Auditors,
- **620** : Use of the Work of an Expert Appointed by the Auditor.

Decision No. 77, promulgated on September 24, 2018, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **230** : Audit Documentation,
- **501** : Audit Evidence – Specific Considerations,
- **530** : Audit Sampling,
- **540** : Auditing Accounting Estimates, Including Fair Value Accounting Estimates and Related Disclosures.

Decision No. 212, issued on November 18, 2024, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **701** : Communicating Key Audit Matters in the Independent Auditor's Report,
- **705** : Modifications to the Opinion in the Independent Auditor's Report,
- **706** : Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report.

Decision No. 121, promulgated on June 1, 2024, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **Algerian Quality Management Standard 1** : Quality Management for Firms Performing Audits, Limited Reviews of Financial Statements, or Other Assurance and Related Services Engagements,
- **Algerian Quality Management Standard 2** : Engagement Quality Reviews,
- **Algerian Auditing Standard 220** : Quality Management for an Audit of Financial Statements.

Decision No. 249, promulgated on December 28, 2024, by the Minister of Finance, delineates the subsequent Algerian Auditing Standards :

- **240** : The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements,
- **450** : Evaluation of Misstatements Identified During the Audit,
- **320** : Materiality in Planning and Performing an Audit.

Conclusion:

The reform of accounting and auditing in Algeria aligns with the NEPAD declaration of July 8, 2001, wherein African Union heads of state, including Algeria, expressed their commitment to adopting international accounting standards, considered a "minimum requirement".

The shift from the **National Chart of Accounts (NCP)** to the **Financial Accounting System (SCF)** marks a pivotal evolution in Algeria's corporate information framework. This shift underscores a strategic move toward modernizing financial reporting practices and aligning them with internationally recognized standards. This change is part of a broader movement of institutional reforms that signify the country's transition from a centrally planned economy to one influenced by the liberal economic principles. These new economic orientations have also elevated the importance of accounting and financial information.

The accounting reform was significantly reinforced through a thorough restructuring of the accounting professions, marked by the implementation of Law 10-01 on June 29, 2010. This legislation establishes a framework for the professions of chartered accountant, auditor, and certified public accountant, with the objective of enhancing the integrity, quality, and reliability of financial reporting practices.

Simultaneously, the National Accounting Council (CNC) is working to finalize this reform by transposing the International Standards on Auditing (ISA) into national regulations, which will be known as the Algerian Standards on Auditing (NAA). This approach employs a step-by-step implementation framework, consistent with the methodology applied during the development of the Financial Accounting System (S.C.F.). This approach ensures a structured and consistent incorporation of international best practices into Algeria's national accounting framework, facilitating a smooth and coherent transition.

It is clear that an accounting framework rooted in international standards necessitates auditing procedures that are either fully aligned or significantly derived from these standards to ensure the dependability of the financial statements produced by audited entities.

These reforms also led to the establishment of the National Accounting Council (CNC), which operates under the supervision of the Minister of Finance. As the newly designated regulatory authority for the accounting profession in Algeria, the CNC has been instrumental in promoting a cohesive accounting framework that meets the needs of both public and private sectors. Its initiatives have been crucial in driving standardization and improving the overall quality of financial practices nationwide. This progress has significantly contributed to aligning the Algerian accounting regulatory framework with international standards, representing a key milestone in enhancing transparency, accountability, and consistency in financial reporting.

This study focuses on an empirical examination of the development of the accounting profession in Algeria between 2010 and 2024, leveraging data sourced from the National Accounting Council (CNC). The study aims to provide a comprehensive understanding of the profession's growth, regulatory advancements, and the impact of reforms during this period.

This analysis underscores the significant efforts undertaken by the State, through institutions such as the CNC and its joint committees, to regulate and oversee the practices of accounting professionals. These initiatives are designed to elevate the quality of financial information and auditing practices, demonstrating a dedication to aligning with **international standards** and strengthening the credibility and reliability of the accounting profession. By adopting globally recognized frameworks, these efforts aim to foster transparency, accountability, and trust in financial reporting.

This study provides insights that necessitate a series of recommendations aimed at strengthening the accounting profession and improving the quality of financial reporting and auditing standards in Algeria. The recommendations emphasize the following key areas :

1. Revision of Law 10-01 :

Amend Law 10-01 to enhance the independence of statutory auditors and clarify their responsibilities, thereby fostering greater accountability and transparency in their roles. This revision should include provisions to minimize conflicts of interest, establish stricter eligibility criteria for auditors, and mandate regular external reviews of their work. Additionally, it should outline clear consequences for non-compliance and reinforce ethical standards to ensure auditors operate with integrity and objectivity. Such measures will bolster public trust in financial reporting and align Algeria's auditing practices with international best practices.

2. Mandatory Continuing Professional Development :

Introduce a requirement for a minimum number of hours in continuing vocational training to ensure the ongoing development of professionals. This will help maintain the high level of competence and quality demanded by the profession.

3. Publication of Algerian Auditing Standards (NAA)

Finalize and publish the remaining Algerian Auditing Standards to provide clear and comprehensive guidelines for audit practices, thereby enhancing the quality and consistency of audit work.

4. Quality Control for Audit Firms :

Implement rigorous quality control measures for audit firms and raise awareness among professionals about their positive impact. This initiative will enhance the **quality of services** delivered by auditors and foster stronger trust between auditors and auditees. By ensuring greater independence, accountability, and transparency, the revised framework will promote more reliable financial reporting and reinforce confidence in the auditing process, ultimately benefiting both the profession and the broader economic ecosystem.

5. Renewal of the Auditor Population :

Address the aging demographic of statutory auditors, many of whom are over sixty years of age. Public authorities must prioritize the training and development of new generations of auditors and chartered accountants to ensure the profession's sustainability.

6. Securing Auditor Fees :

Ensure that auditors' fees reflect the effort and professional diligence required to conduct high-quality audits. We recommend the establishment of a revised and updated fee schedule with a minimum threshold that upholds the dignity and integrity of the statutory auditor.

These recommendations aim to address current challenges, enhance the quality of financial information and auditing practices, and align Algeria's accounting profession with international standards.