

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction; as such they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Questionnaire and Part 2 SMO Self-Assessment Questionnaire provide background Information on each member and associate their environment and existing processes. These responses may be viewed at http://www.ifac.org/ComplianceAssessment/published_surveys.php

Use of information

Please refer to the disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member/Associate :	Institute of Certified Accountants of Republic of Macedonia (ICARM)
Approved by Governing Body:	ICARM Managerial Board
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GLOSSARY

CPD	Continuous Professional Education
IAASB	International Auditing and Assurance Standards Board
ICARM	Institute of Certified Accountants of Republic of Macedonia
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISAE	International Standards on Assurance Engagements
ISQC	International Standard on Quality Control
ISRE	International Standards on Review Engagements
ISRS	International Standards on Related Services
QA	Quality Assurance
SME	Small and Medium Enterprises
SMO	Statement of Membership Obligation

General Background:

The Republic of Macedonia is engaged in the process of reforming its accountancy, auditing and accounting environment through the “Road to Europe – Program of Accounting Reform and Institutional Strengthening (REPARIS)”. This grant from World Bank has been allocated to the Republic of Macedonia in order to implement an “in depth” reform of the national accounting system and set up a monitoring process for the audit activity. The updated audit law was adopted on December 6, 2010 by the Assembly of Republic of Macedonia. This law organizes the independent oversight body for audit activity (Council for advancement and oversight of auditing), the professional association of certified auditors (Institute of Certified Auditors of Republic of Macedonia), the conditions for issuing auditor licenses, and special provisions for statutory audits of public interest entities.

Action Plan Subject: SMO 1 - Quality Assurance (QA)
Action Plan Objective: Implementing an Efficient and Effective Quality Assurance Program which is in line with SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Institute of Certified Accountants of Republic of Macedonia (ICARM) worked over the past few years to develop a Quality Assurance Program which is in-line with the International Federation of Accountants (IFAC) SMO 1 and which incorporates International Standard on Quality Control (ISQC1) and the International Standards on Auditing (ISA 220). Work on the development of this program concluded in 2009 and the program began effective commencement in November 2010 for ICARM Members.</p> <p>The scope and design of the program have been developed with the assistance of external consultants (French Institutes of Accountants and Auditors) and is published and freely available through the ICARM “Rulebook on Quality Control”. The general scope of the QA program is not limited to audits of listed entities, but also covers the audit of unlisted entities and other assurance (review) engagements. Reviews are conducted at both the firm and partner level and selections for review are based on both a risk-based and a cyclical approach – with both firms and partners being reviewed at least once every three years. For review of an audit firm the QA Program is designed, as required by SMO 1, to obtain reasonable assurance that:</p> <ul style="list-style-type: none"> - The firm has an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are also included in the scope of the review: - The firm complies with that system: and - The firm and engagement teams have adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review. <p>For review of the audit partner the QA Program should be designed, as required by SMO 1, to obtain reasonable assurance that:</p> <ul style="list-style-type: none"> - The partner is subject to an adequate system of Quality Control relating to audits of financial statements of listed entities (and of other entities or engagements that are included within the scope of the review; - The partner complies with that system; and - The partner has adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review. 					

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<p>Individuals selected to participate in Quality Assurance are to be independent of the member (i.e. the accountant or firm being reviewed) and the member's clients selected for review. They must also have appropriate professional education, relevant professional experience, and specific training on performing quality assurance reviews. In 2009 and 2010 ICARM has already conducted 15 reviews and intends to increase this number considerably during the current year.</p>					
<i>Starting and Improving the Quality Program</i>					
1.	Q1-2011	Analyze the findings of the reviews, and determine weaknesses and strengths of the current system and where amendments may enhance the efficiency of the system.	Q2-2011	QA Committee	Staff + external consultants
2.	Q2-2011	Determine possible amendments to the program improving the efficiency of the system.	Q4-2011	QA Committee	Staff + external consultants
3.	Q2-2011	Consider how these amendments may improve the program.	Q1-2012	QA Committee	Staff + external consultants
4.	Q2-2011	Amend Quality Assurance Rulebook in order to reflect the finding of the first campaign.	Q4-2011	QA Committee	Staff + external consultants
5.	Q2-2011	Start 2012 campaign with amended rulebook.	Q2-2012	QA Committee	Staff + external consultants
<i>Public Information</i>					
6.	Q2-2011	Comment on IFAC technical pronouncements and urge main stakeholders to comment also, preferably with a convergent opinion.	Q3-2011	QA Committee	QA Committee + staff

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<i>Review of ICARM Compliance Information</i>					
7.	Q2-2011	Compute general statistics for external communication Include these statistics in the annual report on Quality Assurance for 2010.	Q3-2011	QA Committee	QA Committee + staff
8.	Q2-2011	Disclose on annual report information on Quality Assurance: the program and its objectives, the result and the key findings, and the main changes to be envisioned for the next campaign.	Q3-2011	QA Committee	QA Committee + staff
<i>Human Resources Development</i>					
9.	Q1-2012	Identify the manpower needed to satisfy the membership obligation.	Q1-2012	QA Committee	General Secretary
10.	Q1-2012	If human resources shortage for Quality Assurance control exists, then recruit a second quality reviewer.	Q1-2013	Managerial Board	General Secretary
<i>Organize Seminars and Formation Sessions for all Persons Involved in the Quality Assurance Process</i>					
11.	Q1-2010	Prepare specific education material for educators: application guides, videos, case studies covering specific following topics: <ul style="list-style-type: none"> • objectives and characteristics, • the controlee and his choice, • the controller and his behavior, • the manuals and process, and • the conclusions and the consequent actions 	Ongoing	QA Committee	ICARM Committees + staff

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12.	Q4-2010	Organize training sessions for educators, where issues listed in the previous point will be highlighted, focusing also on the role of Quality Assurance in the financial reporting framework and the impact of the previous year's campaign on the current year's program.	Ongoing	QA Committee	ICARM Committees + staff
<i>Review of ICARM Compliance information</i>					
13.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	QA Committee	General Secretary

Action Plan Subject: SMO 2 - International Education Standards (IESs)
Action Plan Objective: Convergence to the International Education Standards Applicable to the Profession

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Candidates are required to complete a program of professional accountancy education and a final assessment of professional capabilities and competencies prior to becoming a member of ICARM. The program of professional education is delivered by ICARM and is available for those students who have completed a bachelor's degree in the faculty of economics. Only students who pass the first level exams included in the Professional Accounting Education Program are eligible for the final assessment. In addition to entry, education and assessment requirements, ICARM requires candidates to complete three years of pre-qualification experience prior to attaining membership in ICARM. This requirement must be completed under the guidance of a registered firm. The achievement of practical experience should be monitored by the Institute, the firm and the student in the following manner:</p> <ul style="list-style-type: none"> • The student: periodic standardized activity report endorsed by the audit firm, delivered by the student to the Institute, attendance to training sessions organized under the control or approved by the Institute; • The audit firm: mentoring; and • The Institute: managing the experience period. Maintaining and updating the student record, validating the third year experience done abroad or in business, issue certificates when experience period completed. <p>Regarding Continuous Professional Education (CPD) and its monitoring, the audit law of December 2010 gives to ICARM responsibility to set and enforce continuing professional education. Some improvements could be made to the existing procedures in order to reinforce control over the CPD time spent by the members and to the monitoring system by the Institute.</p>					
<p><i>Monitoring the Pre-Qualification Period</i></p>					
14.	Q2-2011	Design future monitoring system, giving respective roles of the Institute, the mentor and the mentee.	Q4-2011	Education Committee	General Secretary

#	Start Date	Actions	Completion Date	Responsibility	Resource
15.	Q2-2011	Testing the management and oversight of the practical experience period with first years students.	Q4-2011	Education Committee	General Secretary
16.	Q2-2011	Finalize the procedures previously tested and standardize them.	Q4-2011	Education Committee	General Secretary
17.	Q4-2011	Disclose to all stakeholders the structure and function of the monitoring system.	Q1-2012	Education Committee	General Secretary
18.	Q1-2012	Official beginning of effective monitoring system implementation.	Q1-2012	Education Committee	General Secretary
<i>Reinforcement of CPD Monitoring</i>					
19.	Q3-2011	Prepare detailed CPD handbook for use of the Institute members, emphasizing the control exercised over members by the Institute.	Q2-2012	President	General Secretary
20.	Q3-2012	Reinforce the link with discipline obligation.	Ongoing	Education Committee	General Secretary
<i>Comment IAESBA Pronouncements</i>					
21.	Ongoing	Comment exposure drafts and other documents published by IESBA.	Ongoing	Education Committee	General Secretary
<i>Maintaining Ongoing Processes</i>					
22.	Ongoing	Continue to support implementation of internal education requirements with respect of initial formation and CPD programs.	Ongoing	General Secretary	General Secretary

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICARM Compliance information</i>					
23.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	President	General Secretary

Action Plan Subject: SMO 3 - International Auditing and Assurance Standards Board (IAASB) Pronouncements
Action Plan Objective: Translation and Implementation of IAASB International Audit standards and other related literature

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background :</i>					
The clarified standards issued by IAASB (ISA, International Standards on Review Engagements (ISRE), International Standards on Related Services (ISRS), International Standards on Assurance Engagements (ISAE)) have been translated into Macedonian language. The authority for this is given by the audit law. This responsibility also covers monitoring of their implementation and enforcement of these standards. However all that literature has an elevated high cost that could be reduced by an active co-operation with other institutes of the Balkan area in order to converge to the same version of the audit standard, allowing consistent audit reports.					
<i>Regional Consistency of the Standards</i>					
24.	Ongoing	Discuss with other institutes in the region the interest of having the standards translated at the same period from the same version of the original in English.	Ongoing	President	General Secretary
<i>Translation of ISAs and other IAASB Publications</i>					
25.	Ongoing	Translation of new standards and amendments of existing ones timely published and incorporated in education programs.	Ongoing	Audit Standards Committee	General Secretary
<i>Enforcement of IAASB Standards</i>					
26.	Ongoing	Elaboration of teaching materials for both initial education and CPD. Organization of seminars and conference on relevant topics.	Ongoing	Audit Standards Committee	General Secretary

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Comment IAASB Pronouncements</i>					
27.	Ongoing	Comment on exposure drafts and other documents published by IAASB.	Ongoing	President	General Secretary
<i>Maintaining Ongoing Processes</i>					
28.	Ongoing	Continue to support implementation of internal education requirements with respect of internal audit standards and other assurance standards.	Ongoing	General Secretary	General Secretary
<i>Review of ICARM Compliance Information</i>					
29.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	President	General Secretary

Action Plan Subject: SMO 4 - International Ethics Standards Board for Accountants (IESBA) Code of Ethics
Action Plan Objective: Promoting the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background :</i>					
The IESBA's Code of Ethics has been adopted by ICARM under the same conditions as the clarified ISAs. The 2009 version of the Code (effective 2010) has been translated into Macedonian language. Currently, there exists an important need and demand for education and training on the subject of ethics. An important volume of education material must be created and distributed to members and other stakeholders. A crucial point is to understand the difference between ethics and deontology.					
<i>Translation of Code of Ethics and other IESBA Pronouncements</i>					
30.	Ongoing	Translation of new standards amendments, interpretation of existing ones timely published and incorporated in education programs.	Ongoing	Ethics and Education Committees	General Secretary
<i>Enforcement of IESBA Standards</i>					
31.	Ongoing	Elaboration of teaching material for both initial formation and CPD. Organization of seminars and conferences on relevant topics.	Ongoing	Ethics and Education Committees	General Secretary
<i>Comment IESBA Pronouncements</i>					
32.	Ongoing	Comment on exposure draft and other documents published by IESBA.	Ongoing	President	General Secretary
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
33.	Ongoing	Continue to support implementation of internal education requirements with respect of Internal audit standards and other assurance standards.	Ongoing	President	General Secretary
<i>Review of ICARM Compliance Information</i>					
34.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	President	General Secretary

Action Plan Subject: SMO 5 - International Public Sector Accounting Standards (IPSAS)
Action Plan Objective: Assist Ministry of Finance in Implementing IPSAS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background :</i>					
IPSAS have been adopted by Macedonia as drafted and without amendment. According to the legal framework, IPSAS are not in the scope of responsibilities of ICARM. ICARM will work to provide support to the government as necessary (and within the scope of their remit) in order to support the adoption and implementation of IPSAS.					
<i>Lend Support as Necessary and Permitted to the Adoption and Implementation of IPSAS</i>					
35.	Q1 2012	Provide support as necessary and permitted to the government as it works to adopt and implement IPSAS.	Ongoing	Accounting Standards Committee	General Secretary
<i>Review of ICARM Compliance Information</i>					
36.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	President	General Secretary

Action Plan Subject: SMO 6 - Investigation & Discipline
Action Plan Objective: Reinforce the Rules and the Procedures for the Issues of Investigation and Discipline

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
Discipline matters are included in the rule book which is freely available to members and the general public through the ICARM website. Presently, efforts to update the current version are in progress. It is anticipated that these efforts will deepen the notions of independence of the members of the Ethics Committee and the protection of the rights of the defendant. It will also describe more precisely the procedures to be followed with respect to discipline and sanctions matters. A second review will be undertaken in the near future which will provide the Institute with insight on the past events.					
<i>Prepare New Rule Book</i>					
37.	Q3-2011	Reflect on current version of the rule book. Compose updated rules.	Q1-2012	Ethics Committee	General Secretary
38.	Q2-2012	Edit rules to incorporate comments and feedback.	Q2-2012	President	General Secretary
39.	Q2- 2012	Finalize and approve current version of the rule book which includes updated rules.	Q2-2012	President	General Secretary
<i>Discipline Teaching</i>					
40.	Ongoing	Measure effective application of the rules in a medium term period.	Ongoing	Ethics Committee	General Secretary
<i>Further Review</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
41.	Ongoing	Include knowledge of discipline in pre-qualification and CPD syllabus.	Ongoing	Ethics Committee	General Secretary

Action Plan Subject: SMO 7 - International Financial Reporting Standards (IFRSs)
Action Plan Objective: Assist the National Accounting Standards Commission with the Adoption and Implementation of IFRSs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background :</i>					
The accounting standards to be used in Macedonia are the IFRS as published in the Official Gazette of Macedonia. ICARM obligations in this field consist of translation, implementation, and promotion of the international standards and training of its member for acquiring knowledge, skills and experience.					
<i>Translation of IFRS</i>					
42.	Ongoing	Translate IFRS and IFRS Interpretations Committee (IFRIC) pronouncements on a timely basis and in compliance with IASB Translations policies and procedures.	Ongoing	Accounting Standards Committee	General Secretary
43.	Ongoing	Keep ICARM members informed of any change in the set of standards: additions, withdrawals, amendments to existing pronouncements through ICARM magazine and website.	Ongoing	Accounting Standards Committee	General Secretary
<i>Promotion of IFRS</i>					
44.	Ongoing	Familiarize members to IFRS through seminars, conferences, workshops and other educational material (case studies, e-learning, dedicated website...)	Ongoing	Accounting Standards Committee	General Secretary
<i>CPD</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
45.	Ongoing	Arrange specific sessions for educators who will have the responsibility of teaching IFRS to candidates and members.	Ongoing	Accounting Standards Committee	General Secretary
46.	Ongoing	Include compulsory training sessions on IFRS in the CPD program.	Ongoing	Accounting Standards Committee	General Secretary
<i>Contribution to Standard Setting</i>					
47.	Ongoing	Comment on technical pronouncement and urge main stakeholders to comment also, preferably with a convergent opinion.	Ongoing	Accounting Standards Committee	General Secretary
<i>IFRS – Small and Medium Enterprises (SME)</i>					
48.	Ongoing	Discuss the possible adoption of IFRS for SMEs as a stand-alone standard beside the full IFRS.	Ongoing	Accounting Standards Committee	General Secretary
49.	Ongoing	If IFRS for SMEs are adopted, give a definition of public interest and describe the various frameworks to be used.	Ongoing	Accounting Standards Committee	General Secretary
<i>Review of ICARM Compliance Information</i>					
50.	Ongoing	Periodic review of ICARM responses to IFAC compliance questionnaire and update the responses. Information shall be given to IFAC compliance staff for publishing the updates.	Ongoing	Accounting Standards Committee	General Secretary