

## **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 Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire for 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](http://www.ifac.org/ComplianceAssessment/published_surveys.php)

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member/Associate:</b>	The Chamber of Auditors of Azerbaijan Republic (CAAR)
<b>Original Publish Date:</b>	November 2009
<b>Last Update:</b>	September 2011
<b>Next Update:</b>	September 2012

## **GLOSSARY**

<b>A&amp;A</b>	Accounting and Auditing
<b>ACCA</b>	Association of Certified Chartered Accountants
<b>ACVS</b>	Audit Control and Verification Service
<b>AR</b>	Azerbaijan Republic
<b>ASEU</b>	Azerbaijan State Economic University
<b>CAAR</b>	Chamber of Auditors of Azerbaijan Republic
<b>CAAR Council</b>	Council of Directors (CAAR Managing Council)
<b>CAP-CIPA</b>	Certified Accountant Practitioner; Certified International Professional Accountant
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CoE</b>	Code of Ethics
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IAASB</b>	International Audit & Assurance Standards Board
<b>IES</b>	International Education Standards
<b>IEPS</b>	International Education Practice Statements
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standard on Quality Control
<b>MoE</b>	Ministry of Education
<b>MoF</b>	Ministry of Finance
<b>NAS</b>	National Accounting Standards
<b>NBA</b>	National Bank of Azerbaijan
<b>NSA</b>	National Standards on Audit
<b>PAET</b>	Practical Audit Experience Training
<b>PIE</b>	Public Interest Entities
<b>TTT</b>	Train The Trainers
<b>QA</b>	Quality Assurance
<b>QARP</b>	Quality Assurance Review Program
<b>QC</b>	Quality Control

**Action Plan Subject:** Statements of Membership Obligations (SMO) 1 and Quality Assurance  
**Action Plan Objective:** Implementation of a Quality Assurance System in Azerbaijan

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>According to the law on Auditing Services CAAR is entrusted with audit quality assurance (QA) for its members. The Quality Assurance Review Program (QARP) in Azerbaijan was recently reviewed and updated as part of the World Bank’s IDF grant. Statute on quality assurance review was prepared and approved on February 4, 2008. Control procedures, time of conducting the reviews and rules and procedures, as well as forms of compiling documents during control, and also control body structure and quality control inspectors (peer reviewers) were defined. According to the new system, CAAR’s department of audit quality control organizes control, and monitoring of audit processes to be conducted by professional certified auditors.</p> <p>CAAR is arranging different seminars on quality assurance in audit companies and organizing internal audit in the auditing companies.</p> <p>The Chamber of Auditors of Azerbaijan Republic (CAAR) prepared their version of a draft law of Azerbaijan Republic “On Auditing Services”, and new Quality Assurance Regulation (on the basis of the Quality Assurance (QA) of the International Federation of Accountants (IFAC) member body in Lithuania). CAAR has also established new training plans for specialists and professional education with regards to auditing. The QA review program is subject to change when the new Law on Auditing Services is adopted in Azerbaijan. At this point of time, the concrete time of its adoption is not yet defined.</p> <p>In February 2011 the new amended Law on Administrative Infringements was adopted by the Azerbaijan Parliament was approved. This law determines the administrative penalty for the companies which not pass the statutory audits. According to the CAAR’s estimates, about 14,700 enterprises fall under this legislation.</p>					
1.	January 2008	<p>Strive for the Draft Law on Audit Service to be passed</p> <p>In coordination with the Ministry of Justice, Ministries of Finance and Economic Development the project has been submitted to the Government</p>	February 2009 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
2.	2005	Translate SMO 1 into Azerbaijani and distribute the translated version to auditors, other stakeholders (students, educational institutions and etc.) together with Russian version taken from the official IFAC site . The statements on SMO 1 have been discussed during workshops held in 2005-2008. Those workshops have been organized at the Azerbaijan State University of Economy together with Price Waterhouse and Coopers.	December 2009 Completed	CAAR Management	The Apparatus of the Chamber of Auditors of AR
3.	2005	Continue to conduct workshops at the Azerbaijan State University of Economy with Price Waterhouse and Coopers.	August 2009 Completed	CAAR Management	The Apparatus of the Chamber of Auditors of AR
4.	2009	Training for auditors in compliance with SMO1	October 2009 Completed	CAAR Management	The Apparatus of the Chamber of Auditors of AR
5.	January 2007	Study the requirements of SMO1 and best practices, select the best system of QA reviews among members of IFAC	March 2007 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
6.	January 2007	Develop Quality Assurance rules and procedures on the basis of QA review program of Lithuanian Chamber of Auditors, including organizational structure, timetable of conducting the reviews, checklists and forms of compiling documents during reviews.	December 2007 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
7.	January 2008	Adopt Statute of CAAR's QA system	4 February 2008 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
8.	February 2008	Develop checklists of QA reviews and detailed procedures of QA reviews, report of the reviewer	January 2009 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
9.	May 2009	Develop training programs for peer reviewers	August 2009 Completed	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
10.	September 2009	Conduct initial peer reviews	Ongoing	Head of the Quality Control Board	CAAR management, Quality Control Board
11.	4 <sup>th</sup> Quarter 2009	Communicate the QA report to the public	Ongoing	Key Management of CAAR	Audit Quality Control Department
12.	2011	Implement Quality Assurance Reviews and continuously improve them in line with SMO 1 requirements	Ongoing	Key Management of CAAR	Audit Quality Control Department
13.	2011	Carry out quality assurance of the members in accordance with the adopted Action plan of the Chamber	Ongoing Annually	Key Management of CAAR	Audit Quality Control Department
<i>Implementation of International Standard on Quality Control (ISQC 1)</i>					
14.	April 2009	Translate and issue IFAC's ISQC1 in Clarity Format  Translate, publish and deliver translated version to the auditors	June 2009 Completed	Key Management of CAAR	Audit Legislation and Procedural Guidelines Department, Legal Department, Audit Quality Control Department.
15.	May 2009	Develop a training program which includes informing and training auditors about the quality control requirements	August 2009 Completed	Y.Namazaliyev	Audit Legislation and Procedural Guidelines Department, Legal Department, Audit Quality Control Department.

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
16.	2005	Establish and support new audit firms and auditors for Quality Control (QC) .to organize and develop a program and instructions in order to provide effective support to newly established audit firms. Include this type of assistance in each annual work plan. Provide auditors with audit standards, instructions, and statutory acts.	Ongoing	Audit Organization and Regulation Department	Audit Organization and Regulation Department. CAAR has
17.	April 2008	Collect opinions of the local Professional Audit Firms and independent auditors, and submit to Quality Control Board for consideration.	September, 2009 Completed	Audit Quality Control Department	CAAR members and Audit Quality Control Department
18.	January 2010	Study and translate (if necessary) Guide to Quality Control for Small- and Medium-Sized Practices, issued by IFAC in March 2009  Translate and publish the guide. CAAR Continues to work in this area.	December 2010 Partially Completed	Key Management of CAAR	CAAR members and Audit Legislation and Procedural Guidelines Department, Legal Department,
19.	2011	Hold a seminar “Guide to Quality Control for Small- and Medium-Sized Practices, issued by IFAC in March 2009”.	May 2013 Annually Completed	Key Management of CAAR	CAAR members and Audit Legislation and Procedural Guidelines Department, Legal Department,

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
20.	Ongoing	Continue to ensure that CAAR's QA review is operating effectively and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	Ongoing	Key Management of CAAR	CAAR members and Audit Quality Control Department. New QC Regulations includes the framework for this activity, organization of review groups, conduction terms, the sequence of appropriate procedures, documentation, reporting and making public. Appropriate measures taken for organization of internal control by audit firms are supervised by CAAR
<i>Review of CAAR's Compliance Information</i>					
21.	Ongoing	Perform periodic review of CAAR's response to the IF AC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated, inform IF AC Compliance staff about the updates in order for the Compliance staff to republish updated information	Ongoing	Key Management of CAAR	CAAR members and Audit Quality Control Department

**Action Plan Subject:** SMO 2 and International Education Standards (SMO2 və Beynəlxalq Təhsil Standartları)  
**Action Plan Objective:** Enhance monitoring of Continuing Professional Development (CPD)

	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Candidates for CAAR’s membership have to complete CAAR’s program for professional accountancy education, which comprises three-year practical experience and a final assessment. CAAR is regularly translating and adopting International Education Standards (IES) pronouncements, and continues to publish those pronouncements for public consideration, and presents these pronouncements to the appropriate governmental authorities. Professional education is delivered by CAAR, universities and approved training institutions.</p> <p>CAAR has studied the requirements of International Education Standards and appropriate requirements of the 8<sup>th</sup> EC Directive and included them into new draft law. CAAR also issues textbooks on Audit which is used by the key universities. In 2011 the second edition will be released.</p> <p>CAAR has signed a memorandum of cooperation with Azerbaijan State Economic University and ACCA to fulfill the requirements of IES. Training activities are conducted by ACCA together with its education providers represented in Azerbaijan Teachers of Azerbaijan State Economic University , Azerbaijan University regularly attend the processes of examination of CAAR’s training programs. CAAR and Training providers appointed by ACCA in Azerbaijan held several seminars. The requirements and subjects of examinations for auditors are determined on the basis of IES.</p> <p>CAAR’s Board annually adopts the action plan with the objective to study the advanced experience of foreign countries in developing audit legislation, the requirements of the international professional bodies’, professional education of auditors, especially in the sphere of audit quality control. CAAR’s Department on Research and Education has established “Foreign audit experience school” for CAAR’s employees. Starting with 2004, seminars and classes were held on a regular basis and the available materials on best practices of foreign experience were discussed. The lecturers and presenters were CAAR’s members and staff, auditors from “Big 4”, ACCA, World Bank representatives, audit companies and regulation agencies of Azerbaijan..</p> <p><i>Sanctions and Continuous Professional Development (CAAR)</i></p>					

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
22.	2002	Study the relevant provisions of Statement 2 of Membership Obligations of IFAC and IES 1-8.	Ongoing	Key Management of CAAR, Sabuhi Gulmammadov Director of CAAR's Department of Research and Trainings Director of Research and Education Center	
23.	January 2007	Incorporate the relevant provisions into the Draft Law on Audit Service.	December 2007 Completed		
<i>Maintaining Ongoing Processes</i>					
24.	Ongoing	Maintain the ongoing process to monitor new and revised standards and incorporate them into education and examination requirements.  In this area events included work plan of CAAR for 2011-2013	Ongoing	Key Management of CAAR, Director of Research and Education Center & Examination Board	CAAR members

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
25.	Ongoing	Incorporate all IES requirements into CAAR educations requirements. This includes use of best endeavors to ensure implementation of IFAC updates.	Ongoing	CAAR's Executive Staff, Director of Research and Education Center	CAAR staff. Topics of examinations held for obtaining an auditor title have been revised according to requirements of IESs and being applied as of 2005.
<i>Review of CAAR's Compliance Information</i>					
26.	Ongoing	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR's Executive Staff, Advisor to Chair of CAAR on Methodological Issues	Audit Legislation and Procedural Guidelines Department, External Relations Department, Information Technologies Division

**Action Plan Subject:** SMO 3 and International Auditing and Assurance Standards  
**Action Plan Objective:** Further improve and maintain processes for ongoing convergence with the International Audit & Assurance Standards Board (IAASB) Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In August 2005 CAAR’s Board decided to adopt and implement IAASB’s International Standards on Auditing (ISAs). Between 2005-2009, CAAR was conducting preparatory work on translation of ISAs, in addition to developing a list of key terms and training programs.</p> <p>In the past, CAAR prepared the national auditing standards, which were further confirmed by the Ministry of Justice and published for the public consideration. The existing Law on Audit Services defines the notions of audit, independent auditor, and audit firm; specifies the requirements to become an auditor; and outlines the rights, responsibilities, and liability of the auditor. However, neither the Law on Audit Services (1994), nor any other legislative act defines which audit standards are to be used by auditors or makes references to auditing standards. In the absence of a clear legal requirement, CAAR was issuing national auditing standards based on a translation and adaptation of ISA of various years of publication by IFAC.</p> <p>The new draft Audit Law, prepared by CAAR and discussed with many international organizations, has a provision for CAAR to be responsible for setting auditing standards. In April 2008 a memorandum on translation of the ISAs was signed with IFAC and so far, the translation activities were carried out in 3 main directions:</p> <ul style="list-style-type: none"> <li>- Translation of ISAs into Azerbaijani by professional translators;</li> <li>- Professional editing of the translated materials</li> <li>- Correction and editing of translated materials</li> </ul> <p>The process was carried out in the basis of an individual approach to each standard. The editing process was carried out once a week under the leadership of CAAR’s chairman and involving professional auditors and members of the Big Four. During the process, the translations are also compared with Russian and Turkish translation versions. The correction and editing processes was conducted by professional linguists. “Professional ethics of professional accountants and International audit standards “Handbooks (796 pages) published in December, 2009 and was to auditors. Azerbaijan implemented ISAs in January 2010. Between 2011-2013 the work plan that was established aimed for the translation and publication of the ISAs.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	August 2005	Fully implement ISAs by August 30, 2005. Sign a Memorandum with IFAC for translating and issuing ISAs in the national language to be delivered to the auditors.	July 2009 Completed	CAAR Executive Staff and respective board	Sponsorship of CAAR members and at CAAR's own expense.
28.	January 2010	Decide on the implementation of the ISAs and hold a seminar on this subject	January 2010 Completed	Board of the Chamber	
29.	August 2008	Professionally edit ISA translations.	April 2009 Completed	CAAR Executive Staff	Contractor as agreed. Professional edition of translated standards are carried out simultaneously. Standards up to No 530 have been edited until now. Representatives of audit firms, Big Four and CAAR officers have been involved into professional editing groups.
30.	January 2009	Communicate the translated ISAs to CAAR members and publish on CAAR website <a href="http://www.audit.gov.az">www.audit.gov.az</a> .	April 2009 Completed	Financial and Economic department, Information Technologies Division	CAAR members

#	Start Date	Actions	Completion Date	Responsibility	Resource
31.	February 2009	Prepare workbooks about implementation of audit standards.	December 2009 Ongoing	Audit Legislation and Procedural Guidelines Department, Task force for Standard Setting	Audit Legislation and Procedural Guidelines Department, Task force for Standard Setting
32.	September 2009	Develop and conduct training of Clarity ISAs to CAAR's members	Ongoing	Sabuhi Gulmammadov	CAAR Employees
33.	September 2009	In 2010-2011 hold seminars about application of ISAs	Ongoing	Sabuhi Gulmammadov	CAAR Employees
34.	August 2009	Maintain efficient support to auditors in connection with implementation of ISAs	Ongoing	Audit Organization and Regulation Department	CAAR members. Workshop sessions for auditors are planned to be held within practical support framework and articles will be published in the journal of Economy and Audit
<i>Maintaining Ongoing Processes</i>					
35.	Ongoing	Continue to support ongoing convergence with IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CAAR Executive Staff, Directors of Departments concerned, Chairs of Boards concerned	Respective boards members, technical staff responsible for respective boards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CAAR's Compliance Information</i>					
36.	Ongoing	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IF AC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR staff

**Action Plan Subject:** SMO 4 and the International Ethics Standards Board for Accountants (IESBA)  
**Action Plan Objective:** Further improve and maintain processes to ensure ongoing convergence with the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
In December 2009 the Code of Ethics was translated, published and delivered to the auditors. The Code of Ethics is currently being updated to reflect the recent revised IESBA's Code of Ethics.					
<i>Updating the Code of Ethics</i>					
37.	July 2008	Translate IESBA Code of Ethics.	July 2009 Completed	CAAR Executive Staff and Board of Ethics	Board of Ethics and respective departments
38.	September 2008	IESBA Code of Ethics is professionally edited and prepared to be issued.	September 2009 Completed	Editing and Publishing Department	CAAR Executive Staff, Editing and Publishing Department
39.	January 2009	Publish Code of Ethics	2010 Completed	Editing and Publishing Department	Editing and Publishing Department, Financial and Economic Department
40.	2011	Initiate the translation and publication process of the new 2009 version of Code of Ethics	2012		
41.	November 2008	Communicate Code of Ethics requirements to CAAR members.	Published in the journal of Economy and Audit	Board of Ethics, Audit Organization and Regulation Department	CAAR members

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education and Promotion Activities</i>					
42.	January 2009	Research and Education Department and Examination Board of CAAR review changes in IESBA Code of Ethics and update the curricula for professional education, training and examination programs.	July 2009 Completed	Director of Research and Education Center, Examination Board	CAAR members
43.	February 2009	Updates to the curricula are proposed to the CAAR Council for approval.	August, 2009 Completed	Director of Research and Education Center	CAAR members and CAAR Council members
44.	Ongoing	Publish IFAC updates and discussion drafts on the CAAR website <a href="http://www.audit.gov.az">www.audit.gov.az</a> and in the CAAR journal "Economy and Audit"	Ongoing	Editing and Publishing Department, External Relations Department, Information Technologies Division	CAAR respective departments
<i>Monitoring Activities</i>					
45.	January 2009	Maintain monitoring activities to ensure that CAAR members address all requirements of the Code of Ethics.	Ongoing	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR members

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
<i>Maintaining Ongoing Processes</i>					
46.	November 2008	Communicate IFAC updates to the Code of Ethics to CAAR members	Ongoing	Audit Organization and Regulation Department	CAAR members
<i>Review of CAAR's Compliance Information</i>					
47.	Ongoing	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR staff

**Action Plan Subject:** SMO 5 and International Public Sector Accounting Standards (IPSAS)  
**Action Plan Objective:** Continue to use best endeavors to promote the use of IPSASs in Azerbaijan

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The Ministry of Finance of Azerbaijan is responsible for establishing public sector accounting standards. It has established convergence with International Public Sector Accounting Standards (IPSAS) as an objective. The adoption is expected to start in 2009. The CAAR cooperates on preparing the project of these standards with the Ministry of Finance. CAAR makes recommendations for promoting IPSASB pronouncements.</p>					
<i>Promote the use of IPSASs</i>					
48.	Ongoing	Continue to support implementation of IPSASs through participation in the IPSASB work program and maintaining an ongoing process to translate IPSASs into Azerbaijani.	As per grant project schedule	CAAR Executive Staff	CAAR staff. To be carried out within World Bank's CAPSAP grant project
49.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	As per grant project schedule	CAAR Executive Staff	CAAR staff. To be carried out within World Bank's CAPSAP grant project

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CAAR's Compliance Information</i>					
50.	Ongoing	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR Executive Staff	CAAR staff

**Action Plan Subject:** SMO 6 and Investigation and Discipline

**Action Plan Objective:** Continue to use best endeavors to maintain an investigation and disciplinary mechanism that addresses all SMO 6 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
Although CAAR has established a mechanism for investigating and disciplining (I&D) its members, up till recently only a relatively small number of cases have been heard. Recently, CAAR established the Commission on Discipline. Investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members and other related issues are considered by the Commission and appropriate arrangements are proposed.					
<i>Ensuring I&amp;D mechanism is in line with SMO 6 requirements</i>					
51.	January 2010	Review CAAR's I&D systems against SMO 6 to identify areas for improvement and also correct its Part 2 response as necessary.  Review its I&D resources to ensure they are sufficient to allow for any possible non-compliance to be effectively addressed and sanctions to be issued in accordance with SMO 6's requirements.	December 2010 Completed	CAAR Management	CAAR employees and members

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
52.	Ongoing	Continue to use best endeavors to ensure CAAR's investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
<i>Review of CAAR's Compliance Information</i>					
53.	Ongoing	Perform periodic review of CAAR's response to the IF AC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IF AC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR Executive Staff	CAAR staff

**Action Plan Subject:** SMO 7 and International Financial Reporting Standards  
**Action Plan Objective:** Continue to use best endeavors to support the Ministry of Finance ongoing program for adoption and implementation of International Financial Reporting Standards (IFRSs)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Ministry of Finance is responsible for accounting standard setting in Azerbaijan. The need for accounting reform was recognized by the Government of Azerbaijan in 2004 when the new Law on Accounting was adopted. The Law is focused on changing the role and significance of accounting and financial reporting in Azerbaijan and aligning it with good international practices in addition to setting the foundation for the development of National Accounting Standards (NAS), based on IFRS, for medium-sized enterprises. According to the new Law, the Public Interest Entities (PIEs) should implement IAS and IFRS as of 2008.</p> <p>CAAR is also an active member of an Advisory Board of the Ministry of Finance, responsible for preparing National Accounting Standards.</p>					
54.	Ongoing	Continue to support the implementation of IFRS in Azerbaijan through promoting the translated IFRSs, providing training and education in IFRS, and actively participating in the International Accounting Standards Board's (IASB's) work program.	September-October 2009 Ongoing	CAAR Executive Staff  Director of the Center	CAAR staff  Vali Rahimov (director of CAAR's Department of Finance), Najaf Talibov CAAR Education Center
55.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.	Ongoing	CAAR Executive Staff	CAAR staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CAAR's Compliance Information</i>					
56.	Ongoing	Perform periodic review of CAAR's response to the IF AC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary. Once updated inform IF AC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CAAR Executive Staff	CAAR staff