

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

Use of Information

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

ACTION PLAN

IFAC Member/Associate:	The Chamber of Auditors of Azerbaijan Republic (CAAR)
Original Publish Date:	December 2009
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GLOSSARY

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

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Implementation and ongoing improvement of a Quality Assurance System in Azerbaijan

Background:

According to the law on Auditing Services http://www.audit.gov.az/uploads/Auditor_xidmeti_haqqinda_qanun_eng.pdf, CAAR is entrusted with quality assurance (QA) over audit services of its members. The Quality Assurance Review Program (QARP) in Azerbaijan was initially reviewed and updated as part of the World Bank's IDF grant. Later, a Statute on quality assurance review was prepared and approved on February 4, 2008. This regulation was further improved in 2008-2013 and it is currently being implemented. The revised version of SMO 1 requirements have been included in the Regulation. Quality Assurance procedures, time of conducting the reviews and rules and procedures, as well as forms of compiling the documents during the QA reviews, and also a structure of the controlling body and quality control inspectors (peer reviewers) were defined. According to the new system, CAAR's department of audit quality assurance organizes QA reviews, and monitoring of audit processes to be conducted by professional certified auditors. Since January 2012, CAAR introduced a quality assurance system compliant with ISQC1 (adopted in 2009) and ISA 220 (Clarity).

In line with the decisions of the Council of CAAR of August 5, 2012, the committee has been set up and the REGULATIONS of Chamber of Auditors have been affirmed. Based on the decisions of the Council of CAAR of August 26, 2012 the inspectors of international quality assurance committee have been appointed and « *The rules of activities of audit organizations, independent auditors, the quality of the audits conducted by the auditing standards of the reporting form for verification of compliance with the existing legislation*» have been developed.

CAAR is arranging different seminars on quality assurance in audit companies and organizing internal audit in the auditing companies. 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.

In February 2011, the Azerbaijan Parliament adopted the new amended Law on Administrative Infringements. This law determines the administrative penalty for the companies, which did not pass the statutory audits. According to the CAAR's estimates, about 14,700 enterprises fall under this legislation. (14,700 enterprises - companies that are subject to audit. Audit organizations and the independent auditors are subject to the QA control.) On 28 August 2013, the Azerbaijani President approved the "Law on Regulation of Audits of Enterprises and Protection of Entrepreneurs' Interests" (hereinafter the Law). The Law sets the goals and principles of audits of enterprises in Azerbaijan, the rules for conducting audits, the rights and obligations of auditing authorities and their officials, and requirements for the protection of entrepreneurs' rights and interests. The Law applies to various types of audits, including on-site audits, inspections, and monitoring. However, except for a few articles, the Law does not apply to tax audits and visits and checks of state-owned monopolist service providers (e.g. utilities companies). The Law will come into effect on 1 March 2014. In 2013, CAAA conducted 38 QA reviews. Since 2013, when CAAR adopted a three year cycle of the reviews, there are about 20-30 QA reviews per year. Only audit firms are subject to reviews.

All internal CAAR regulations may be found at <http://www.audit.gov.az/index.php?type=content&subid=45&cid=45>

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	2005	Continue to conduct workshops at the Azerbaijan State University of Economy with PriceWaterhouse and Coopers. The Chamber of Auditors regularly holds the seminars each year	August 2009 Completed	CAAR Management	The Apparatus of the Chamber of Auditors of AR
2.	2009	Training for auditors in compliance with SMO1 Every year, SMO1 subject is included into the syllabus of training courses of audit professionals	October 2009 Completed Ongoing	CAAR Management	The Apparatus of the Chamber of Auditors of AR
3.	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
4.	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
5.	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
6.	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

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	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
8.	September 2009	Conduct initial peer reviews	2009 Completed	Head of the Quality Control Board	CAAR management, Quality Control Board
9.	4 th Quarter 2009	Communicate the QA report to the public	Ongoing	Key Management of CAAR	Audit Quality Control Department
10.	2011	Implement Quality Assurance Reviews and continuously improve them in line with both current and revised SMO 1 requirements	2014, Continuous	Key Management of CAAR	Audit Quality Control Department
11.	2011	Carry out quality assurance of the members	Ongoing Annually	Key Management of CAAR	Audit Quality Control Department
12.	2014	Expand the application of International Standards for Audit Quality Control	2014-2020	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
13.	2014	Ensure public oversight over the Audit Quality / As a collegiate public control is carried out by a committee consisting of representatives from all stakeholders.	2015	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
14.	2014	Implementation of control over the observance of ethical principles	2014- 2020	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
15.	2014	Implementation of institutional and legal measures for ensuring external control for Audit Quality Control	2015-2016	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
<i>Implementation of International Standard on Quality Control (ISQC 1)</i>					
16.	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.
17.	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
18.	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
19.	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

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	January 2010	Study and translate (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.	2012 Completed	Key Management of CAAR	CAAR members and Audit Legislation and Procedural Guidelines Department, Legal Department
21.	2011	Hold a seminar "Guide to Quality Control for Small- and Medium-Sized Practices, issued by IFAC in March 2009".	May 2013 Completed	Key Management of CAAR	CAAR members and Audit Legislation and Procedural Guidelines Department, Legal Department
<i>Maintaining Ongoing Processes</i>					
22.	July 2013	Continue to ensure that CAAR's QA review is operating effectively and continues to be in line with the revised SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	July 2014 Continuous	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>					
23.	Ongoing	Perform periodic review of CAAR's response to the IFAC 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

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	January 2011	Ensure full performance of obligation on exercise of Quality Assurance for CAAR members in compliance with SM01 requirements	Ongoing	CAAR Executive Staff, Quality Control Board	Members of the Quality Control Board, Quality Control Department
25.	January 2011	Investigation of compliance of CAAR internal documentation on quality control with international audit and accounting standards and identifying their actuality.	Ongoing	CAAR Executive Staff, Special Commission on Development of Audit Rules and Standards	Quality Control Department, Members of the Special Commission on Development of Audit Rules and Standards

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Enhance monitoring of Continuing Professional Development (CPD)

Background:

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 (IESs) pronouncements, 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.

CAAR has studied the requirements of International Education Standards and appropriate requirements of the 8th EC Directive and included them into the new draft law. This Draft is the Law of AR " On auditor’s Activity". CAAR also issues textbooks on Audit which is used by the key universities, in 2011, the 2nd edition of this textbook was published.

CAAR has signed a memorandum of cooperation with Azerbaijan State Economic University and ACCA to fulfill the requirements of IESs. 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 IESs.

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.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Sanctions and Continuous Professional Development (CAAR)</i>					
26.	2002	Study the relevant provisions of SMO 2 of Membership Obligations of IFAC and IESs 1-8.	Ongoing	Key Management of CAAR, Sabuhi Gulmammadov Director of CAAR’s Department of Research and Trainings Director of Research and Education Center	

#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	January 2007	Incorporate the relevant provisions into the Draft Law on Audit Service.	December 2007 Completed		
<i>Maintaining Ongoing Processes</i>					
28.	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
29.	2013	Incorporate all revised IESs requirements into CAAR educations requirements. This includes use of best endeavors to ensure implementation of IFAC updates.	2015	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
30.	January 2012	Increase the number of auditor training programs including ACCA, AICPA, IMA, CGA certification	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Professional Development Commission, Personnel Training, International Relations and Publishing Department
31.	2013	Adjusting the requirements for obtaining qualification of the auditor to the international requirements including the qualification requirements of IFAC	2015	CAAR Executive Staff Personnel Training International Relations and Publishing Department	Professional Development Commission, Personnel Training, International Relations and Publishing Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
32.	2010	Development of professional development programs on financial management and internal audit for the auditors willing to switch from auditor's profession to activity in finance, internal audit and other areas.	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, «Аудит-Азербайжан» Institution
33.	2010	Implementation of certification programs on Financial Management and Internal Audit	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department
34.	2013	Arrangement of short-term courses and seminars in the area of finance, legal accounting and audit for non-member audience	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department
35.	2013	Administration of revision of the mechanism of conducting Quality Control and practical experience of classification of control entity	2013 Completed	CAAR Executive Staff Quality Control Board	Quality Control Board and Quality Control Department
36.	2013	Organization of mutual relations with other IFAC members aimed to study of existing experience of auditors on application of monitoring and control mechanisms in compliance with IES-5.	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	2013	Organization of mutual relations with other IFAC members aimed to study of existing experience of auditors on application of monitoring and control mechanisms in compliance with IES-5.	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees
37.	2013	Application of practical experience advanced methods on conducting activity control and monitoring	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
38.	2014	Development of the qualification chartered accountants who have competence to provide audit services and possess extensive business knowledge	2015	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
39.	2014	Increase the intensity and range of vocational courses	2014-2015	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	2013	Organization of mutual relations with other IFAC members aimed to study of existing experience of auditors on application of monitoring and control mechanisms in compliance with IES-5.	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees
40.	2014	Organize mandatory continuous professional development (CPD) courses in theoretical and practical directions	2014-2020	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
41.	2014	Take into account requirements of International Education Standards to improve organization and application multi-tiered system of exams for getting qualification of the auditor	2016	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
42.	2014	Expand of thematic lectures, seminars, trainings, round tables, scientific-practical conferences and other additional events for improvement of professional level of auditors	2014-2020	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	2013	Organization of mutual relations with other IFAC members aimed to study of existing experience of auditors on application of monitoring and control mechanisms in compliance with IES-5.	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees
43.	2014	Inclusion and training of added changes and additions to International Audit Standards and Ethics Code of Professional Accountants to programs of CPD for auditors	2014-2020	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
44.	2014	Prepare certified staff who have extensive business knowledge and competence of the expert for provision audit services	2015-2017	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
<i>Review of CAAR's Compliance Information</i>					
45.	2013	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to the revised SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Continuous	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—International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Further improve and maintain processes for ongoing convergence with the International Audit & Assurance Standards Board (IAASB) Pronouncements

Background

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.

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.

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:

- Translation of ISAs into Azerbaijani by professional translators;
- Professional editing of the translated materials
- Correction and editing of translated materials

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 targeted to auditors. Azerbaijan implemented ISAs in January 2010. For 2011-2013 the work plan was established aimed for the translation and publication of the Clarity ISAs. As the interim arrangement, before the Clarity Translation of the 2010 IAASB Handbook translation into Azeri language was finalized, CAAR purchased translated Handbooks of the Russian translation of the ISAs, performed by the IFAC member body in Russia, RCA. Currently, according to the memorandum signed with IFAC, translation of Handbook of 2014 to Azerbaijan is on its way in accordance with requirements of the Translation Strategy of IFAC.

#	Start Date	Actions	Completion Date	Responsibility	Resource
46.	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.

#	Start Date	Actions	Completion Date	Responsibility	Resource
47.	January 2010	Decide on the implementation of the ISAs and hold a seminar on this subject	January 2010 Completed	Board of the Chamber	
48.	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.
49.	January 2009	Communicate the translated ISAs to CAAR members and publish on CAAR website www.audit.gov.az .	April 2009 Completed	Financial and Economic department, Information Technologies Division	CAAR members
50.	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
51.	September 2009	Develop and conduct training of Clarity ISAs to CAAR's members	Ongoing	Sabuhi Gulmammadov	CAAR Employees
52.	September 2009	In 2010-2011 hold seminars about application of ISAs	Ongoing	Sabuhi Gulmammadov	CAAR Employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
53.	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>					
54.	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
<i>Review of CAAR's Compliance Information</i>					
55.	2013	Arrangement for study of new projects of international audit standards: -Conducting trainings and seminars on ISA study -Conducting events devoted to the increase of interest to ISA application	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	Members of the Special Commission on Development of Audit Rules and Standards, CAAR employees
56.	2013	Coordination of possible methods on exchange of methodological materials on the application of standards with other professional organizations	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	2010	Familiarizing CAAR members with the activity principles of the International Audit & Assurance Standards Board (IAASB) and arrange their provision with the documents of the board	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees
58.	2014	Translation and publication of International Audit Standards(the 2014 version)	2014	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
59.	2014	Translation and publication of International Audit Standards Statements	2015-2016	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
60.	2014	Translation and publication of International Audit Standards for SMEs	2015-2016	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
61.	2014	Launching the application of audit standards for SMEs	2016	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
62.	2014	Improvement of existing “The rules of examination for getting a title of auditor” and “The rules for CPD for auditors” taking into account requirements of International Educational Standards	2015	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
63.	2014	Implementation of multi-tiered system of exams for getting auditor’s qualification in Azerbaijan according to recommendations of International Federation of Accountants (IFAC)	2016	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
64.	2014	Achieving implementation of the system of Audit quality control	2014-2020	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
65.	2014	Inclusion and training of added changes and additions to International Audit Standards and Ethics Code of Professional Accountants to CPD program for auditors	2014-2020	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
66.	2014	Preparation and application of exemplary audit standards inside firms for national audit organizations	2015-2017	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
67.	2014	Forming of regular seminars to application of International Audit Standards and Ethics Code of Professional Accountants	2014-2020	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Further improve and maintain processes to ensure ongoing convergence with the IESBA Code of Ethics

<i>Background:</i>					
In December of 2009 the IESBA's 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.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Updating the Code of Ethics</i>					
68.	July 2008	Translate IESBA Code of Ethics.	July 2009 Completed	CAAR Executive Staff and Board of Ethics	Board of Ethics and respective departments
69.	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
70.	January 2009	Publish Code of Ethics	2010 Completed	Editing and Publishing Department	Editing and Publishing Department, Financial and Economic Department
71.	2011	Initiate the translation and publication process of the new 2009 version of Code of Ethics	2012 In progress		
72.	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
73.	2014	Translation and publication of the IESBA's Ethics Code of Professional Accountants	2015	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards.	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
74.	2014	Holding of regular seminars on the implementation of Ethics Code of Professional Accountants	2014-2020	Board of Ethics, Audit Organization and Regulation Department	CAAR members
<i>Education and Promotion Activities</i>					
75.	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
76.	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
77.	Ongoing	Publish IFAC updates and discussion drafts on the CAAR website www.audit.gov.az and in the CAAR journal "Economy and Audit"	Ongoing	Editing and Publishing Department, External Relations Department, Information Technologies Division	CAAR respective departments

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Monitoring Activities</i>					
78.	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
<i>Maintaining Ongoing Processes</i>					
79.	November 2008	Communicate IESBA's 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>					
80.	2013	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to the revised SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	2014	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR staff
81.	2013	Continuous update of the <i>Code of Ethics</i> of Azerbaijan auditors and placing them on CAAR internet site.	Continuous	CAAR Executive Staff, Auditor's Professional Ethics Committee, Department of Audit Legislation and Legal Provision	CAAR Executive Staff, Auditor's Professional Ethics Committee, Department of Audit Legislation and Legal Provision, Consultation Assembly

#	Start Date	Actions	Completion Date	Responsibility	Resource
82.	Ongoing	Identification of possibilities to effect application of the IESBA's <i>Code of Ethics</i>	Ongoing	CAAR Executive Staff, Auditor's Professional Ethics Committee	Auditor's Professional Ethics Committee

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to use best endeavors to promote the use of IPSASs in Azerbaijan

<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 started in 2009.</p> <p>The Corporate and Public Sector Accountability Project (CAPSAP) is an important component of the World Bank Group's Country Partnership Strategy (CPS) for Azerbaijan. CAPSAP supports the implementation of the Accounting Law enacted in November 2004, which mandates transition to International Financial Reporting Standards (IFRS) for Public Interest Entities (PIEs - those commercial entities where the government of Azerbaijan deems there to be a public interest in their operations), the domestic National Accounting Standards for Commercial Organizations (NASCO) for other commercial entities (non-Public Interest Entities), and International Public Sector Accounting Standards (IPSAS) for budget organizations.</p> <p>This law represented a major step forward in addressing transparency and accountability in the corporate and public sectors, and its development was supported by the IDA under accounting and auditing Report on the Observance of Standards and Codes (ROSC) technical assistance.</p> <p>IPSAS as of 2011 have been fully translated into the Azerbaijani language; Regulation “on the organization and conduct of accounting in compliance with the National Accounting Standards for public institutions” has been approved.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the use of IPSASs</i>					
83.	Ongoing	Continue to support implementation of IPSASs through participation in the IPSASB work program and maintaining an ongoing process to translate IPSASs into Azerbaijani. This program is implemented by the Ministry of Finance of AR and if necessary consultations are held with the CAAR	As per grant project schedule	CAAR Executive Staff	CAAR staff. To be carried out within World Bank's CAPSAP grant project
84.	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>					
85.	2014	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to the revised SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	2015	CAAR Executive Staff	CAAR staff
86.	Ongoing	Develop application of IPSAS of the Azerbaijan Republic in the auditors' practice	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Financial Department
87.	2013	Providing CAAR members with information on IPSAS	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department
88.	2012	Organization of Round Tables on the issues related to application of IPSAS for CAAR members	Continuous	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department
89.	2013	Preparation of plans on relationships with executive bodies responsible for IPSAS adoption and CAAR activity program for 2013-2014 on IRFS application in public sector	2014 Completed	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, CAAR Structural Divisions

Action Plan Subject: SMO 6–Investigation and Discipline

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

<i>Background:</i>					
<p>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.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ensuring I&D mechanism is in line with the revised SMO 6 requirements</i>					
90.	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.	December 2010 Completed	CAAR Management	CAAR employees and Members
91.	2013	Review CAAR's I&D policies and resources to ensure compliance with the revised SMO 6 requirements.	2014 Completed	CAAR Management	CAAR employees and Members
92.	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

#	Start Date	Actions	Completion Date	Responsibility	Resource
93	2014	Ensuring transparency in the audit processes	2014-2020	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
94.	2014	Strengthening auditors cooperation with money laundering and anti-corruption bodies	2014-2020	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
95.	2014	Ensuring transparency and rotation in the selection auditors	2015	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
96.	2014	Implementation of events related to publication of financial reports with statutory auditor reports by mandatory audit facilities	2014-2015	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

#	Start Date	Actions	Completion Date	Responsibility	Resource
97.	2014	Application of control system observing to ethical principles	2014-2020	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
98.	2014	Implementation of sustainable maintenance of obligation which The Law of Azerbaijan Republic on "Legislation on criminally obtained funds or other property and financing of terrorism" create for independent auditors and audit	2014-2020	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
99.	2014	Implementation of measures in the field of ensuring fair competition and avoidance of monopoly	2014-2016	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
100.	2014	Preparation and implementation of measures regarding elimination of existing unfair competition and preventing conflict of stakeholders in audit services	2014-2020	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

#	Start Date	Actions	Completion Date	Responsibility	Resource
101.	2014	Expand the application of strong sanctions for poor audit	2014-2020	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>					
102.	2013	Perform periodic review of CAAR's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to the revised SMO 6 as necessary. Once updated inform IF AC Compliance staff about the updates in order for the Compliance staff to republish updated information.	2014	CAAR Executive Staff	CAAR staff
103.	2013	In accordance with the provided procedure ensure control over analysis and performance of amendments and modifications to be made by CAAR Ethics Committee to the Law of the Azerbaijan Republic <i>On Audit Service</i>	Ongoing	CAAR Executive Staff, Auditors' Professional Ethics Committee, Department of Audit Legislation and Legal Provision	CAAR Executive Staff, Auditors' Professional Ethics Committee, Department of Audit Legislation and Legal Provision, Consultation Assembly
104.	2013	Development and approval of the list defining degree of responsibility of CAAR members for violation of discipline	2015	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee
105.	Continuous	Assurance of disclosure CAAR Auditors' Professional Ethics Committee issues and placement of the results of the aforementioned issues, as well as adopted resolutions on CAAR internet site	Continuous	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
106.	2010	Defining consideration terms for violation of discipline	Completed	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee
107.	2013	Development and approval of the procedure on consideration of CAAR incoming requests and claims	Continuous	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee
108.	2010	Analysis of compliance of CAAR members activity with current professional requirements and standards and effectiveness of application of discipline effect mechanism	Ongoing	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee
109.	2013	Introducing modifications to the procedures on acceptance of requests and claims at CAAR with consideration of conducted analysis	Continuous	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
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)

Background:

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.

IFRS 2011 have been translated into the Azerbaijani language and posted on the MoF website.
 CAAR is also an active member of an Advisory Board of the Ministry of Finance, responsible for preparing National Accounting Standards.

#	Start Date	Actions	Completion Date	Responsibility	Resource
110.	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
111.	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>					
112.	Ongoing	Perform periodic review of CAAR's response to the IFAC 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
113.	2011	Generalization and promoting awareness of the practice aimed to IFRSs implementation in consecutive and single form	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
114.	2009	Participate in the development of normative legal acts on audit, accounting and reporting based on international standards	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
115.	2009	Participate in development of the offer on training and expansion of specialization of specialists involved in development, presentation of IFRS accounting (financial) reports and audit	Continuous	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy

#	Start Date	Actions	Completion Date	Responsibility	Resource
116.	2009	Facilitate future application of IFRS	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
117.	2013	Facilitate IFRS implementation by small and medium size enterprises	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy