

## **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 Questionnaire. 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.

Responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework 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/about-ifac/membership/compliance-program/compliance-responses>

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member/Associate:</b>	Institute of Accountants and Auditors of Montenegro (IAAM)
<b>Approved by Governing Body:</b>	Board of Directors
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<b>Next Update:</b>	June 2016

**Note Regarding Pending Changes in the Legal and Regulatory Framework that May Potentially Impact  
the Development and the Implementation of the IAAM SMO Action Plan**

**2015 Update**

*The Law on Accounting and Auditing was not passed last year. In late 2014, the Ministry of Finance, as the competent body responsible for the enactment of this law, established a Work Group to develop a proposal for the Law on Accounting and Auditing. In mid-February 2015, the proposal for the Law on Accounting and Auditing was published and it envisaged that the area of accounting and auditing is regulated by two legal regulations, that is, the Law on Accounting and the Law on Auditing. The above mentioned legal solutions, especially the part concerning the regulation of the audit, differ significantly from the current law. This proposal envisages that the regulation of audit activities should be transferred from the Ministry of Finance to other legal entity. This would mean, according to the regulations of Montenegro, that a public competition for transferring those rights from the Ministry of Finance to a vocational organization, must be announced. The Action Plan of our organization in the future will largely depend on this transfer of rights for which IAAM, as a vocational organization, which met all the requirements for the competition in 2007, will apply again. The current SMO Action Plan will be updated once the new legal framework has been established and the roles of all stakeholders in the regulation and oversight of the accountancy profession have been clarified.*

**2014 Update**

*In 2002, the Institute of Accountants and Auditors of Montenegro (IAAM) was established. After the passage of Montenegro's 2005 law on accounting and auditing, there was a decision among the membership to split the IAAM into two Professional Accountancy Organizations (PAOs): IAAM and the Institute of Certified Accountants of Montenegro (ICAM). Shortly thereafter, the membership also decided to establish a third PAO in Montenegro, the Chamber of Auditors of Montenegro. It should be noted that at times, membership overlaps between these three organizations.*

*The 2002 accounting and auditing law established that the IAAM would have the right to certify auditors and regulate the profession until the year 2005. It was stated that during 2007, there would be an open tender, by the Ministry of Finance, for determination of the organization which would have the right to certify and regulate the audit profession. During this time, the IAAM as well as a consortium consisting of the ICAM, the Serbian Association of Accountants and Auditors (SAAA) and the Faculty of Economics of the University of Podgorica ("Consortium") tendered for these rights.*

*In 2007, the Ministry of Finance concluded their tender and offered these rights to the Consortium, thus effectively giving the right for certification of auditors and regulation of the audit profession to the ICAM. Although presently, the country of Montenegro maintains three PAOs, it is the desire and goal of IAAM to work together with other two existing PAOs to combine efforts and create only one PAO for the country. In furtherance of this goal, IAAM has established a cooperation agreement with the Chamber of Auditors of Montenegro.*

*Initially, the Ministry of Finance envisaged the creation of new law on accounting by the end of 2012, or possibly in early 2013. The new law was expected to determine through public tender one or more legal entities which would be entrusted with the rights to regulate accounting and audit activities. Further activities of the Institute and the development of the Action Plan would be conditioned by the possible obtaining of the above mentioned rights or by the division of the rights between the Institute and other professional organizations in operation in Montenegro.*

*We expect that a new Law on Accounting and Auditing will be passed by the end of 2014. The new law should be largely in line with the European Directives. We expect that the provisions of the new Law on Accounting and Auditing will define a legal entity that will have the authority to regulate the accountancy profession.*

## **GLOSSARY**

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>CAT</b>	Certified Accounting Technician
<b>CPD</b>	Continuous Professional Development
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IESs</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>ISAs</b>	International Standards on Auditing
<b>IAAM</b>	Institute of Accountants and Auditors of Montenegro
<b>ICAM</b>	Institute of Certified Accountants of Montenegro
<b>IPD</b>	Initial Professional Development
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISQC</b>	International Standards on Quality Control
<b>PAO</b>	Professional Accountancy Organization
<b>SAAA</b>	Serbian Association of Accountants and Auditors
<b>SME</b>	Small and Medium Enterprise
<b>SMOs</b>	Statements of Membership Obligations

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Promote and Participate in the Development of the Quality Assurance Review System

<b>Background:</b>					
<p>Presently, the Institute of Accountants and Auditors of Montenegro (IAAM) is working to develop a system of quality assurance in coordination with the Chamber of Auditors and Institute of Certified Accountants of Montenegro (ICAM). IAAM sees coordination and cooperation among the Professional Accountancy Organizations (PAOs) as integral to the establishment of a strong, well-functioning system of quality assurance. Cooperation with the Ministry of Finance and the National Council for Accounting and Auditing regarding the development of the rulebook on quality control and control of public practice should be established in February 2014.</p> <p>The National Council for Accounting and Auditing has not adopted yet the detailed plan of its actions with regards to implementing quality control. The role of IAAM in implementing the plan of the National Council for Accounting and Auditing will be exclusively advisory. Upon establishing the Quality Assurance Review Committee, the role of IAAM in the further activities of the Committee will be precisely defined.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting SMO 1</i>					
1.	December 2010	Initiate discussions with the National Council for Accounting, the Chamber of Auditors and the Institute of Certified Accountants of Montenegro about defining the role of each of above mentioned in implementation of the development of the Quality Assurance system.	June 2011 Completed	Executive Director	Management Board
2.	June 2011	<p>Work with PAOs to define the model, position and the role of each partner in the next phase: establishment of a Quality Assurance Review Committee. Key achievements to date include:</p> <ul style="list-style-type: none"> <li>• The Chamber of Auditors of Montenegro formed a Quality Assurance Committee in the first quarter of 2012.</li> <li>• The meeting with the Chamber of Auditors was held in June 2012 where the structure, goals and future cooperation within the Committee were discussed.</li> <li>• In the beginning of 2014 start cooperation with the National Council for Accounting and Auditing with regards to development of its work program regarding quality control and establishing the Quality Assurance Review Committee.</li> </ul>	December 2012 Ongoing	Executive Director	Management Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	September 2011	Work with PAOs to establish a Quality Assurance Review Committee responsible for the design and development of a system of quality assurance. Encourage the responsible body to place emphasis on the necessity of establishing a system in compliance with International Standards on Quality Control (ISQC 1).	Ongoing	Executive Director	Management Board
4.	January 2013	Cooperation with the National Council for Accounting and Auditing which was given authority by the Ministry of Finance to prepare, adopt and implement rulebooks on quality assurance during 2014 and 2015.	Pending legislative changes	Executive Director	Management Board
5.	January 2015	Cooperation with the National Council for Accounting and Auditing regarding implementation of the adopted rulebooks, procedures on quality assurance.	December 2015	Executive Director	Management Board
<i>Assisting with the Implementation of the Quality Assurance Review System and Quality Control Standards</i>					
6.	September 2011	<p>Increase IAAM's members awareness about quality assurance and implementation of ISQC 1.</p> <p>The activities by which IAAM increased awareness of the need for quality assurance were carried out through the magazine, seminars:</p> <ul style="list-style-type: none"> <li>• The article " Auditor's Role in Performing Inventory of Assets and Liabilities of a Company" was published in the IAAM's magazine <i>Računovodstvo, revizija i finansije</i>, issues 11-12, in December 2011.</li> <li>• The seminar on the subject: "Application of revised international accounting standards to financial reporting for 2012" was held in March 2012.</li> <li>• The article " Auditor's Role in Performing Inventory of Assets and Liabilities of a Company" was published in the IAAM's magazine <i>Računovodstvo, revizija i finansije</i>, in December 2013.</li> <li>• The seminar on the subject: "Application of revised international accounting standards to financial reporting for 2013" will be held in March 2014.</li> </ul>	Ongoing	Executive Director	Management Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
7.	Ongoing	Ensure, through periodic reviews, that the quality review system currently being developed and designed is aligned with the requirements of the SMO 1 (including latest revisions issued in 2012).	Ongoing	Executive Director	Management Board
<i>Review of IAAM's Compliance Information</i>					
8.	January 2011	<p>Perform periodic review of IAAM's response to the IFAC's Compliance Self Assessments and update sections relevant to SMO 1 as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:</p> <ul style="list-style-type: none"> <li>• IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessment questionnaires.</li> <li>• Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 1, as necessary.</li> </ul>	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB  
**Action Plan Objective:** Promote and Assist in Implementation of the International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB

**Background:**

The IAAM currently maintains a two-tiered certification scheme which offers recognition of progress and achievement at two different levels: Accountant and Authorized Accountant.

'Accountant' Certification - The Accountant certification recognizes persons who have achieved the knowledge and competency of an accounting technician. This program and examination are based on the ACCA syllabus for the Certified Accounting Technician (CAT) scheme. The IAAM Accountant examination scheme consists of five exams: commercial law, taxation law, financial management, financial reporting, and compilation of financial statements. Those completing this program are educated and trained to act as technicians in Small and Medium Enterprises (SMEs) and are taught the basics of IFRSs. IAAM envisages that the length of practical experience is minimum three years. All IAAM's members, both Accountants and Authorized Accountants, are subject to the Continuous Professional Development (CPD) requirement.

'Authorized Accountant' Certification – This recognition is meant to certify the knowledge and experience of persons who will be acting as professional accountants in business. In Montenegro, these persons typically work for the larger, listed entities and deal with a more advanced application of IFRSs. Individuals interested in this program must first complete university with a degree in economics before being entered into the formal Initial Professional Education (IPD) Program. This program, administered by the IAAM typically lasts six months. After completing required courses and seminars, candidates are required to complete the 5 Accountant Certification exams plus four additional exams which focus on information technology, advanced management accounting, external and internal audit, and advanced corporate financial reporting.

In regards to experience requirements, members are required to have 3 years of relevant experience before attaining certification. All Authorized Accountants are required to maintain their skills through mandatory CPD. Both Accountants and Authorized Accountants are obliged to complete 30 hours of education through seminars during the year. These issues are defined by the IAAM's Rulebook of continuous education.

At the beginning of 2014 the Institute will be licensed in the field of accountancy by the competent body.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IAAM Educational Materials for Compliance with IESs</i>					
9.	December 2010	Review 'Authorized Accountant' education, examination and CPD programs for alignment with IESs. Review 'Accountant' materials for alignment with the IFAC publication and guidance on 'The Education, Training and Development of Accounting Technicians'.	May 2011 Completed	Executive Director	Education Board

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
10.	May 2011	Reflect on areas of non-conformity of education, examination and CPD programs and identify areas where best endeavors can be used to strengthen these programs. Specifically consider what efforts may be taken to develop a system for monitoring and verifying achievement of practical experience requirements for Authorized Accountants.	June 2011 Completed	Executive Director	Education Board
11.	September 2011	The cooperation with the Faculty of Economics Professors was achieved in order to innovate and implement education programs for Authorized Accountants in two cycles: March-June and September-December. We plan to continue the cooperation in the following period.  The cooperation was extended to private colleges that are related to education in business and management.	December 2012 Ongoing	Executive Director	Education Board
12.	July 2012	IAAM's rulebook on obtaining the professional title of Authorized Accountant envisages that the candidate has the obligation of submitting a working experience certificate given by a company which shows that he/she gained three years of experience in the company where he/she performed tasks of recording transaction and preparation of financial statements.  Replace the existing method with the obligation of submitting the certificate by the legal entity and not by the candidate himself.  It is expected that this new method will be specified through the provisions of the Law on Accounting and Auditing.	July 2013 Ongoing	Executive Director	Education Board
13.	June 2011	Implement activities for strengthening education, examination and CPD programs and requirements.	Completed 2012 Ongoing	Executive Director	Education Board
14.	Ongoing	Maintain dialogue with university professors in departments of economics regarding changes in IESs, changes to international accountancy standards and implementation guides. Discuss the importance of including content required by IESs in university syllabi.	Ongoing	Executive Director	Education Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting and Assisting in Implementation of International Education Standards and Other Pronouncements Issued by the IAESB</i>					
15.	Ongoing	Encourage the responsible body to provide timely, accurate and complete International Education Standards and other pronouncements issued by the IAESB and to make them accessible to all accountants in the country.	Ongoing	Executive Director	Education Board
16.	Ongoing	Notify IAAM's members of all new, proposed and revised International Standards and other pronouncements issued by the IAESB.	Ongoing	Executive Director	Education Board
17.	Ongoing	Provide comments on IAESB exposure drafts.  We expected that we would give comments on IAESB Exposure Drafts in the previous period, but we did not succeed. We will use our best endeavors to provide comments on the Exposure Drafts in the following period.	Ongoing	Executive Director	Education Board
18.	Ongoing	Discuss new, proposed and revised international standards and other pronouncements issued by the IAESB in the IAAM's magazine and at the IAAM's seminars.	Ongoing	Executive Director	Education Board
<i>Maintaining Ongoing Processes</i>					
19.	Ongoing	Ensure through periodic reviews, that the Entry Requirements, Professional Education, Final Assessments, and Practical Experience, and Continuing Education currently developed and designed, are updated with the new requirements issued by the IAESB.	Ongoing	Executive Director	Education Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IAAM's Compliance Information</i>					
20.	Ongoing	Perform periodic review of IAAM's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 2, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data: <ul style="list-style-type: none"> <li>• IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessment questionnaires.</li> <li>• Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 2 as necessary.</li> </ul>	Ongoing	Executive Director	Education Board

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Further Assist in Implementation of International Standards on Auditing (ISAs)

**Background:**

According to the 2005 Montenegrin Law on Accounting and Auditing, ISAs were introduced as a legal requirement for all entities performing audits. The Ministry of Finance is responsible for the adoption of ISAs. Through this legislation, in 2007 ICAM was given the authority to translate and implement ISAs in cooperation with the SAAA. As the Serbian language translation of clarified ISA has not been obtained yet, the version of Serbian language ISAs which is being utilized in Montenegro is that from 2006.

Once the translation of ISAs into Serbian is obtained and published, IAAM and the Chamber of Auditors of Montenegro will work to support and enhance adoption and implementation activities in Montenegro. We will endeavour to obtain from SAAA the translated 2010 version of the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements.

Future steps of the Institute will be defined by the provisions of the Law on Accounting and Auditing which will determine which body will be responsible for the implementation of the International Standards on Auditing.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the Need for Convergence and Assisting with Implementation of IAASB Pronouncements</i>					
21.	December 2010	<p>Contact and arrange a meeting with the Chamber of Auditors of Montenegro, in order to indicate the need for joint activities to promote ongoing processes of adoption and implementation of IAASB Pronouncements in Montenegro.</p> <p>In June 2011 the meeting was held with the representatives of ICAM in the Ministry of Finance. It was agreed that the proposals regarding the future cooperation would be submitted. It was jointly concluded that there are problems because professional organizations are operating individually, and not jointly.</p>	September 2012 Ongoing	Executive Director	Management Board

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
22.	January 2011	<p>Establish a Work Group together with the Chamber of Auditors to review recently released Exposure Drafts of IAASB standards and pronouncements and to provide feedback and input into the standard setting process.</p> <p>The cooperation with the Chamber of Auditors in this matter has not been achieved to date, however efforts will continue to realize coordination in this area.</p>	Ongoing	Executive Director	Management Board
23.	February 2011	<p>Endeavour in cooperation with the Chamber of Auditors to form the special appendix concerning audit in the periodical magazine published by IAAM.</p> <p>The cooperation with the Chamber of Auditors regarding the magazine has started. Enhanced cooperation is expected from September 2012. The cooperation with the Chamber of Auditors is being realized through publishing relevant articles in IAAM's magazine.</p>	Ongoing	Executive Director	Management Board
24.	Ongoing	Encourage responsible body to provide timely, accurate and complete translation of International Standards and other IAASB pronouncements and to make them available to all interested auditors in the country.	Ongoing	Executive Director	Management Board
25.	Ongoing	Notify IAAM's members of new, proposed and revised International Standards and other pronouncements issued by IAASB.	Ongoing	Executive Director	Management Board
26.	Ongoing	Promote the use of IAASB practice notes and other non-authoritative material to provide guidance and practical assistance.	Ongoing	Executive Director	Management Board
27.	Ongoing	Notify IAAM's members of all exposure drafts issued by the IAASB and encourage them to comment on behalf of those members that have an interest in quality control, auditing, review, other assurance or related service standards.	Ongoing	Executive Director	Management Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
28.	Ongoing	Continue to promote IAASB pronouncements through various IAAM workshops, seminars, conferences which focus on ISA implementation.	Ongoing	Executive Director	Management Board
29.	Ongoing	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the IAAM Members and that training programs are updated to reflect these changes.	Ongoing	Executive Director	Management Board
30.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in implementation of ISAs. This includes review of the existing activities and updating action plans for the future activities where necessary.	Ongoing	Executive Director	Management Board
<i>Review of IAAM's Compliance Information</i>					
31.	January 2011	<p>Perform periodic review of IAAM's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 3, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:</p> <ul style="list-style-type: none"> <li>• IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessment questionnaires.</li> <li>• Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 3 as necessary.</li> </ul>	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants

**Action Plan Objective:** Continue to Raise Awareness of Importance of Adoption and Implementation of the IESBA Code of Ethics

<b>Background:</b>					
<p>IAAM maintains the right to establish ethical requirements for its membership. IAAM adopted without modification the IESBA Code of Ethics (2006). Subsequently, IAAM adopted and implemented the revised version of the Code of Ethics (2009) upon receipt of Serbian language translation from SAAA. This version of the Code is currently being applied by the IAAM members.</p> <p>IAAM will also establish cooperation with SAAA and ICAM regarding IESBA Code of Ethics (2011) when the Serbian translation of IESBA Code of Ethics (2011) is completed. We will endeavour to establish in the following period permanent cooperation with SAAA regarding the use of the Serbian translations of IESBA Code of Ethics.</p> <p>In an effort to enhance the overall ethical behavior of accountants (whether members or not) and the business community, the IAAM collaborates regularly with the Anti-Corruption Association of Montenegro.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Focus on the Adoption and Promotion of the IESBA Code of Ethics</i>					
32.	March 2011	Establish cooperation with other organizations that operate in Montenegro - the Chamber of Auditors and the Institute of Certified Accountants of Montenegro regarding professional ethics and the IESBA Code of Ethics.	July 2011 Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
33.	August 2012	Establish cooperation with SAAA and obtain their translation of the Revised IESBA Code of Ethics.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
34.	July 2011	Conduct meetings and presentations on the topic of the IESBA Code of Ethics with other PAOs in Montenegro. Raise awareness of the importance of adoption and implementation of IESBA Code of Ethics. The cooperation with the Anti-Corruption Association and the Directorate for Prevention of Money Laundering and Terrorism Financing was realized during 2013 at two seminars. It was pointed out, through the brochures these two organizations publish, the importance of Code of Ethics regarding the role of professional accountant, his/her professional attitude towards his/her work and the obligation the professional accountant has in preventing negative phenomena these two organizations detect.	Initiated 2011 Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
35.	November 2011	Encourage and support efforts of other Montenegrin PAOs to adopt and implement the IESBA Code of Ethics.	Initiated 2011 Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
<i>Assisting IAAM Members with the Implementation of the IESBA Code of Ethics</i>					
36.	March 2011	Review contents of the <i>Ethics Education Toolkit</i> and disseminate among Professional Ethics and Disciplinary Procedure Board as well as Education Committee.	January 2013 Ongoing 2014	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
37.	May 2011	Consider how Ethics Education Toolkit elements such as sample course outlines, teaching notes, case studies, video clips of ethical dilemmas, and the database of ethics education resource materials may be used to enhance current ethics education. Identify key areas for strengthening ethics education programs.	January 2013 Ongoing 2014	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
38.	July 2011	Work to implement key areas for strengthening ethics education programs.	January 2013 Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
39.	Ongoing	Notify IAAM's members of new, proposed and revised provisions of the IESBA Code of Ethics and other pronouncements issued by the IESBA	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
40.	Ongoing	Provide comments on IESBA exposure drafts. We expected that we would provide comments on IESBA exposure drafts in the previous period, but we did not succeed. We will use our best endeavours to give comments to the exposure drafts in the following period.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
41.	Ongoing	Encourage the responsible body to provide timely, accurate and complete translation of the IESBA Code of Ethics and other IESBA pronouncements and to make them available to all interested accountants.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
42.	Ongoing	Monitor the changes in Code of Ethics and when there are changes ensure that the changes are communicated to the IAAM Members. Additionally, ensure that IAAM training programs are updated to reflect changes in the Code of Ethics.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
43.	Ongoing	Provide comments on IESBA exposure drafts.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
44.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in implementation of the Code of Ethics. This includes review of the existing activities and updating action plans for the future activities where necessary.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
45.	Ongoing	Continue efforts to collaborate and support the Montenegro Anti-Corruption Association in their efforts to raise the ethical behavior of the entire accountancy profession and business community.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
<i>Review of IAAM's Compliance Information</i>					
46.	Ongoing	<p>Perform periodic review of IAAM's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 4, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:</p> <ul style="list-style-type: none"> <li>• IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessment questionnaires.</li> <li>• Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 4 as necessary.</li> </ul>	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Promote IPSASs to the Government and Other Counterparts

<b>Background:</b>					
<p>According to the Rulebook on the Method of Making and Submitting of Financial Statements of the Budget, State Funds and Units of Local Self-Government („Official Gazette of Montenegro“ No 32/10 of 7 June 2010, No 14/11 of 11 March 2011), Budget of Montenegro, consumer units, state funds and municipalities prepare financial statements on the forms defined in this Rulebook and in accordance with the International Public Sector Accounting Standards (IPSASs) using a cash basis and modified cash basis of cash flow reporting. The standards themselves are neither published nor adopted by any entity.</p> <p>As such, IAAM sees its role in raising awareness, educating its membership and promoting the ongoing adoption and implementation of IPSASs by the government.</p> <p>As new law on accounting is expected to be passed by the end of the year, IAAM will actively continue to indicate the need for further regulating the application of IPSASs through the new law on accounting.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing Dialogue on Subject of IPSASs</i>					
47.	Ongoing	<p>IAAM will use its best endeavors to create awareness of IPSASs, the impact of their use around the world and the progress that has been made particularly in the Southeastern European region, subsequent to their adoption, reflecting the possible benefits of their adoption and the implementation in Montenegro.</p> <p>Among others, awareness raising activities should be directed toward representatives of the Ministry of Finance.</p> <p>Within this SMO, IAAM realized the contact with the Montenegro State Audit Institution which conducts control of public sector business activity. IAAM expects to realize in 2014 more concrete cooperation, which would lead to raising awareness of importance of IPSASs.</p>	Ongoing	Executive Director	Management Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
48.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in the adoption of the IPSASs. This includes review of the existing activities and updating action plans for the future activities where necessary.	Ongoing	Executive Director	Management Board
<i>Review of IAAM's Compliance Information</i>					
49.	Ongoing	<p>Perform periodic review of IAAM's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 5, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:</p> <p>IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessments questionnaires.</p> <p>Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 5 as necessary.</p>	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Review the Current IAAM’s Investigation and Disciplinary System for Alignment with the Revised SMO 6

<b>Background:</b>					
IAAM maintains a complaint-based system of investigation and discipline which is maintained and overseen by the Investigation and Discipline Committee of IAAM.					
Upon receipt of a complaint, the Investigation and Discipline Committee assembles a three-person panel which includes persons who are independent of both the situation and the individual(s) in question. The panel is typically comprised of the Executive Director of IAAM, a representative from the Management Board, and a Member of the IAAM. The panel investigates the complaint and reaches a conclusion. The conclusion is then given to the Investigation and Discipline Committee to determine the consequence.					
There are three consequences for unprofessional/unethical behavior as a member of IAAM: a requirement for additional CPD, a requirement to attain the next level of certification (for those Accountants found to be conducting work beyond the scope of their certification), and the expulsion from membership of IAAM. Although members can be expelled, as membership in IAAM is voluntary, expulsion does not mean revocation of the right to practice as an accountant.					
In regards to the investigation and discipline of auditors, this remains ambiguous due to the recent creation of ICAM and the need to identify which body(ies) have official responsibility for investigating and disciplining auditors as well as how ICAM and IAAM can work together to coordinate and share information regarding infractions and sanctions. It is still not known whether IAAM together with the Chamber of Auditors of Montenegro will investigate and discipline auditors or whether that work will be performed by another body.					
IAAM expects to establish cooperation with the PAOs from the countries in the region (countries of former Yugoslavia) by end of 2015 and with the PAOs from the countries in the wider region during 2016, regarding exchanging experience in the field of investigating and disciplining the members for misconduct and failure to comply with professional and ethics rules.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Developing the Investigation and Discipline System and Using Best Endeavours to Implement it</i>					
50.	April 2011	Review SMO 6 and gain understanding of key components of a system of investigation and discipline.	May 2011 Completed	Executive Director	Investigation and Discipline Committee
51.	May 2011	Conduct a review and analysis of the IAAM system of investigation and discipline for alignment with SMO 6.	November 2011 Completed	Executive Director	Investigation and Discipline Committee
52.	November 2011	Identify areas for strengthening the current system of investigation and discipline so that it may be better aligned with SMO 6 requirements.	Completed	Executive Director	Investigation and Discipline Committee

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
53.	July 2012	Review the current system of investigation and discipline for effectiveness, efficiency and compliance with requirements of SMO6 Investigation and Discipline and create a report detailing findings and recommendations stemming from this review and distribute to relevant parties.  Review our process of investigating activities and use best efforts to harmonize it with the recommendations of SMO6.	July 2013 Completed	Executive Director	Investigation and Discipline Committee
54.	May 2011	Begin dialogue with other Montenegrin PAOs regarding key components of SMO 6 as well as the need for coordination and communication in the area of investigation and discipline.	December 2011 Ongoing	Executive Director	Investigation and Discipline Committee
55.	April 2011	Raise awareness among IAAM members in relation to IFAC SMO 6 – specifically the role and responsibility of a PAO to investigate and discipline breaches of professional and ethical standards committed by its members.	Ongoing	Executive Director	Investigation and Discipline Committee
56.	January 2014	Raise the public's awareness of the functioning of the I&D mechanisms so that complaints it wishes to raise can be forwarded to the relevant body.	Ongoing	Executive Director	Investigation and Discipline Committee
57.	February 2013	Review the current IAAM system of Investigation and Discipline for alignment with revised SMO 6 requirements.	By end of 2015	Executive Director	Investigation and Discipline Committee
58.	February 2013	Raise awareness among IAAM's members regarding revised SMO 6 requirements.	Ongoing	Executive Director	Investigation and Discipline Committee
59.	December 2013	Establish communication with the PAOs in the region to exchange experience in the field of investigating and disciplining the members for misconduct and failure to comply with professional and ethics rules.	By end of 2015	Executive Director	Investigation and Discipline Committee
60.	Ongoing	Continue promoting compliance with Code of Ethics at IAAM's seminars and encourage IAAM's members to report any breaches and violation of professional and ethics rules.	Ongoing	Executive Director	Investigation and Discipline Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
61.	Ongoing	Continue to use best endeavors to ensure the IAAM's investigation and disciplinary mechanism encompasses addressing all revised requirements of SMO 6. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	Executive Director	Investigation and Discipline Committee
<i>Review of IAAM's Compliance Information</i>					
62.	Ongoing	Perform periodic review of IAAM's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	Ongoing	Executive Director	Investigation and Discipline Committee

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue Assisting in Implementation of IFRS

**Background:**

In Montenegro, the 2005 Law on Accounting and Auditing requires all entities to use full IFRSs for the preparation of their financial statements. ICAM is responsible for adoption of IFRSs in our country. Despite the legal requirements, no Montenegrin or similar language translation of IFRSs currently exists. As such, Montenegro utilizes the Serbian translation of the 2009 version of IFRSs completed in 2010. IAAM had been exploring options for the translation of IFRSs into Montenegrin and had held discussions with the IASB regarding the possibility to translate these standards. In March 2011, it was concluded that it was unnecessary to make a separate translation into Montenegrin, but to continue to use the existing Serbian translation. Ministry of Finance in talks with the Institute indeed found that there is no need for translation of IFRSs into Montenegrin language, and that the translations into Serbian and Croatian languages which are understandable to accountants and auditors in Montenegro are to be used.

At this time, there are no discussions on adopting IFRS for SMEs for the country of Montenegro.

IAAM will indicate that it is necessary that the application of IFRS for SMEs is implemented through the special provision of the new Law on Accounting and Auditing.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue Efforts to Facilitate the Implementation of IFRSs</i>					
63.	January 2011	IAAM contacted IASB and considered the possibility of gaining the right to translate and publish IFRSs into Montenegrin language. In March 2011, it was concluded that it is unnecessary to make a separate translation into Montenegrin, but to continue to use the existing Serbian translation.	March 2011 Completed	Executive Director	Technical Council
64.	Ongoing	Cooperate with Ministry of Finance to support their efforts at obtaining a Montenegrin translation of IFRSs and publishing the translation on the Ministry of Finance website.	Completed	Executive Director	Technical Council
65.	Ongoing	Continue to provide information on the latest developments in IFRSs through magazine <i>Računovodstvo, revizija i finansije</i> and other publications which are targeted to the IAAM membership and other accountancy and finance professionals.	Ongoing	Executive Director	Technical Council
66.	Ongoing	Encourage responsible body to provide timely, accurate and complete translation of IFRSs and IFRIC Interpretations and to make them available to all interested accountants in the country.	Ongoing	Executive Director	Technical Council

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
67.	Ongoing	Provide comments on new and amended standards and interpretations in IAAM's magazine.	Ongoing	Executive Director	Technical Council
68.	Ongoing	Conduct seminars, presentations, and workshops on new or amended IFRSs and IFRIC Interpretations.  Period: January 2013- June 2013 - a seminar on IAS 1, IAS 7, IAS 8, IAS 10, IAS 12, IFRS 5, IFRS 7  Period: December 2013 - a seminar on IAS 2, IAS 16, IAS 36, IAS 37, IAS 38, IAS 40.	Ongoing	Executive Director	Technical Council
69.	December 2013	Promote and indicate the need for implementation of IFRS for SMEs.	Ongoing 2015	Executive Director	Technical Council
<i>Maintaining Ongoing Processes</i>					
70.	Ongoing	Monitor the changes in IFRSs and when there are changes ensure that the changes are communicated to the IAAM Members.  Additionally, ensure that IAAM training programs are updated to reflect changes in the IFRSs.	Ongoing	Executive Director	Technical Council
71.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in implementation of the IFRS. This includes review of the existing activities and updating action plans for the future activities where necessary.	Ongoing	Executive Director	Technical Council

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IAAM's Compliance Information</i>					
72.	Ongoing	Perform periodic review of IAAM's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 7, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data: <ul style="list-style-type: none"> <li>• IAAM assigned a person who will be responsible to track changes or modifications in the IAAM's responses to the IFAC's Compliance Self-Assessment questionnaires.</li> <li>• Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 7 as necessary.</li> </ul>	Ongoing	Executive Director	Technical Council