

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

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

ACTION PLAN

IFAC Member:	Institute of Authorized Chartered Auditors Albania (IEKA)
Approved by Governing Body:	Council of IEKA on February 10, 2016
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¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

GLOSSARY

CMCQC	Council Member in Charge of Quality Control
CNCC	Compagnie Nationale des Commissaires aux Comptes
CPD	Continuing Professional Development
CSOEC	Conseil Supérieur de l'Ordre des Experts-Comptables
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
I&D	Investigation and Discipline
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standard on Auditing
ISQC 1	International Standard on Quality Control 1
MoF	Ministry of Finance
NAC	National Accounting Council
NAS	National Accounting Standards
POB	Public Oversight Board
SMO	Statement of Membership Obligations
SMP	Small and Medium Practices
QA	Quality Assurance
WPQC	Working Party on Quality Control
WB	World Bank
REPARIS	Road to Europe: Program of Accounting Reform and Institutional Strengthening

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: Adopt ISQC 1 and improve the existing regulatory requirements for audit firms so as to comply with ISQC 1 and review the functioning of the Quality Assurance Review System

Background:

Following the promulgation of Audit Law No. 10091 on March 5, 2009, in Albania was established Public Oversight Board (POB). It has responsibility for overseeing the activities of IEKA and audit profession in general. Its activities are carried out in accordance with the specific regulations adopted by a Government decree on September 2009. Under the POB supervision, IEKA has established a Quality Assurance (QA) review system and reviews the quality of all audit engagements undertaken by its members through a hybrid cyclical/risk based systems where all firms are reviewed at least once every four years and more frequently for new members, and in cases where non-compliances is suspected. Monitoring and enforcement are conducted by a Quality Control Committee of IEKA.

Since April 2016, with the modification made in the audit law with the law 47/2016, the ultimate responsibility for quality assurance has passed to POB. The new legal requirements assigns the responsibility to POB to develop amongst other internal regulations a system of quality control review for PIE and Non-PIE audit services provided in Albania. In 2012, the POB began quality control reviews on the audits of public interest entities (PIE). Starting from April 2016, under the new legal requirements, the POB is fully entitled with the direct review of the audit firms engaged in auditing of the statements of the public interest entities, such as banks, insurance and re-insurance undertakings as well as other big important entities, as well as the review of the audit of other entities. The POB may delegate to IEKA the quality control function for audits of entities which are not deemed as PIE.

The professional body has adopted quality control regulations in-line with International Standards on Quality Control (ISQC) 1. In 2015, IEKA made some improvements on the quality control regulations and developed tools and conducted training sessions that have served for better the implementation of SMO 1 requirements. The annual quality control process is performed normally within IEKA making use of the new tools and methodologies, brought in with the assistance of the World Bank funded project. The reviews have resulted in increased awareness to the need to have quality audit documentation, improved quality of audit documentation, detailed reports of audit firms with scaling of overall performance and level of quality of each firm under review submitted to the POB for final decision and some sanctions and measures on the weak performing professionals under review.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improving the Existing Regulation on Quality Control in Accordance with SMO 1 Requirements</i>					
1.	May 2009	Establish a Working Party on Quality Control (WPQC), composed of members from the existing quality control committee, and other representatives of large audit firms and other practices with experience in the field of quality control. The WPQC will be responsible for reviewing the existing quality control requirements and the last Albanian translation of ISQC 1, and to make recommendations on improvements of these quality control requirements.	2009 Completed	President, Council Member in Charge of Quality Control (CMCQC) and responsible for WPQC	Members of the council, WPQC members and IEKA staff to provide assistance to the president and council members
2.	September 2009	Review IFAC and International Auditing and Assurance Standards Board (IAASB) standards and guidelines on quality control of audit firms.	December 2010 Completed	President and CEO	WPQC members and IEKA staff
3.	August 2009	Contact other professional bodies such as the Compagnie Nationale des Commissaires aux Comptes (CNCC) and Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC), France and Royal NIVRA, Netherlands to obtain information about how to set up quality control standards and procedures.	2010 Completed	CEO, President and WPQC members	CNCC & CSOEC, Royal Nivra - Netherlands (BISTA twinning project); WPQC and IEKA staff
4.	September 2009	Produce draft requirements on quality control set in accordance with ISQC 1, resulting in new quality control regulation based on the Audit Law requirements as well. Draft regulations on quality control are prepared following the results of the component 3 of the REPARIS World Bank Project.	2014 Completed	President and CMCQC	Council members; WPQC and IEKA staff
5.	November 2010	IEKA Council to approve the recommendations and improvements on the quality control regulations.	January 2011 Completed Updated March 2015	President and CMCQC	CEO, CMCQC and WPQC
6.	April 2011	Public Oversight Board to approve quality control regulations.	May 2011 Completed	Public Oversight Board (POB)	CEO, IEKA Council, POB staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	January 2011	Council of IEKA to prepare and approve a comprehensive program for supporting implementation of revised quality control regulations.	December 2012 Completed	President, CMCQC	CMCQC and WPQC
<i>Supporting Implementation of the Revised Quality Control Standards</i>					
8.	February 2011	Draft and disseminate guidance on the implementation of the revised quality control requirements to members.	Completed October 2013	President and CMCQC	CMCQC and WPQC
9.	June 2011	Produce materials and quality control checklist for controllers and those to be controlled.	September 2011 Completed	President and CEO	CEO, CMCQC and WPQC
10.	June 2011	<p>Prepare and provide trainings on the revised quality control system to members.</p> <p>Several trainings were organized on June 2013 with all members and September 2013 with QA reviewers. This was done within the framework of the World Bank REPARIS programme.</p> <p>Training has helped our inspectors to better understand procedures and implement them in practice. According to the modification made in the audit law the quality control and quality assurance regulations has to be updated. IEKA will establish relevant working parties and will work on this issue during this year and next year as well.</p>	Ongoing Further update needed, following latest changes in the audit law (47/2016)	President and the Council	CMCQC and WPQC
11.	January 2011	Draft a simple manual on quality control to be used by small size audit firms and by sole practitioners. A complete manual on quality control was developed and sent for approval to Public Oversight Board.	<p>September 2013 Completed Approval by POB</p> <p>Further and continuing modifications will be made following the modification in the audit law.</p>	President and the Council	CMCQC and WPQC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reviewing and Improving the Quality Assurance Review System</i>					
12.	May 2010	Review the QA review system to ensure it complies in full with SMO 1 requirements and it is fully implemented and well linked to the Quality Control System.	September 2013 Completed	President and CMCQC	Executive staff of IEKA
13.	July 2011	Improve the selection and training of quality assurance reviewers.	Ongoing	President and Council	Executive staff of IEKA
14.	January 2012	Improve the mechanisms in place to monitor the firm's quality control policies and procedures.	December 2012 Ongoing	President, Council	Executive staff of IEKA
15.	January 2014	Considering issues and findings related with 2012 and 2013 reviews -- preparing amendments to the QA review regulations and QC toolkits.	February 2015 Completed	President, CMCQC and Council	CMCQC and Executive staff of IEKA
16.	June 2016	Discussion with POB on keeping by IEKA of the quality assurance for non PIE audits, even after modification in the audit law, where the responsibility to establish and maintain the system of quality assurance is transferred entirely to POB.	Ongoing	POB	President, CMCQC and Executive staff of IEKA
<i>Maintaining Ongoing Processes</i>					
17.	Ongoing	Despite the fact that POB is ultimately responsible on quality review, we intend to continue to ensure that IEKA's QA review system and quality control are operating effectively and continue to be in line with SMO 1 requirements. This is also in light of the initial phase of the POB functioning, where either there is not or there is weak capacity available to POB, to conduct quality assurance directly. Following new law requirements the POB may delegate the quality review function for non-PIE b to IEKA. This includes periodic review of the operation of QA system and updating the Action Plan for the future activities where necessary.	Ongoing	President, CMCQC CEO	Executive staff of IEKA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IEKA's Compliance Information</i>					
18.	Ongoing	Perform review of IEKA's response to SMO 1 section of the Action Plan on a biennial basis.	Ongoing	President and CEO	CEO and IEKA staff

Self-Assessment against Requirements of SMO 1 (2015)

Requirements	Y	N	Partially	Comments
Scope of the system				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			
Quality Control Standards and Other Quality Control Guidance				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	X			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	X			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	X			
Review cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	X			A cycle-based approach for selecting firms for QA review is used. The rule is under revision process given the introduction of the modification in the audit law and changes will happen in the system of quality control.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	X			According to the Regulation for QC in use by IEKA, quality control reviews are required to take place every four years (for new practitioners quality controls take place twice during the first five years of activity) and every

Requirements	Y	N	Partially	Comments
				three years for audits of public interest entities. (to be revisited under the modifications made to the audit law during 2016 and 2017).
QA Review Team				
7. Independence of the QA Team is assessed and documented.	X			
8. QA Team possesses appropriate levels of expertise.	X			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	X			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	X			
Corrective and disciplinary actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	X			
12. QA review system is linked to the Investigation and Discipline system.	X			
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	X			IEKA prepares a detailed report on its QA reviews, which is sent to POB. This is the practice in force until the modification in the audit law happened. With the new legal requirements the responsibility of quality assurance within the audit profession shifts to the POB.
Regular review of implementation and effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	X			

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB

Action Plan Objective: Make continuous improvement with the ongoing incorporation of International Education Standards (IESs) into IEKA education standards

Background:

The Law No. 10091 of 2009 On Statutory Auditing and Organization of the Accounting Profession provides provisions for initial professional development (IPD) and continuous professional development (CPD) requirements for professional accountants in Albania. The Law requires candidates to have a formal professional education, obtain practical experience, pass examinations, and maintain continuous professional development. IEKA members are required to complete at least 120 hours of Continuous Professional Development (CPD) over a three-year period (40-60 hrs per year). Compliance with this requirement is monitored. The professional accountancy education program is delivered by IEKA and by the licensed state owned and/or private higher education Institutions.

IEKA is in an ongoing process of reviewing the education requirements to ensure that they comply with International Education Standards (IESs), EU statutory audit Directive, the Albanian Audit Law, and to improve the delivery of accountancy education and CPD trainings. IEKA also promotes relevant requirements to Universities.

The new modification made in the audit law entered in force in April 2016, stipulates a curricula for IPD and CPD which is fully in line with the IES. This was made possible with the review of the WB experts and with the full cooperation of IEKA staff and volunteers. The educational model mirrors that adopted by the Association of Chartered Certified Accountants and/or other reputable professional bodies in the EU. After the new professional curricula is developed, IEKA will assess education providers in Albania against required quantitative and qualitative criteria under the new framework curricula.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improving the Existing Educational Requirements in Accordance with IESs</i>					
19.	May 2009	Prepare new regulations on professional training of candidates to complete the accountancy education program, and on continuing professional development of members, improve relevant practical training procedures and assessment in accordance with IESs.	Completed and updated June 2011 Further Update Ongoing	Council	Members of the Education Committee, CEO, Council and IEKA staff
20.	January 2013	In cooperation with Albanian universities – IEKA Council will continue to make proposals for reviewing the accounting professional education curricula, especially the part of education that is provided by the Universities.	June 2014 Ongoing, as this has to be harmonized with other	Education Committee of IEKA, CEO	Universities, Education Committee of IEKA and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
			changes, considering recent modification in the audit law. The first part of the next WB project (2017) will deal with the review of the accounting professional education curricula.		
21.	September 2009	Establish an Education Committee responsible for the education of candidates for IEKA membership and for CPD of IEKA members.	October 2009 Completed	Council, CEO	Members of the Council, CEO and IEKA staff
22.	September 2012	Splitting the Education committee in two committees: (a) Committee for education of candidates; and (b) Committee for CPD (training of members).	February 2013 Completed	Council	President and IEKA staff
23.	December 2009	Review existing education programs for candidates and make necessary improvements in accordance with the requirements of the Audit Law, the regulations on professional training, IES 2, <i>Content of Professional Accountancy Education Program</i> and IES 4, <i>Professional Values, Ethics and Attitudes</i> .	September 2010 Completed Further Update Ongoing	Chairman of Education Committee, CEO	Members of the Education Committee, CEO, Members of the Council and IEKA staff
24.	Ongoing	Performing policy dialogues on SMO 2 requirements with the universities and other professional bodies. As the professional accountancy education program for CPA candidates is not delivered only by IEKA, (other actors are contributing, such as other professional organization and universities), IEKA will continue to promote the need for these universities to include in their curricula subjects such as finance, accounting and other similar economic degrees, as they are required by IESs.	Study on New Curricula Completed Ongoing Implementation	President, Chairman of Education Committee, CEO	Members of the Education Committee, CEO, and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>In the first quarter of 2014 within one of the components of the last REPARIS WB project, IEKA in cooperation with various interested parties and education stakeholders, had prepared a framework for education of accountants, which will serve as a benchmark for improving education in the accountancy. The requirements for such a framework are reflected in the latest modification made to the audit law and is now pending further improving and implementation for year 2017 and onwards. The framework is based on the approach of IESs, EU Statutory Audit Directive and ACCA educating professionals.</p>			
25.	January 2015	<p>Adoption of the framework for education of accountants proposed within the WB REPARIS project and drafting an appropriate program of study for all candidates entering the audit profession. The program is fully aligned to the IES.</p>	<p>December 2015 A draft was concluded, pending implementation under the modification made to the audit law.</p>	<p>President, Chairman of Education Committee, CEO</p>	<p>Members of the Education Committee, CEO, and IEKA staff</p>
26.	January 2015	<p>Establishing a system of recognition (accreditation) between IEKA and Universities. IESs requirements to be promoted to various Universities in the country.</p>	<p>January 2017 Ongoing Further improvements after modifications made to the audit law.</p>	<p>President, Chairman of Education Committee, CEO</p>	<p>Members of the Education Committee, CEO, and IEKA staff</p>
27.	February 2015	<p>New requirements included in the updated EU statutory audit directive to be considered when the framework for education of accountants is approved.</p>	<p>March 2018 A significant part is included in modifications made to the audit law.</p>	<p>President, Chairman of Education Committee, CEO</p>	<p>Members of the Education Committee, CEO, and IEKA staff</p>

#	Start Date	Actions	Completion Date	Responsibility	Resource
28.	Ongoing	Promote the need for universities to update their syllabus in accordance with the most updated program of IEKA.	Ongoing	CEO	Members of the Education Committee, CEO, and IEKA staff
29.	June 2009	Improve the delivery of practical experience to candidates for IEKA membership, in gaining competence and experience in audit.	Ongoing	Chairman of Education Committee, CEO	Members of the Education Committee, CEO, Members of the Council and IEKA staff
30.	November 2009	Make best efforts to ensure that the final assessment covers all requirements of IES 6, <i>Assessment of Professional Capabilities and Competence</i> , and is set in accordance with national regulations. Maintain close cooperation with certification authority, which is the national authority under the Minister of Finance, for organizing examinations of accountancy professionals. With the new modifications made to the audit law the authority for certification will be under the POB, however IEKA will have a more significant role.	Ongoing	Chairman of Education Committee Chairman of Certification Authority	Members of the Education Committee, CEO, and IEKA staff
31.	November 2009	Update CPD programs of IEKA's members in accordance with the Audit Law requirements, relevant regulations, as well as the requirements of IES 8, <i>Competence Requirements for Audit Professionals</i> .	February 2010 Completed Further update Ongoing	Chairman of Education Committee for members CEO	Members of the Education Committee, CEO, Members of the Council and IEKA staff
<i>Maintaining Ongoing Process</i>					
32.	Ongoing	Continue to maintain an ongoing process to monitor new and revised standards of the International Accounting Education Standards Board (IAESB) and incorporate them into the education program for both candidates and members. This includes periodic update of the Action Plan for future activities as necessary.	Ongoing	Chairman of Education Committee	Members of the Education Committee, CEO, Members of the Council and IEKA staff
<i>Review of IEKA Compliance Information</i>					
33.	Ongoing	Perform review of IEKA's response to SMO 2 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff

Action Plan Subject: SMO 3—International Standards and other Pronouncements Issued by the IAASB

Action Plan Objective: Developing an ongoing process for convergence with IAASB pronouncements

Background:

According to the legal framework, IEKA has responsibility for translation and adoption of International Standards on Auditing (ISAs), which are mandatory auditing standards in Albania. The professional accountancy body has translated the 2010 Edition of the Handbook of International Auditing, Assurance, and Ethics Pronouncements and adopted the International Standards on Auditing (ISAs). IEKA updates the program of its CPD courses in an ongoing manner to enhance the implementation of ISAs.

ISAs are obligatory for all the statutory audits. Initially it was decided by IEKA in 2003, while it has been reconsidered and put as a provision in the audit law in 2009.

By December 2012, IEKA had completed also the translation and publication of the first part of the [Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities \(ISA Guide\)](#). By June 2014, IEKA in cooperation with SCAAK Kosovo, has completed the translation and published the second part of the [Guide to Using International Standards on Auditing in the Audits of Small and Medium Sized Entities \(ISA Guide\)](#).

IEKA [in cooperation with SCAAK Kosovo, is going to prepare a package with all the changes in all ISAs in force by end of December 2015. A significant part of this work, including new and revised reporting standards is already completed.](#) IEKA plans to further develop the ongoing process for review, translation, and adoption of the revised ISAs and other IFAC pronouncements. A joint committee is set up between IEKA Albania and SCAAK Kosovo will work actively with the main objective to oversee the translation process, as new or subsequent revisions of ISAs are adopted by IAASB.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improving the Ongoing Process for Reviewing New and Amended IAASB Pronouncements</i>					
34.	Ongoing	Disseminate new Exposure Drafts to IEKA members and take into account relevant comments.	Ongoing	President, Council member in charge of audit standards and CEO	IEKA staff
35.	Ongoing	Provide comments on new Exposure Drafts to the IAASB. No comment was sent so far.	Ongoing	President, Council member in charge of audit standards and CEO	IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	June 2009	Inform the relevant IEKA bodies of the new and amended IAASB pronouncements to be translated into Albanian. <i>IEKA is in charge of translating these standards in Albanian, ISAs implementation is enforced by the audit law requirements.</i>	Ongoing	President, Council member in charge of audit standards and CEO	IEKA staff
<i>Further Development of the Ongoing Translation Process</i>					
37.	May 2010	Review the IAASB translation process so as to meet the requirements of the latest IFAC Translation Policies. As part of these activities, IEKA has re-confirmed previous nominations of the translators and has established a new Reviewing Committee, whose work needs to be coordinated by the chair of this Committee. In addition, young professionals from large auditing firms have been invited to contribute to the process of translation. In 2014, IEKA has entered in an agreement with SCAAK Kosovo, regarding translation of IFAC documents, such as ISAs, IESs, ISQC, and other standards on assurance review and related services.	June 2011 Completed Update Ongoing	President and Council	Members of the Council, CEO and IEKA staff
38.	October 2011	Complete translation of the ISA Guide on SMEs (Part 1 and 2) published by IFAC.	First part Completed in December 2012 Second Completed December 2014	Council member in charge of audit standards and Translation Committee	Translation Committee, IEKA staff
39.	October 2013	Translate <i>Guide to Quality Control for Small and Medium Sized Practices, Third Edition</i> into Albanian language.	September 2015 Ongoing to be done by the end of June 2016	Council member in charge of audit standards and Translation Committee	Translation Committee and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Publishing Guidance to Assist IEKA Members with the Implementation of the Standards</i>					
40.	Ongoing	Publish ISA Guide on SMEs – part 1 and SME 2 (in cooperation with SCAAK Kosovo), in Albanian language.	First part Completed April 2013 Second part Completed on December 2014	Council member in charge of audit standards and CEO	CEO and IEKA staff
<i>Development of Training Activities to Further Support the Implementation of IAASB Pronouncements</i>					
41.	Ongoing	Update the pre-qualification program and CPD courses in accordance with new and amended IAASB pronouncements. Specifically: <ul style="list-style-type: none"> Work with SCAAK (Kosovo) to develop a training session on Clarified ISAs incorporating material from the ISA Guide. 	Completed September 2012 Ongoing	President, Council member in charge of audit standards and Chairman of Education Committee	CEO, Education Committee and IEKA staff
42.	Ongoing	Inform members on the latest developments in auditing standards, by publishing information on IEKA website and magazine, and organizing seminars and workshops.	Ongoing	Chairman of Education Committee and Council member in charge of audit standards	CEO, Education Committee and IEKA staff
<i>Maintaining Ongoing Process</i>					
43.	Ongoing	Continue to maintain an ongoing process to monitor new and revised IAASB Pronouncements, translate and adopt them and support their implementation in an ongoing manner. This involves periodic updates of the Action Plan for future activities as necessary.	Ongoing	Council member in charge of audit standards and Chairman of Education Committee	Council, Education Committee, CEO and IEKA staff
<i>Review of IEKA's Compliance Information</i>					
44.	Ongoing	Perform review of IEKA's response to SMO 3 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Update IEKA Code of Ethics in accordance with the revised IFAC Code of Ethics and continue to support implementation of ethics requirements.

Background:

The POB is ultimately responsible for the approval of the Code of Ethics. The law mention that this Code has to comply with IESBA Code. Ethical requirements included in the IEKA Code of Ethics (approved by Public Oversight Board in September 2010) which is based on the International Ethics Standards Board for Accountants (IESBA's) Code of Ethics (effective from January 2011), need to be further updated in 2017, IEKA as the only professional accountancy body of auditors has also established an ongoing process for reviewing the pronouncements of the IESBA and plans to adopt in reasonable time the subsequent versions of the IESBA Code. Following latest modification made in the audit law A new process of review of the code of ethics is currently initiated aiming at having an updated Code of Ethics in line with the IESBA's code by the end of December 2016. POB has an important role to play with regard to ethics, assigned by legislation. Changes in the code of ethics by IEKA have to be endorsed by the POB. Ethical matters are a key aspect of the Board's activities.

IEKA revised its Code of Ethics in accordance with the Audit Law (March, 2009) and has incorporated in the Code the requirement of the revised IESBA Code of Ethics (effective January 2011), with some modifications. IEKA has adopted the IESBA code with modifications to allow in some instances for more stringent requirements than what is required by the IESBA Code. Modified sections include those on professional ethics and incompatibility, conflicts of interest, and confidentiality and professional secrecy. Courses on ethical requirements are already part of the curricula on pre-qualification of candidates.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Update of IEKA's Code of Ethics in Accordance with the Revised IFAC Code of Ethics</i>					
45.	September 2009	Review the existing Code of Ethics, comparing its requirements with the revised IESBA Code of Ethics (effective in January 2011).	March 2010 Completed	President and CEO	Members of the Council, IEKA staff and members of the Investigation and Discipline (I&D) Committee
46.	January 2010	Make the necessary changes to IEKA Code of Ethics in accordance with the revised IESBA Code of Ethics and the new Audit Law requirements. IEKA has not introduced in its draft code of ethics requirements that are less stringent than the requirements of the revised IESBA Code of Ethics.	June 2010 Completed	President and CEO	Members of the Council, IEKA staff and members of the Investigation and Discipline (I&D) Committee
47.	June 2010	Approve the final draft of IEKA revised Code of Ethics by General Assembly Meeting.	June 2010 Completed	President and CEO	Members of the Council, IEKA staff and members

#	Start Date	Actions	Completion Date	Responsibility	Resource
48.	July 2010	Approval of IEKA revised Code of Ethics by Public Oversight Board.	September 2010 Completed	Public Oversight Board	CEO, Public Oversight Board
49.	July 2010	Disseminate the IEKA revised Code of Ethics that has been approved to all IEKA members.	September 2010 Completed	President and CEO	Members of the Council, IEKA staff and members of the Investigation and Discipline (I&D) Committee
50.	January 2016	Review the existing Code of Ethics, comparing its requirements with the revised IESBA Code of Ethics, effective on 2014. Reviewing the last changes in the IFAC code of Ethics (2015 edition) and translation them in Albania.	December 2016	President and CEO	Members of the Council, IEKA staff and members of the Investigation and Discipline (I&D) Committee
<i>Supporting Implementation of the IEKA Revised Code of Ethics</i>					
51.	December 2010	Introduce courses on the IEKA revised Code of Ethics in the pre-qualification program delivered for candidates for IEKA membership. The courses will also be updated in accordance with the subsequent versions of the IEKA Code. In December 2013 we reconsidered and started to offer to the candidates in the third year, at least three hrs training on IEKA Code of Ethics, as part of their training program, which may be increased in the coming yrs.	Completed /Ongoing Further Update	Chairman of Education Committee and Council member in charge of ethics requirements	CEO, members of the Education Committee and IEKA staff
52.		Changes in the Code of Ethics will be part of the publication in the IEKA's magazine, in CPD training sessions and through the annual address by the President to the members of IEKA.	Completed /Ongoing	Chairman of Education Committee and Council member in charge of ethics requirements	CEO, members of the Education Committee and IEKA staff
<i>Maintaining Ongoing Processes</i>					
53.	Ongoing	Monitor and review new and amended standards from the IESBA, translate new and amended requirements and provide comments on exposure drafts from the IESBA. IEKA will review the revised SMO 4 and take actions	Ongoing Process	Council member in charge of ethics requirements Chairman of Education	Member of the Council, CEO, members of the Education Committee and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		to ensure compliance with the revised requirements. Code of ethics is more stringent than that of IFAC; ethics is a major topic in the annual training of members and candidates and features regularly in exams of candidates to full membership. Code of ethics is prepared and delivered in Albanian language and is also available online in IEKA's website.		Committee and CEO	
<i>Review of IEKA's Compliance Information</i>					
54.	Ongoing	Perform review of IEKA's response to SMO 4 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to promote the use of International Public Sector Accounting Standards (IPSASs) to the Albanian Ministry of Finance and to assist it with the translation, adoption, and implementation of IPSASs

Background:					
<p>The Albanian Ministry of Finance (MoF) is in charge of translating and adopting International Public Sector Accounting Standards (IPSASs). The Ministry of Finance has not yet adopted IPSASs, but IEKA informs it on the latest activities of the International Public Sector Accounting Standards Board (IPSASB) and the new IPSASs issued. The professional accountancy organization also publishes information on the trends and developments occurring in the field of public sector accounting via IEKA website and bimonthly magazine. The project of adopting IPSAS by the Ministry of Finance is being assessed and is expected to be implemented, although with no clear timeframe.</p> <p>Cooperation activities of IEKA also include training of public administration accounting staff in response to the MoF request. In addition, IEKA contributed to the translation process of IPSASs into Albanian in 2007-2008. To our best knowledge, no other translation has been made after this version.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Promote the Use of IPSASs to the Ministry of Finance</i>					
55.	Ongoing	Continue to provide information to the MoF on the latest activities of the IPSASB and the new IPSASs issued, and of the trends and developments occurring in the field of public sector accounting.	Ongoing Electronic information from IFAC has been sent to MoF staff	CEO, President, MoF	Members of the Council, Public Accounting Department at MoF, IEKA staff
56.	April 2009	Attempt to reinforce relationship with the MoF to further improve ongoing communication about public accounting and IPSASs.	Ongoing Electronic information from IFAC has been sent to MoF staff	CEO, President, MoF	Members of the Council, Public Accounting Department at MoF, IEKA staff
<i>Continuing to Assist the Ministry of Finance in Translating, Adopting and Implementing IPSASs</i>					
57.	April 2009	Reconsider and reinforce current cooperation activities undertaken with the MoF and organize meetings with the Public Accounting Department of MoF, to identify their needs in adopting IPSASs and propose further support as necessary.	May 2009 Completed Ongoing	President and CEO	Council, IEKA staff and Public Accounting Department of MoF

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Assisting the Ministry of Finance with the Drafting of the New Law on Public Sector Accounting</i>					
58.	Ongoing	IEKA to make best efforts for promoting to government authorities the importance of transition to IPSAS for reporting by government entities.	Ongoing	Council, CEO	CEO
<i>Maintaining Ongoing Process</i>					
59.	September 2013	IEKA will review the revised SMO 5 and take actions to ensure compliance with the revised requirements. Update on the discussion papers of the IPSAS board. Discussion papers disseminated in Albanian via the IEKA's professional magazine.	Ongoing	Council, CEO	CEO/ Education Committee
<i>Review of IEKA's Compliance Information</i>					
60.	Ongoing	Perform review of IEKA's response to SMO 5 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Continue to improve IEKA’s system on Investigation and Discipline (I&D)

Background:

The Audit Law has transferred disciplinary powers from the Commission for Disciplinary Issues to the POB, which is now responsible for disciplining IEKA members. The Investigation Committee of IEKA is responsible for investigating its members and forwarding the cases to the POB which judges them. IEKA has reviewed the investigation and disciplinary regulations to ensure they meet SMO 6 and the Audit Law requirements. The professional body will also undertake additional activities to raise its member’s awareness about disciplinary rules.

With the modification made to the audit law, the POB role is enhanced and strengthened. The POB is ultimately responsible for professional disciplinary measures of any form.

The IEKA’s regulation on the Disciplinary Committee is prepared in full compliance with Audit Law requirements. Misconduct is defined as per the SMO 6 and extended. Bodies responsible are the disciplinary committee, the IEKA Council, and the POB. The POB is made up of non-practitioners and practitioners in minority and its composition is being revised in the amendments to audit law proposed by the WB consultants, but still not considered by the Ministry of Finance. POB imposes sanctions involving removal or practicing rights for any regulatory breaches by IEKA’s members. Initiation of proceedings is complaints based as well as information-based. Independence is always maintained and formally declared. The POB serves as a “tribunal.” There are levels of sanctions and efforts are made by the board to achieve proportionality. The POB cooperates with regulators.

The new law on audit stipulates that complaints against a disciplinary measure taken by the board can be filed with the administrative court in Albania. Outcomes of the disciplinary actions in the POB are made available in IEKA’s website and IEKA plans to include such info in annual reports in the form of problems facing the profession to be addressed. The last review of the effectiveness of the system is performed by the WB consultant of the recent WB project to review the regulatory framework of the entire system including POB, IEKA, quality review, etc.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improving the Existing Investigation and Discipline System of IEKA</i>					
61.	September 2009	Analyze I&D mechanisms in the light of the Audit Law requirements, in cooperation with the POB.	December 2010 Completed	President and CEO	Public Oversight Board, Council, IEKA staff and Investigation Committee and the relevant Committee for disciplinary issues
62.	November 2009	Review the existing IEKA investigation rules and make improvements as necessary, and in accordance with the requirements of SMO 6.	December 2010 Completed	Council, CEO	CEO, Council, IEKA staff,

#	Start Date	Actions	Completion Date	Responsibility	Resource
63.	January 2010	Draft regulation on I&D in accordance with the Audit Law and the requirements of SMO 6. The document prepared provides guidance on both the investigative and disciplinary issues, as far as they are closely related. The I&D regulation provide detailed procedures on investigation, assessment of compliance with professional rules and ethics requirements and other violation and/or infringements made by IEKA members, and on the sanctions to be applied to members.	January 2011 Completed	Council, CEO	CEO, Council, IEKA staff, Public Oversight Board
64.	February 2011	Forward the approved investigation and discipline regulation to the POB for formal adoption, as necessary. Inform IEKA members about the adoption of the new regulation.	May 2011 Completed	General Assembly, CEO	President, CEO, IEKA staff, Public Oversight Board
65.	May 2011	Establish the Investigation Committee of IEKA in accordance with the new Audit Law requirements and these and other relevant regulations. This activity will be done in coordination with the POB.	June 2011 Completed December 2011	Council	President, CEO, IEKA staff, Oversight Board
66.	September 2011	Inform IEKA members of disciplinary measures taken. Publish in IEKA website and magazine relevant information on I&D procedures applicable to IEKA members and on how to raise complaints.	Ongoing	President and Chairman of Oversight Board	President, Oversight Board Members, CEO, IEKA staff
67.	December 2011	Prepare education modules for members on how to avoid violations of rules and ethical principles.	June 2012 Completed Ongoing	President, Chairman of Education Committee and Chairman of I&D Committee	President, Education Committee, CEO, IEKA staff
68.	February 2012	Drafting a joint document between IEKA – POB on further categorization of members' misconduct.	September 2012 Ongoing	Council of IEKA, POB	Investigating and Discipline Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
69.	Ongoing	Continue to ensure that IEKA and the Public Oversight Board I&D system addresses all SMO 6 requirements. These includes review of existing I&D mechanisms to ensure they function as intended and are properly implemented, and updating action plan for future activities as necessary.	Ongoing	President and Chairman of I&D Committee POB	President, Oversight Board Members, Members of I&D Committee, IEKA staff
<i>Review of IEKA's Compliance Information</i>					
70.	Ongoing	Perform review of IEKA's response to SMO 6 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff

Self-Assessment against Requirements of SMO 6 (2015)

Requirements	Y	N	Partially	Comments
Scope of the system				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	X			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	X			
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.	X			
4. Link with the results of QA reviews has been established.	X			
Investigative process				
5. A committee or similar body exists for performing investigations.	X			

Requirements	Y	N	Partially	Comments
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			
Disciplinary process 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			Under Law No. 10091 of 2009 On Statutory Auditing and organization of the Accounting Profession, the I&D function for auditors is shared between the IEKA, which investigates and provides a recommendation for disciplinary action, and the Public Oversight Board (POB) which applies disciplinary sanctions.
8. Members of the committee/entity include professional accountants as well as non-accountants.	X			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	X			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	X			
Rights of representation and appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	X			The right for appeal exists and can be exercised near the respective Court.
Administrative Processes 12. Timeframe targets for disposal of all cases are set.				
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			
14. Records of investigations and disciplinary processes are established.	X			

Requirements	Y	N	Partially	Comments
Public Interest Considerations				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	X			
16. A process for the independent review of complaints on which there was no follow-up is established.	X			
17. The results of the investigative and disciplinary proceedings are made available to the public.	X			
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	X			
Regular review of implementation and effectiveness				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	X			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to assist the National Accounting Council and other authorities in adopting and implementing IFRSs and to promote the ongoing convergence process with IFRSs

Background:

The Accounting Law of 2004 requires listed entities, large unlisted entities, and financial institutions to prepare their legal entity and consolidated financial statements using IFRSs. Albania applies IFRSs as endorsed by the IASB. As at the end of 2014, the IFRS are translated in Albanian language and are readily available online at the National Accounting Council’s website and IASB website. The NAC has set up a translation committee which is regularly translating the new revised standards.

All other companies follow Albanian National Accounting Standards (NASs) set by the National Accounting Council of Albania (NAC) and approved by the Minister of Finance. NAC has incorporated a large part of IFRSs in the NASs with modifications as NASs do not include all IFRSs disclosure requirements. NAC with assistance of the World Bank has completed the revision of NASs and the approximation of them with IFRS for SMEs.

IEKA contributes regularly to the translation of new and revised IFRS, with translators and members of the review committee of NAC.

IEKA also assists with the implementation of NASs by providing training and publishing articles in its newsletter.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Assist National Accounting Council in Improving the Process of Translation, Adoption, and Implementation of IFRSs</i>					
71.	September 2009	IEKA to draft a convergence statement stating that IEKA will continue to encourage the National Accounting Council (NAC), which is the official accounting standard-setter, in adopting all IFRSs, without modifications and to continue to participate in NAC activities to support the ongoing process for convergence between NASs and IFRSs.	December 2009 Completed	President, CEO and NAC Chairman	Council and IEKA staff
72.	December 2009	Approve IEKA convergence statement.	December 2009 Completed	President and CEO	Council and IEKA staff
73.	December 2009	Monitor new and amended standards issued by the IASB in an ongoing manner and inform NAC of the latest developments via IEKA representatives in NAC.	Ongoing	President, CEO and NAC Chairman	NAC, Council and IEKA staff
74.	June 2009	In cooperation with NAC, provide comments on exposure drafts from the IASB.	Ongoing	President, CEO and NAC Chairman	NAC, Council members and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
75.	Ongoing	Continue to assist NAC in translating new and amended IFRSs. Note: the bound volume of the latest IFRSs is already translated into Albanian. IEKA continue to contribute on the translation work with translators and review committee members.	Ongoing	President, CEO and NAC Chairman	NAC, Council and IEKA staff
76.	June 2009	Assist NAC in drafting NASs in accordance with new and amended IFRSs.	Ongoing	President and CEO	Council and IEKA staff
77.	June 2009	Circulate NAS exposure drafts to IEKA members and provide relevant comments on exposure drafts on NASs to NAC.	Ongoing	President and CEO	Council and IEKA staff
78.	Ongoing	Continue to discuss with NAC and other authorities such as Bank Oversight Authority and Financial Oversight Authority on the problematic aspects of implementation of IFRSs in Albania.	Ongoing	President, CEO, NAC	Council, IEKA staff NAC and other Authorities
79.	Ongoing	Continue to provide information to the public on the latest developments of IFRSs and NAS via IEKA magazine, website, and other direct or indirect correspondence.	Ongoing	President, CEO	Council and IEKA staff
<i>Supporting Implementation of National Accounting Standards</i>					
80.	Ongoing	Update the pre-qualification and CPD programs in accordance with new and amended NASs.	Ongoing	President, CEO	Council, Education Committee and IEKA staff
81.	June 2009	Organize seminars to raise IEKA members', candidates' and other interested parties' awareness of NASs and IFRSs. There are more than 50 hrs used in the seminars that IEKA organizes for training of candidates especially with differences between NASs and IFRSs.	Ongoing	President, CEO	Council, Education Committee and IEKA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
82.	Ongoing	Continue to identify possibilities and opportunities for cooperation on proper adoption and implementation of IFRSs in Albania. This includes updating the action plan for future activities as necessary. IFRS are applicable in Albania for specified entities. The rest of the entities use the revised NAS which are aligned to the IFRS for SME. IEKA contributes to the translation of IFRS in Albania and to the dissemination of the amendments via trainings, magazines, seminars etc.	Ongoing	President, CEO	Council and IEKA staff
<i>Review of IEKA's Compliance Information</i>					
83.	Ongoing	Perform review of IEKA's response to SMO 7 section of the Action Plan on a biennial basis.	Ongoing	CEO	CEO and IEKA staff