

## **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 adoption<sup>1</sup> and implementation<sup>2</sup> 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**

<b>IFAC Member:</b>	Serbian Association of Accountants and Auditors (SAAA)
<b>Approved by Governing Body:</b>	Managing Board
<b>Original Publish Date:</b>	February 2011
<b>Last Updated:</b>	September 2016
<b>Next Update:</b>	September 2018

---

<sup>1</sup> *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.

<sup>2</sup> *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**

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>CAT</b>	Certified Accounting Technician
<b>CIPFA</b>	Chartered Institute of Public Finance Accountants
<b>CNCC</b>	Compagnie Nationale des Commissaires aux Comptes
<b>CPD</b>	Continuous Professional Development
<b>EU</b>	European Union
<b>I&amp;D</b>	Investigation and Discipline Mechanism
<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>ICAEW</b>	Institute of Chartered Accountant of England and Wales
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>ISQC 1</b>	International Standard on Quality Control
<b>MoF</b>	Ministry of Finance
<b>OEC</b>	Ordre des Experts-Comptables
<b>QA</b>	Quality Assurance System
<b>SAAA</b>	Serbian Association of Accountants and Auditors
<b>SME</b>	Small and Medium Enterprise
<b>SMO</b>	Statements of Membership Obligations

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Further Develop the System of Quality Assurance (QA) and Move toward an Obligatory System

**Background:**

In accordance with the Law on Auditing of 2013, the Chamber of Authorized Auditors of Serbia (KoR) is responsible for the conduction of a QA review for the performance of statutory audits of financial statements. The QA review reports are subject to approval by the Audit Public Oversight Board (APOB). Approved QA review reports are submitted to Ministry of Finance (MoF) which has final authority for the appropriate corrective and disciplinary measures.

There is no mandatory system of Quality Assurance (QA) in Serbia for accounting (non-statutory audit) services; however, presently the Serbian Association of Accountants and Auditors (SAAA) maintain a voluntary system of QA for its membership. This system was designed with the assistance of the French Associations Ordre des Experts-Comptables (OEC) and Compagnie Nationale des Commissaires aux Comptes (CNCC). Having being established in 2011, it is still in the process of development and strengthening. The cycle based system has been implemented in two phases, the first being comprised of a questionnaire to identify areas of weakness in quality control and audit practices of firms and the second comprised of field investigations into the quality of work conducted by member firms.

As of 2016 the SAAA has completed the questionnaire portion of its QA review system and has conducted seven QA field reviews performed by joint commission of practitioners and independent staff. As this system was only recently established, the various firm-level investigations have been conducted on a voluntary basis and without penalty, in order to raise awareness among the membership of the SAAA of the components of strong firm quality control, areas of deficiency and weakness within SAAA member firms, and the structure and function of the SAAA system of QA. In this regard, the SAAA has adopted and promoted International Standard of Quality Control 1 (ISQC 1), *Quality Control Standards for Firms that Perform Audits and Review of Financial Statements, and Other Assurance and Related Service Engagements*. In 2013, SAAA translated and published the IFAC *Guide for Quality Control for Small- and Medium-Sized Practices* (3<sup>rd</sup> edition) which are disseminated through series of trainings and workshops. During 2015, two additional trainings were held with focus on implementation of the QA review system. SAAA initiated cooperation program with ICAEW regarding improvement of existing system and establishing the QA system for non regulated accounting services. During 2015 and 2016 the SAAA and ICAEW held 3 workshops focused on improvement of QA methodology and procedures.

SAAA has also indicated that it promotes the need for establishing a mandatory QA review system for all audit and accounting services to the Government. As Serbia initiated the process of compliance with new accounting and audit EU Directives, the various roles and responsibilities of the SAAA and its relevant counterparts will be clarified as they relate to QA. SAAA continues dialogue with Ministry of Finance (MoF) and other relevant government entities to promote QA System and need for adoption of supporting legislation, as due to its voluntary nature QA system can not fully comply with requirements of SMO 1 (revised 2012).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Developing and Increasing Participation in Voluntary QA Review System in Serbia</i>					
1.	July 2010	Promote and raise awareness of the volunteer QA review system as well as the potential benefits to audit firms which participate (e.g., the educational aspect of participating in QA system, the identification of areas of weakness to improve firm practice, etc.).	Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
2.	July 2010	Continue to encourage firms to enter the system on a volunteer basis. Reflect on various incentives which may attract firms to participate (i.e., recognition in the SAAA newsletter and name posted on website, reduction in fees) and work to include these in program.	October 2012 Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
3.	June 2012	Organize joint activities (seminars, trainings, workshops) with EU countries professional associations aimed at improvement of QA review system and system and application of <i>IFAC Guide for Quality Control for Small- and Medium-Sized Practices</i> (3 <sup>rd</sup> edition).	Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
4.	October 2010	During 2015, number of firms participating in voluntary QA system increased. Further increase of participants will be pursued.	Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
5.	February 2015	Joint project with ICAEW in establishing and improvement of QA system.	June 2017	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Maintain a regular review of the current QA review system operating in Serbia and compare it to the requirements established by IFAC SMO 1 to understand if it functions as intended and if there are any areas for improvement, especially in the area of AML procedures and in cooperation with AML authorities.	Ongoing	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	Ongoing	Due to importance of QA System, ongoing process of monitoring compliance with IFAC SMO 1 has been established and if needed, modifications necessary to bring the current SAAA QA program in compliance with revised requirements of IFAC SMO 1 will be applied and actions will be taken to ensure that the QA review system established is in line with the revised requirements.	Ongoing	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
8.	Ongoing	Conduct regular updates to the SAAA Quality Assurance System with regards to amendments to SMO 1.	Ongoing	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
<i>Review of SAAA's Compliance Information</i>					
9.	July 2010	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 1 as necessary.	Ongoing	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB  
**Action Plan Objective:** Maintain International Education Standards (IESs) Compliance and Continue Promoting IESs to All Accountancy Professionals in Serbia

**Background:**

SAAA professional accountancy education and certification program as well as CPD requirements are in full compliance with revised IES. The present legislative in Serbia requires mandatory CPD for statutory auditors only. World Bank assessment of SAAA professional education done in 2016 states full compliance with IESs.

The SAAA education program and final assessment are based on the Association of Chartered Certified Accountants (ACCA) program. The SAAA has applied and received recognition by ACCA for its Accounting Technician (AT) training program (7 of the 9 papers required for Certified Accounting Technician [CAT] certification) and for its professional accountancy program – Certified Accountant (CA) and Certified Public Accountant (CPA) (3 of the papers have blanket waiver, while the additional 6 are subject to individual appeal and review. SAAA is in the process of seeking blanket recognition of the remainder). It is noted that candidates are required to have previous formal education as well as at least three years of practical experience and that this should be monitored and approved by a current member of SAAA. In addition, there is a requirement for all SAAA members to obtain 120 hours of Continuous Professional Development (CPD) over a three-year rolling period; compliance with CPD requirements is monitored and non-compliance with CPD requirements has resulted in the expulsion of members from the SAAA.

In 2016 SAAA signed a mutual recognition agreement with CIPFA, which includes full recognition and CIPFA membership for SAAA members (CA and CPA) as well as development of specialized stream for Public Sector Accountants designation.

SAAA developed and operates a high quality professional accountancy education and certification program and will work to maintain and update this program and continue to promote importance of IES and CPD in its dialogues with Government and relevant institutions.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining SAAA Accountancy Education, Certification and Continuous Professional Development</i>					
10.	July 2010	Continue to promote IESs to the Government of Serbia and promote the application of these standards to all professional accountants and auditors in Serbia, through articles, seminars, workshops, and meetings.	Ongoing	Committee for Education	- SAAA - Standards Committee
11.	July 2010	Continue to monitor international standards for updates and ensure that these updates are adequately reflected in the SAAA accountancy education requirements. Provide comments on exposures drafts from the IAESB, as needed.	Ongoing	Committee for Education	- SAAA - Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	July 2010	Continue to monitor changes to the ACCA syllabus and ensure that modifications which are needed to maintain ACCA recognition are made.	Ongoing	Committee for Education	- SAAA - Standards Committee
13.	July 2010	Updated supplements to ACCA qualification textbooks included in qualification process. SAAA will continue to maintain a process for monitoring and incorporating changes in international standards and in ACCA syllabus into accountancy education, certification and continuing professional development requirements.	Ongoing 2015	Committee for Education	- SAAA - Standards Committee
14.	July 2010	Continue to encourage academics to enter the program of professional education and (where possible) certification to assist them in attaining updated knowledge and skills.	Ongoing	Committee for Education	- SAAA - Standards Committee
15.	December 2010	Agreements on cooperation were signed with 2 new Academic institutions. SAAA will continue to enhance cooperation with academic institutions in the field of development and harmonization of academic and professional syllabus to ensure that persons entering in profession have attained a diverse and sufficient theoretical and practical knowledge of accountancy through joint working bodies.	Completed June 2015 Ongoing 2015	Committee for Education	- SAAA - Standards Committee
16.	September 2015	Joint project with CIPFA in establishing the specialized qualification relating to Public Sector Accounting.	Ongoing 2015	Committee for Education	- SAAA - Standards Committee
<i>Maintaining Ongoing Processes</i>					
17.	Ongoing	Conduct regular updates to the education, training, and CPD programs with regards to new and amended IESS and the revised requirements of SMO 2.	Ongoing	Committee for Education	- SAAA - Standards Committee
<i>Review of SAAA Compliance Information</i>					
18.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 2 as necessary.	Ongoing	Committee for Education	- SAAA - Standards Committee

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Assist with IAASB Pronouncement Implementation

**Background:**

The Accounting and Auditing Laws (2013) states that audits of listed and non-listed entities should be conducted in accordance with the International Auditing and Assurance Standards Board (IAASB) pronouncements. At this point, all IAASB pronouncements have been adopted, without modifications through direct adoption in the law (Law on Accounting and Audit, 2006, 2009).

SAAA has responsibility for the promulgation of auditing standards which means the professional body has an important and direct role in supporting the implementation of the IAASB pronouncements so that its members understand the standards and apply them. In furtherance of this role, SAAA has established an ongoing process for the translation of the IAASB pronouncements (having translated and published the 2005, 2006, 2009, 2010 and 2013 Handbook), translates the standards in accordance with the IFAC Translation Policy, raises its members' awareness about the requirements and organizes seminars and other training for those of its members who provide audits of financial statements. Government Decision on adoption and implementation of IAASB pronouncements translated by SAAA was adopted in 2012.

SAAA promulgates auditing standards thereby having a high degree of influence in the adoption of IAASB pronouncements on regional level, for Serbian language area (Serbia, Bosnia and Herzegovina and Montenegro). Although adoption is direct, and translation of IAASB pronouncements is available, there remain significant gaps in the level of implementation of IAASB standards in Serbia due to lack of firm governmental support to Quality Assurance system. SAAA is in a process of communication with Government for the purpose of establishment of robust and continuous joint model of timely update of ISA translation.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting Implementation of IAASB Pronouncements and Facilitating the Provision of Comments on Exposure Drafts</i>					
19.	July 2010	Program to communicate IAASB exposure drafts to SAAA's members developed. SAAA will maintain active program and encourage responses and participation of its members in the exposure draft process. SAAA will specifically inform its members when publications/exposure drafts are released and/or through their newsletter and other publications.	Ongoing 2015	Standards Committee	- SAAA - Standards Committee
20.	July 2010	Translation and publication of 2013 IAASB pronouncements finished. SAAA will continue to work with the IFAC Translation Department to ensure successful and timely translation, update and publication of IAASB pronouncements.	Ongoing 2013	Standards Committee	- SAAA - Standards Committee



#	Start Date	Actions	Completion Date	Responsibility	Resource
21.	September 2010	Maintain a program to facilitate members' comments on exposure draft through communication with membership and organizations of workshops and round tables. Translate most important exposure draft for easier communication.	Ongoing 2015	Standards Committee	- SAAA - Standards Committee
<i>Maintaining Ongoing Processes</i>					
22.	Ongoing	Conduct regular updates to the education, training, and CPD programs with regards to new and amended IAASB standards.	Ongoing	Standards Committee, Education Committee	- SAAA - Standards Committee - Education Committee
23.	Ongoing	Continue activities increasing awareness among auditors and the general public about the standards (workshops, training seminars, etc).	Ongoing	Standards Committee, Education Committee	- SAAA - Standards Committee - Education Committee
24.	Ongoing	Continue efforts at developing timetables for review, translation, promulgation and support of implementation of IAASB pronouncements in Serbia, in accordance with the revised requirements of SMO 3.	Ongoing	Standards Committee, Education Committee	- SAAA - Standards Committee - Education Committee
<i>Review of SAAA Compliance Information</i>					
25.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 3 as necessary.	Ongoing	Standards Committee	- SAAA - Standards Committee

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Implementation of the IESBA’s Code of Ethics

**Background:**

The Auditing Law (2013) requires auditors to comply with the requirements of the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA). The law simply refers to the IESBA Code of Ethics and the Code has been adopted without modifications. SAAA has an important role with regards to the IESBA Code of Ethics as it has to support the implementation of the requirements so that professional accountants understand the standards and apply them as intended. The Code of Ethics currently published is the most up to date version of the IESBA’s Code of Ethics (2015). SAAA raises its members and the general public’s awareness of the revised IESBA’s Code of Ethics, has translated the revised Code according to the IFAC Translation Policy and provides pre-qualification courses and training on the revised requirements. SAAA annually organizes at least 3 Ethics focused training courses and seminars. In addition, SAAA includes an ethics module which is included in qualification program.

Serbia has utilized direct adoption and the SAAA is responsible for the translation and promotion of the most up-to-date version of the Code of Ethics (the 2012 Code of Ethics was translated and published) so it has a high degree of influence in the adoption of the IESBA Code. As there is direct adoption, SAAA will continue to support implementation through the translation, adoption and training and education to ensure proper application of the up-to-date Code of Ethics and continue to raise awareness of the Code of Ethics through its dialogues with Government.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote Greater Understanding and Proper Application of IESBA Code of Ethics</i>					
26.	July 2010	Strengthen seminars which focus on the practical application of ethics theory and on the proper application of IESBA Code’s requirements.	Ongoing 2015	Committee for Ethics and Quality, Education Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Committee for Ethics and Quality</li> <li>- Education Committee</li> </ul>
27.	January 2011	Review the program and make required modifications to address the needs of participants. Maintain a continuous monitoring of members needs and apply necessary modifications.	Ongoing 2015	Committee for Ethics and Quality, Education Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Committee for Ethics and Quality</li> <li>- Education Committee</li> </ul>

#	Start Date	Actions	Completion Date	Responsibility	Resource
28.	February 2011	Finalize program and formally roll out the program for participants. Maintain program as a regular activity.	Ongoing 2015	Committee for Ethics and Quality, Education Committee	- SAAA - Committee for Ethics and Quality - Education Committee
29.	May 2011	Based on program and participant discussion and comments, 'Ethics Toolkit' was developed which identifies ethical situations of key interest among the profession and the appropriate manners for handling these ethical situations. Maintain a process of 'Ethics Toolkit' improvement and update.	Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
30.	July 2011	Disseminate "Ethics Toolkit" to SAAA members. Disseminate updated "Ethics Toolkit" to SAAA members.	Ongoing 2015	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
31.	Ongoing	Continue to raise awareness with government on the need for legislative support and enforcement of key tenets of the Code of Ethics (auditor independence, conflict of interest, etc.) and discuss possible manners in which support and enforcement may be rendered, in accordance with the revised requirements of SMO 4.	Ongoing	Committee for Ethics and Quality	- SAAA - Committee for Ethics and Quality
<i>Maintaining Ongoing Processes</i>					
32.	Ongoing	Review and submit input to the IESBA's standard-setting activities through providing comments on Exposure Drafts Issued by the IESBA.	Ongoing	Committee for Ethics and Quality, Education Committee	- Education Committee - SAAA - Committee for Ethics and Quality
33.	Ongoing	Conduct regular updates to the CPD programs, seminars, and education with regards to updates to the IFAC Code of Ethics and its requirements.	Ongoing	Committee for Ethics and Quality, Education Committee	- Education Committee - SAAA - Committee for Ethics and Quality

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of SAAA Compliance Information</i>					
34.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 4 as necessary.	Ongoing	Committee for Ethics and Quality, Education Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Committee for Ethics and Quality</li> <li>- Education Committee</li> </ul>

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Assist in 5 Year Transition to Accrual Based International Public Sector Accounting Standards (IPSASs)

**Background:**

The application of cash based IPSASs for all public sector entities was adopted into law in Serbia in the year 2003. SAAA continues to promote and advocate a transition to accrual based IPSASs. The professional body maintains a strong and active ‘public sector’ demographic in its membership and maintains two regular semi-annual, three days-long seminars to address issues specific to the public sector, IPSASs adoption and implementation and challenges therein as well as other seminars as needed. The SAAA is also the body responsible for the official translation of IPSASs into Serbian language and follows the IFAC translation policy to accomplish this for the regional use in Serbian language area (Serbia, Bosnia and Herzegovina and Montenegro). The SAAA has translated the IPSAS 2013 Handbook according to the IFAC Translation Policy and provides courses and training on the most up to date version of the IPSASs.

IPSASs are adopted and implemented by the government through Government Decision on Adoption (49/2010). SAAA plays a crucial role in providing representation and education to the public sector in this area, in accordance with the revised requirements of SMO 5. In 2015 SAAA was included in Government Working Group focused on transition from cash based to accrual based IPSAS.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting a 5 Year Transition and Movement Toward Accrual Based Accounting</i>					
35.	Ongoing	Maintain dialogue with Government of Serbia representatives responsible for the implementation of Accrual Based IPSASs.	Ongoing	Standard Committee, State Audit Office, President	- SAAA - President - Standards Committee
36.	Ongoing	Cooperate with government to support and assist in IPSAS training and preparation for public sector officials.	Ongoing	Standard Committee, State Audit Office, President	- SAAA - President - Standards Committee
37.	July 2010	Develop a ‘Public Sector IPSAS Implementation’ Working Group to address key issues and facilitate dialogue amongst SAAA members and to act as a resource for national exchange knowledge sharing on the topic.	Ongoing	Standard Committee	- SAAA - Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
38.	November 2011	Maintain and strengthen a 'Public Sector IPSAS Implementation' Working Group to address key issues and facilitate dialogue amongst SAAA members and to act as a resource for national exchange knowledge sharing on the topic.	Ongoing 2015	Standard Committee	- SAAA - Standards Committee
39.	October 2010	Publish key topics and issues of concern encountered through 'Public Sector IPSAS Implementation' Working Group in newsletters, online, etc.	Ongoing 2015	Standard Committee	- SAAA - Standards Committee
<i>Maintaining Ongoing Processes</i>					
40.	Ongoing	Continue to promote and support implementation of IPSASs in Serbia through semi-annual conference – incorporate 1-3 sessions specifically on the topic of Accrual Based IPSASs adoption and implementation, 3 days Public Sector Accounting Seminar (held annually in September) as well as numerous training and workshop sessions.	Ongoing	Standard Committee, Education Committee	- SAAA - Standards Committee - Education Committee
41.	Ongoing	Continue to further implementation of IPSASs by including seminars, workshops, etc. which focus on recent updates to IPSASs and their proper application.	Ongoing	Standards Committee, Education Committee	- SAAA - Standards Committee - Education Committee
<i>Review of SAAA Compliance Information</i>					
42.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 5 as necessary.	Ongoing	Standards Committee	- SAAA - Standards Committee

**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Strengthen the Investigation and Discipline Mechanism

**Background:**

SAAA has implemented mechanisms for investigating and disciplining (I&D) its members for misconduct and failure to meet the rules. This system has incorporated a large majority of SMO 6 requirements into its system of Investigation & Discipline and offers the possibility for legal recourse should the I&D mechanism within the SAAA determines that this is necessary. Although most cases are resolved without resorting to the Serbian legal system, there is an adequate number of cases which have moved into the legal system. In past years, the SAAA completed a relatively large number of cases. While the I&D system is fully based on SMO 6 requirements, Serbian legal system creates a gap in relation to possibility to sanction members for non-compliance if necessary.

SAAA maintains a three tiered system (Investigation committee, Disciplinary committee, and Appeals committee) of Investigation and Discipline *established on a basis of a mixed approach* which begins with a formal reprimand, then a freezing of membership status, and finally a revocation of certification and license. If issues at hand are substantial, the SAAA can pursue recourse through the legal system.

I&D is the responsibility of SAAA; however, the SAAA does rely upon the Serbian legal system in certain cases. To lessen the SMO implementation gap, SAAA will focus on strengthening its I&D Mechanism to ensure ability to enforce adequate sanctions which deter non-compliance.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthening SAAA Investigation, Discipline and Appeals Mechanism</i>					
43.	July 2010	Maintain current operations and reflect upon revised SMO 6 and its components to ensure compliance of SAAA I&D Mechanism with all required aspects.	Ongoing 2015	President, Executive Board, Investigation & Disciplinary Committee	- SAAA - President - Executive Board - Investigation and Disciplinary Committee
44.	July 2010	Continue conversations within SAAA and reflect on challenges to enhancing compliance and manners in which SAAA sanctions and enforcement can be improved to more appropriately deter noncompliance.	Ongoing 2015	President, Executive Board, Investigation & Disciplinary Committee	- SAAA - President - Executive Board - Investigation and Disciplinary Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
45.	December 2010	Create dialogue with the MoF and other relevant government entities to discuss challenges to promoting compliance and manners for strengthening the SAAA mechanism to further compliance. Maintain dialogue with the MoF and other relevant government entities regarding this subject on an on-going basis.	Ongoing 2015	President, Executive Board, Investigation & Disciplinary Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Investigation and Disciplinary Committee</li> <li>- MoF</li> <li>- Relevant Government Agencies</li> </ul>
46.	July 2010	Raise awareness among SAAA membership of the I&D mechanism, the triggers for I&D activities, and the resulting sanctions and penalties.	Ongoing	President, Executive Board, Investigation & Disciplinary Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Investigation and Disciplinary Committee</li> </ul>
<i>Review of I&amp;D Mechanisms</i>					
47.	Ongoing	Maintain process of regular reviews of the I&D mechanisms to ensure the system implemented functions as intended and in accordance with the revised requirements of SMO 6.	Ongoing	President, Executive Board, Investigation & Disciplinary Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Investigation and Disciplinary Committee</li> </ul>
<i>Review of SAAA Compliance Information</i>					
48.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 6 as necessary.	Ongoing	President, Executive Board, Investigation & Disciplinary Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Investigation and Disciplinary Committee</li> </ul>



**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue to Improve Implementation of IFRSs

**Background:**

The Accounting law (2013) requires small number of companies (defined as large size companies if fulfil 2 of 3 criteria: 35 millions euro Revenue, 17.5 millions euro Assets and 250 employees) to use IFRSs for the preparation of their financial statements. SME (defined as SME if exceeds 2 of 3 criteria: 700.000 euro Revenue, 350.000 euro Assets and 10 employees) are required to apply IFRS for SMEs or national rulebook while Micro entities (94% of total entities) use national rulebook. However, the actual practice of IFRSs adoption differs from that of ISAs adoption in that the Government does not only publish the Resolution on Adopting IFRSs, but also publishes the text of these standards (latest version published by MoF is 2011). Therefore, there are substantial problems and delays in IFRSs updates due to bad provisions of Accounting Law (2013).

The MoF is responsible for adopting the accounting standards whereas SAAA has regional responsibility (for Serbian language area, including Serbia, Bosnia and Herzegovina and Montenegro) for promulgating them and supporting their implementation. To fulfill its responsibilities, SAAA has established an ongoing, regional process for the review and translation of IFRS and IFRS for SMEs into Serbian. The latest IFRS translation published by SAAA is the 2009 edition. The later editions of IFRS were not published but included in trainings and workshops. The SAAA has also translated IFRS for Small and Medium Enterprise (SMEs). SAAA continues to promote need for implementation of IFRSs and IFRS for SME through dialogue with Government. In addition, SAAA raises its members' and the public's awareness of the standards using its publications and provides training on the accounting standards.

IFRS are adopted by the MoF, but SAAA plays a crucial role in providing translation, awareness building and education to the private sector in this area in accordance with the revised requirements of SMO 7.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Improve IFRS Implementation</i>					
49.	July 2010	Continue dialogue with MoF and other Relevant Government Entities on the issue of adopting IFRSs and IFRS for SMEs directly (as is done with ISA) into law to enhance timeliness of Serbian financial reporting standards. Maintain on-going dialogue on this subject throughout 2012.	July 2011 Completed  Ongoing 2015	Standards Committee, President, Executive Board	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Standards Committee</li> <li>- Ministry of Finance</li> <li>- Other Relevant Government Entities</li> </ul>

#	Start Date	Actions	Completion Date	Responsibility	Resource
50.	July 2010	Discuss with MoF and other Relevant Government Entities the need for greater attention and resources on the application and implementation of IFRSs. Specifically discuss the need for greater awareness and publicity of the availability and usefulness of the official International Accounting Standards Board (IASB) IFRS Implementation Guide.	July 2011 Completed  Ongoing 2015	Standards Committee, President, Executive Board	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Standards Committee Ministry of Finance</li> <li>- Other Relevant Government Entities</li> </ul>
51.	July 2010	Supporting members with the implementation of the new and updated standards through trainings, seminars etc, disseminating information on the international developments.	Ongoing 2015	Standards Committee, Education Board	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Education Board</li> </ul>
52.	July 2010	Discuss with MoF and other Relevant Government Entities the recent release of IFRS for SMEs and promote the application of these standards for SME entities in Serbia. This discussion will focus on: <ul style="list-style-type: none"> <li>- Current level of SME compliance with full IFRSs.</li> <li>- Challenges to SME compliance with full IFRSs.</li> <li>- Potential benefits of adopting IFRS for SMEs.</li> <li>- Potential legal amendments modifications needed to adopt IFRS for SMEs (e.g., definition of SME, modifications to financial reporting laws, etc.).</li> </ul>	November 2012 Completed  Ongoing 2015	Standards Committee, President, Executive Board	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- President</li> <li>- Executive Board</li> <li>- Standards Committee Ministry of Finance</li> <li>- Other Relevant Government Entities</li> </ul>
<i>Maintaining Ongoing Processes</i>					
53.	Ongoing	Continue to further implementation of IFRS through publications, seminars, workshops, etc. which focus on recent updates to IFRSs and their proper application.	Ongoing	Standards Committee, Education Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Standards Committee</li> <li>- Education Committee</li> </ul>

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of SAAA Compliance Information</i>					
54.	Ongoing	Perform periodic review of SAAA response to the SMO Action Plan and update sections relevant to SMO 7 as necessary.	Ongoing	Standards Committee	<ul style="list-style-type: none"> <li>- SAAA</li> <li>- Standards Committee</li> </ul>