

## **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 Associate:</b>	The Institute of Certified Accountants of Montenegro (ICAM)
<b>Approved by Governing Body:</b>	Executive Board, April 2016
<b>Original Publish Date:</b>	August 2012
<b>Last Update:</b>	November 2017
<b>Next Update:</b>	November 2019

---

<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>AAARS</b>	Association of Accountants and Auditors of Republic of Srpska
<b>AAAS</b>	Association of Accountants and Auditors of Serbia
<b>ACCA</b>	Association of Chartered Certified Accountants
<b>CPD</b>	Continuous Professional Development
<b>EU</b>	European Union
<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>ICAM</b>	Institute of Certified Accountants of Montenegro
<b>IESs</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>ISAs</b>	International Standards on Auditing
<b>MoF</b>	Ministry of Finance
<b>QA</b>	Quality Assurance
<b>SIA</b>	Slovenian Institute of Auditors
<b>SME</b>	Small and Medium Enterprise
<b>SMO</b>	Statements of Membership Obligations
<b>WB</b>	World Bank
<b>PAO</b>	Professional Accounting Organization
<b>ICAEW</b>	Institute of Chartered Accountants of England and Wales

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Further Develop ICAM System of Quality Assurance (QA)

**Background:**

As of 2013, until January 2017 when the new Law on Audit was adopted the country of Montenegro had no mandatory system of Quality Assurance (QA); In July 2017 the government of Montenegro appointed the members Council for Audit, of which one is representative of Central bank of Montenegro, and at the same time member of Board of Directors of ICAM. The Mandatory system o QA has not been established yet, but it is expected to be operative till the Q1 2018.

The Institute of Certified Accountants of Montenegro (ICAM) maintains a “soft” (voluntary) system of QA for its members who are Auditors, and both, questionnaire and field control for its members who are Accountants.

The system has been implemented in two phases, the first being comprised of a QA questionnaire designed to identify areas of weakness in quality control and audit practices of firms and the second phase comprised of field control into the quality of work conducted by ICAM member firms.

Prior to the adoption of the Law on Auditing No. 001 of 2017, in the absence of a legal requirement to conduct QA reviews, the Institute of Certified Accountants of Montenegro (ICAM) developed a pilot voluntary QA system for its members. The process includes asking the members offering audit services to complete a questionnaire once a year with details about the professional/firm, income/client types, income/activities, employees and methodology of work, and development of human resources. This applies only for Audit companies.

In this regard, the ICAM has adopted and promotes the International Standard of Quality Control (ISQC) 1, *Quality Control Standards for Firms Performing Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*. Law on Accounting has been adopted in August 2016 (Official gazette of Montenegro No 52/16) and Law on Audit has been adopted on January 2017 (Official Gazette of Montenegro No 01/17). A body for public oversight of auditors has been introduced by the new Law on Audit. The Ministry of Finance based on GRANT of the World Bank chose a consulting group that needs to define more precisely the function of public oversight body. GRANT has 2 components one of which is connected to public oversight body (component 1), and the other is to building capacity of ICAM to become a full member of IFAC (component 2). Component 2 has been completed I the end of 2015, and component 1 has been finished at the end of second quartal of 2016.

ICAM, together with all relevant stakeholders anticipated the possibility that certain part of Audit firms was controlled by ICAM, through SMO-1 and the rest would be subject of control of Public Oversight Body. ICAM will, in accordance with SMO 6, conduct investigation and discipline.

ICAM, in cooperation with all regional PAO's, has entered the process of education and enhancement of QA, organized by ICAEW (explained in SMO 1, paragraph 17).

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	September 2010	Conduct a brief overview of the current system of QA in Montenegro and compare this to the requirements established by IFAC SMO1 to understand if there are any areas for improvement. This activity has been conducted on regular basis.	November 2010 (Ongoing)	Executive Board of ICAM	ICAM
2.	October 2010	Start a consultative process within the membership on creating a system for QA which is in-line with SMO1. Organize seminar for auditors and promote requirements of ISQC 1. According to the Law on Accounting and Auditing in Montenegro, ISAs application is mandatory. Possible access to ISQC 1 and ISA 220 clarified translation at web site of Croatia Chamber of Auditors (similar language).	December 2010 Completed	Executive Board of ICAM	ICAM
3.	November 2010	Start a consultative process within the membership on creating "soft" QA system. Design QA Question form for audit firms and authorized auditors and their distribution. Direct distribution of Question form.	February 2011 Completed	Executive Board of ICAM	ICAM
4.	September 2012	Undertake policy dialogues on SMO 1 requirements with the Ministry of Finance (MoF) in the field of independent audit and public oversight that will monitor the quality of statutory audits.	Ongoing	Executive Board of ICAM	ICAM
5.	October 2012	Design a model QA Program, with structure and procedure based on SMO1. Supplying instruction and tools for the review team. Organize seminars and training on QA review. For example at November 2013 we had topics at the seminar: Quality control system, Basis of quality, Implementation and quality control, Role of auditors in improvement of quality in accounting, and practice examples.	Ongoing	Executive Board of ICAM	ICAM
6.	September 2013	Internal training conducted by the Quality Control Commission in accordance with the revised SMO-1 for auditors and all services provided by professional accountants, including internal audit services. The training will be conducted through workshops on quality control of the following topics: – Quality management system and its implementation – Quality control – The quality assurance system in the public sector – The role of the auditors in improving quality of the work of professional accountants	December 2013 Completed	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	January 2014	Organizing trainings in cooperation with our foreign partners (members of IFAC) for Quality Control Commission members. Consulting group for GRANT is in charge in this activity (from march 2015).	December 2015 Completed	Executive Board of ICAM	ICAM
8.	June 2014	Beginning of Quality Control Commission work in accordance with the mixed approach of SMO1 aimed at ensuring synergy and avoiding unnecessary overlapping with other systems. Confidentiality of data. Also, the QA system should be applied to a wider range of accountant's professional services, such as the preparation of financial statements and internal audit services. QA will take corrective measures, if the report of the review is not at a satisfactory level, which is associated with SMO 2 and SMO 6.  Participation in the QA reviews is currently on a voluntary basis for educational purposes and will be mandatory when it is required by the Law on Accounting and Auditing. 1% of total members have been included so far.	Ongoing	Executive Board of ICAM	ICAM
<i>Assisting with the Implementation of the Quality Control Standards</i>					
9.	January 2011	Organization of seminars for auditors with Slovenian Institute for Auditing (SIA), IFAC and World Bank's cooperation. Presentation on QA system performing in Slovenia and independent public oversight mechanism that will monitor the quality of auditing of public interest entities (in line with EU 8th Company Key Directive). <u>Seminars:</u> <i>February 2011 – Audit Methodology and IT tools</i> <i>March 2011 – Requirements of the Eighth EU Directive</i> <i>May 2011 – CAAT tools</i> <i>September 2011 – GTAG 1-16</i> <i>September 2012 – Forensic Audit</i> <i>September 2012 – Professional Practice of Internal Auditing</i> <i>October 2012 (VII Congress) – System of quality control of auditors</i> <i>October 2013 (VIII Congress)</i> – <i>The supervision of public practice</i> – <i>Application of XBRL standards in the profession</i>	Ongoing	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>November 2013 – Control of the quality of work of professional accountants</p> <p>September 2014 – Work shop: Sampling in Auditing</p> <p>October 2014 (IX Congress)</p> <p>Round table, topic:</p> <ul style="list-style-type: none"> <li>– Current problems regarding Audit in the region</li> </ul> <p>October 2015 (X Congress)</p> <p>Topic: Measuring of performance and efficiency of control in the function of improvement of audit control</p> <p>February 2016 – Impact of Audit reform on Audit Committees in Europe</p> <p>October 2016 (XI Congress), Topics:</p> <ul style="list-style-type: none"> <li>– Oversight on performance of certified auditors and audit firms in BiH</li> <li>– New Auditors Report (IAASB)</li> <li>– Improving the accounting and auditing profession through the establishment of an adequate system of its quality control</li> </ul> <p>January 2017 – Law on Audit presentation</p> <p>February 2017 – Workshop for Auditors, preparation of implementation of new legal requirements</p> <p>February 2017 – QA seminar for Accountants</p>			
10.	April 2012	Collecting information from auditing firms and authorized auditors and processing of collected data to identify weaknesses of ISQC1 application.	Ongoing	Executive Board of ICAM	ICAM
11.	November 2012	<p>Design and disseminate guidance and tools for practices of active members, through publication and CPD, to prepare for Quality Assurance Review based on SMO 1.</p> <p>Thanks to WB GRANT (Component 1), as part of deliverables, ICAM received guidelines, methodology, working papers etc. for Auditors as a method of enhancement of QA system.</p> <p>ICAM through REPARIS program receives guidance. Within this program implements a special module for trainers for CPD in audit and control of the quality of their work.</p>	Ongoing	Executive Board of ICAM	ICAM
12.	August 2012	Translation and publication of the Handbook for Quality Control of Small and Medium-sized Entities, together with the Serbian Association of Accountants and Auditors(AAAS) and Association of Accountants and	February 2013 Completed	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Auditors of Republika Srpska (AAARS).			
<i>Maintain Ongoing Processes</i>					
13.	Ongoing	Conduct regular updates to the ICAM Quality Assurance System to ensure alignment with regards to amendments to SMO 1.	Ongoing process	Executive Board of ICAM	ICAM
<i>Review of ICAM's Compliance Information for SMO 1</i>					
14.	Ongoing	Perform periodic review of ICAM's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated, inform IFAC Compliance staff about the updates. Our Disciplinary, Investigation commission and Commission for Education are linked to the findings of "soft" QA program.	Ongoing process	Executive Board of ICAM	ICAM
15.	May 2014	ICAM has introduced amendments on CORS- 1 (Montenegrin National Accounting Educational Standard, Official Gazette of RM No. 58/07, No. 36/14) related to quality control in order to enhance implementation of educational process in other organizations (members of IFAC) that perform educational process in Montenegro.	August 2014 Completed	Executive Board of ICAM	ICAM Committee for Education
16.	October 2014	ICAM participates in delivering new legislation related to quality control of Accountants and Auditors performance. Draft Law on Audit (November 2014), predicts introduction of Public oversight body for Auditors. The ICAM's intention is to participate in this body through its representatives, because ICAM is in charge for Auditors education. (Explained in SMO 1-background). The Law on Audit has been adopted in December 2016.	January 2017 Completed	Executive Board of ICAM	ICAM
17.	July 2015	ICAM, in cooperation with all regional PAO's, has entered the process of education and enhancement of QA, organized by ICAEW. Introductory events were organized in July 2015 (Budva, Montenegro) and November 2015 (Vienna, Austria). In March 2016 first workshop has been organized in Belgrade, Serbia. In June 2016 next workshop has been organized in BiH (Sarajevo). The last workshop in 2016 has been organized in BIH (Banjaluka) in October. First cycle has been finished and the first workshop of the second cycle in 2017 will be held in Macedonia (Skopje) in April. Final aim of these workshops is to improve the quality of expertise of ICAM Committee for QA.	Ongoing process	Executive Board of ICAM	ICAM Committee for QA

**Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	<b>X</b>			
<b>Quality Control Standards and Other Quality Control Guidance</b>				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	<b>X</b>			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	<b>X</b>			The application of new adopted ISAs has been postponed for Audit of Financial statement for 2017.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	<b>X</b>			
<b>Review Cycle</b>				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	<b>X</b>			Mixed approach.
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).	<b>X</b>			We are using cycle based approach for the firms that we consider not in risk.
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.	<b>X</b>			
8. QA Team possesses appropriate levels of expertise.	<b>X</b>			
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	<b>X</b>			



<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	<b>X</b>			
<b>Corrective and Disciplinary Actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	<b>X</b>			
12. QA review system is linked to the Investigation and Discipline system.	<b>X</b>			QA system it is also linked to Education Commission.
<b>Consideration of Public Oversight</b>				
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.			<b>X</b>	
<b>Regular Review of Implementation and Effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	<b>X</b>			

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Promote and Enhance Compliance of Educational Programs with International Education Standards (IESs)

**Background:**

ICAM, the only accredited provider of class room-based trainings, organizes and conducts the program for Certified Accountants, and all other accountants in accordance with the Decree on Entrusting of Affairs of Public Administration Bodies Competent for Accounting and Auditing No. 33/10 of 2010.

According to Decree, IPD and CPD, and in general all IFAC IES, as well as all educations regarding Auditors and Accountants in line with IFAC standards are conducted exclusively by ICAM. The Institute of Accountants and Auditors of Montenegro (IAAM) conducts requalification's according to authority given by Ministry of Education for the title Accounting Technician Tertiary education is provided by universities.

To ensure alignment with the legal accountancy education requirements of Montenegro, ICAM has adopted and incorporated the Montenegrin National Accounting Educational Standard (CORS) into its programs. These CORS standards have been developed in accordance with the International Accounting Education Standards Board's (IAESB's) International Education Standards (IESs).

CORS was published it in the Official Gazette of RM No. 58/07. The Standard is created on the basis of public authority under the Decree of the Government of Montenegro (Official Gazette 44/07). This standard regulates vocational training and acquiring of professional titles and knowledge for independent keeping of business books and compiling of financial statements for enterprises, banks, other financial organizations, other legal persons, institutions, and other entities which keep business books and compile financial statements.

ICAM has introduced amendments on CORS- 1 (Montenegrin National Accounting Educational Standard, Official Gazette of RM No. 58/07, No. 36/14) related to quality control, as well as introduction of Specialist courses for Forensic Accountants and Licensed appraisers.

According to CORS, there are three categories of accounting titles in Montenegro: Certified Management Accountants, Management Accountants and Bookkeepers. In accordance with IESs, CORS requires, for all three categories of titles, that candidates have three years of practical work in accounting profession.

ICAM conducts both initial professional and Continuous Professional Development (CPD) education programs in consortium with the Serbian Association of Accountants and Auditors (AAAS). As AAAS education programs and final assessment are based on the Association of Chartered Certified Accountants (ACCA) syllabus, this is also applicable for ICAM programs and assessments. Control has been performed by Slovenian Institute of Auditors in 2011, then in 2012 by AAAS, and in 2015 consultant group constituted by AARC and Deloitte, with support of ACCA.

Considering the qualifications, candidates are required to have a minimum of three years' working experience in the practice of accounting or auditing (depending on the professional title sought). In addition, there is a requirement for all ICAM members to obtain 120 hours of CPD over a three year rolling period. Compliance with CPD requirements is monitored and non-compliance with CPD requirements has resulted in sanctions, including the expulsion of members from ICAM. In 2016 three years cycle has been finished, and after that ICAM has conducted monitoring of compliance with CPD for previous three years, in line with ICAM Rulebook and regulations of IFAC.

Grant consultants (ARRC, Deloitte and ACCA) during the Component 2 provided ICAM Pilot training materials related to the proposed changes in the

<p>professional education of accountants and auditors in order to support the improvement of the curriculum. The consultant provided support to the ICAM on preparation of following training manuals and materials:</p> <p>Handbook on IFRS + examples; Manual on ISA + examples; Manual on taxes and laws + examples; Manual of CPD with agreed examples.</p> <p>ICAM together with Public prosecutor's office, Administration for prevention of money laundering and terrorism financing and National security agency participate in specialist education for License of Forensic Accountant.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintain ICAM Education, Certification and Continuous Professional Development (CPD)</i>					
18.	Ongoing	Continue to promote IESs to the Montenegrin Ministry of Finance and recommend these standards to be applied to all professional accountants and auditors.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
19.	July 2010	In cooperation with AAAS, continue to monitor international standards for updates and ensure that updates are adequately reflected in the program of education and examination.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
20.	Ongoing	Implementation of the revised IESs.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
21.	April 2011	Continue to encourage academics in entering the program of professional education and to assist academics in attaining updated knowledge and skills.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
22.	May 2011	Make agreement within the ICAM-AAAS consortium for independent organization of initial professional education and management of final assessments. Plan to pilot these independent activities in December 2011.	September 2011 Completed	Executive Board of ICAM	ICAM Committee for Education
23.	May 2011	Review for updating on a yearly basis the translated IESs and IES educational materials.	September 2011 Completed	Executive Board of ICAM	Cooperation with professional institutes of Serbia and Republic of Srpska
24.	Ongoing	Annual harmonization of IES translations and materials for IESs, with the aim of minimizing the difference between IES and national accounting education standards. We monitor a IFACs website, and regularly updating information's regarding IESs, and all news about additional education and CPD. That is also an conclusion of consulting group, by its review in Q1 2015.	Ongoing	Executive Board of ICAM	ICAM Committee for Education

#	Start Date	Actions	Completion Date	Responsibility	Resource
25.	Ongoing	Updating members on all the new, proposed and revised educational standards, as well as on draft versions.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
26.	January 2012	Innovating parts of literature for professional titles, especially in the legislation and tax regulations.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
27.	Ongoing	Maintaining a high level of education and development of professional skills until the end of the initial training (certification process) aiming to protect the public interest in accordance to IES 1.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
28.	Ongoing	Improving competence evaluation in practical work, in accordance with the requirements of IES 5, as well as respecting the needs of employers in terms of efficiency and cost-effectiveness.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
29.	March 2013	Improving the system of assessment of professional skills and competences in accordance with the revised IES 6.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
30.	June 2013	Improving the system of continuous professional education, in accordance with the guidelines of IES 7 (revised) which is mandatory for all professional accountants. Connection with SMO 1 and SMO 6.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
<i>Maintain Ongoing Processes</i>					
31.	Ongoing	Regular updates of education, training and continuous professional education programs, in regards to the new and revised International educational standards and other requirements of the SMO 2.  Due to the fact that new Law on Accounting and Law on Audit have been adopted, ICAM has provided alignment with EU Directives, new and revised IAS standards, IAS and IFRS, and other relevant requirements for accounting and audit, in areas of additional education for Management report, Risk management, Performance management, Advanced financial reporting and Ethical requirements, both in IPD and CPD.  ICAM informs members with requests for comments on the draft presented by the IAESB, through seminars, magazine published by ICAM and through e- mail communication with members.	Ongoing	Executive Board of ICAM	ICAM Committee for Education

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICAM's Compliance Information for SMO 2</i>					
32.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO 2 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.  ICAM on regular basis emphasizes the crucial role of IES to all relevant stakeholders- all legal entities, Government of Montenegro, particularly to Ministry of Finance, Ministry of education and Ministry of labor.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
33.	August 2015	One-day seminar in order to inform interested parties of the proposed curriculum changes for accountants and auditors.	Completed August 2015	Executive Board of ICAM	GRANT advisers (AARC, Deloitte, ACCA) Component 2 ICAM Committee for Education
34.	September 2015	One-day hands-on training to the professional body of certified auditor's on examination.	Completed September 2015	Executive Board of ICAM	GRANT advisers (AARC, Deloitte, ACCA) Component 2 ICAM Committee for Education
35.	October 2015	Major one-day event with the participation of universities, professional bodies and the Ministry of Education.	Completed October 2015	Executive Board of ICAM	GRANT advisers (AARC, Deloitte, ACCA) Component 2 ICAM Committee for Education
36.	November 2015	Three half-day workshops on methods and approaches for promoting the benefits of the new curriculum and encouraging demands for continuous maintenance of professional education in accounting and auditing.	Completed November 2015	Executive Board of ICAM	GRANT advisers (AARC, Deloitte, ACCA) Component 2 ICAM Committee for Education

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
37.	March 2016	Regular updates on IES, including Management report, Risk management, Performance management according to EU Directive 2013/34.	Ongoing	Executive Board of ICAM	ICAM Committee for Education

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Further Implementation of IAASB Standards, Related Practice Statements, and Other Papers

<b>Background:</b>					
<p>In Montenegro all International Audit and Assurance Standards Board (IAASB) pronouncements have been adopted without amendments through the Accounting and Auditing Law of Montenegro enacted 2005.</p> <p>ICAM 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 appropriately. Pursuant to the Article 81 of the Law on State Administration ("Official Gazette of the Republic of Montenegro" No 38/03 and "Official Gazette of Montenegro", No 22/08), the Government of Montenegro, at the session held on May 20, 2011, adopted <b>Decree on amendments to the decree on entrusting of affairs of the public administration bodies competent for accounting and auditing</b>. This provides the legal base for translation.</p> <p>ICAM has entered into a formal agreement with the AAAS and AAARS for a common translation of IAASB and international Accounting Standards Board (IASB) literature, in particular the "clarified" International Standards on Auditing (ISAs). This is a continuous process through which ICAM will incorporate Clarified ISAs into its materials and make these standards available to its membership. The latest translations of ISAs are from 2016. In Montenegro we currently use a translation of ISAs which were published by the IAASB as of 31 December 2011. The translations of the 2009 IASs and IFRSs, as well as new IFRSs issued since 2009, are being applied in Montenegro. All amendments are presented to the members through the CPD.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Participating in the Translation of IAASB Standards, Related Practice Statements, and Other Papers and Promulgating Auditing Standards</i>					
38.	Q4-2008	Formal signing of a mutual agreement between ICAM, AAAS and AAARS for a common translation of IFAC/IAASB/IFRS literature, in particular the "Clarified" ISAs.	Q4-2008 Completed	Executive Board of ICAM	ICAM
39.	August 2013	Ministry of Finance received World Bank GRANT for establishing Body for public oversight of auditors. Role of ICAM is that, as a part of this Body, publish AAAS translations of ISAs. GRANT has 2 components one of which is connected to public oversight body (component 1), and the other is to building capacity of ICAM to become a full member of IFAC (component 2). Component 2 has been completed and component 1 is still underway and it is expected to be finished till the end of 2016.	December 2015 Completed	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Assisting ICAM Members with the Implementation of the Auditing Standards</i>					
40.	Ongoing	Review CPD program to ensure sufficient ongoing coverage of IAASB updates, pronouncements, and developments.	Ongoing	Executive Board of ICAM	ICAM Audit Section and Committee for Education
41.	2012	Technical courses to educate auditors about new auditing requirements as part of the CPD program.	Ongoing	Executive Board of ICAM	ICAM Audit Section and Committee for Education
42.	2012	Conduct regular updates to the education, training, and CPD program with regards to new and amended IAASB standards. ICAM, together with other PAOs, members of IFAC (from Serbia, Bosnia, Croatia, Slovenia, Kosovo, Republic of Srpska) exchange information related to up- to- date standards.	Ongoing	Executive Board of ICAM	ICAM Audit Section and Committee for Education
43.	Ongoing	Activities increasing awareness among auditors and the general public about the standards (seminars, magazine), newspaper articles, TV and radio programs, etc.	Ongoing	Executive Board of ICAM	ICAM
44.	May 2012	Organization of event - VII Congress of Accountants and Auditors of Montenegro, in cooperation with the World Bank aiming to support the application of IAS/IFRS. World Bank lecturers trained auditors on quality control, application of audit standards and audit experiences in the EU.	October 2012 Completed	Executive Board of ICAM	ICAM
45.	April 2013	Organization of the VIII Congress of Accountants and Auditors in order to support the implementation of international standards for small and medium-sized entities and the development of the accounting profession in the EU association process. FEE lecturers trained professional accountants on the implementation of VIII EU directive and on new 2013/EU/34 directive.	October 2013 Completed	Executive Board of ICAM	ICAM
46.	April 2014	Organization of the IX Congress of Accountants and Auditors on the Accounting Profession in the Function of Creating a business environment for the improvement of businesses and credit risk reduction. The aim of the Congress is to promote the exchange of professional and scientific knowledge and experience in the field of accounting, auditing, and related fields, relationship between management and accounting, as well as to promote the support of the banking sector to SMEs through better	October 2014 Completed	Executive Board of ICAM	ICAM



#	Start Date	Actions	Completion Date	Responsibility	Resource
		financial reporting, in order to reduce credit risk.			
47.	Mach 2015	<p>Organization of 1<sup>st</sup> Symposium of Accountants and Auditors: Problems and perspectives of Accounting, Audit and Valuation in accordance to EU and IFAC's regulations. Topics related to Audit profession were:</p> <ul style="list-style-type: none"> <li>– A comprehensive program of auditing profession according to COSO 2013.</li> <li>– Scope of performance audits - the metrics of the public sector.</li> <li>– Application of new accounting directive in the EU (June 2015), from the aspect of financial reporting and the general requirements for conducting audits.</li> <li>– Towards the new legal provisions on accounting and auditing.</li> </ul>	June 2015 Completed	Executive Board of ICAM	ICAM
48.	April 2015	Organization of the X Congress of Accountants and Auditors - Financial reporting in the function of improvement of the management process. The aim of the Congress is to promote the exchange of professional and scientific knowledge and experience in the field of accounting, auditing, and related fields, through enhancement of Financial reporting.	October 2015 Completed	Executive Board of ICAM	ICAM
49.	March 2016	<p>Organization of 2<sup>nd</sup> Symposium of Accountants and Auditors: Contemporary trends and tendencies in the development of accounting and auditing. Topics related to Audit profession were:</p> <ul style="list-style-type: none"> <li>– Regulation and improvement of the functioning of the audit committee in Montenegro: The role of accountants and auditors.</li> </ul>	June 2016 Completed	Executive Board of ICAM	ICAM
50.	April 2016	Organization of the XI Congress of Accountants and Auditors - Perspectives of accounting and audit in process of accession to EU. The aim of the Congress is to promote the exchange of technical and scientific knowledge and experience in accounting, auditing, and related fields, as well as the compliance of legislation with the EU acquis.	October 2016 Completed	Executive Board of ICAM	ICAM
<b>Maintaining Ongoing Processes</b>					
51.	Ongoing	ICAM continuously informs members by means of the magazines and seminars on Amendments to IAS/IFRS and ISAs. ICAM informs members with requests for comments on the draft presented by the IAASB, through seminars, magazine published by ICAM and through e-mail communication with members.	Ongoing	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICAM's Compliance Information for SMO 3</i>					
52.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO-3 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM

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

<b>Background:</b>					
<p>The International Ethics Standards Board for Accountants (IESBA) Code of Ethics was adopted without amendments through the Accounting and Auditing Law of Montenegro. The Law on Auditing No. 001 of 2017 has prescribed mandatory application of the IESBA Code of Ethics for Auditors and Certified Accountants. Since the Certified accountants are recognized in Law on Accounting No. 052 of 2016 therefore they are obliged to apply the Code of Ethics. However, Law on Accounting has not prescribed the application of Code of Ethics for other accountants in Montenegro, but at CORS ICAM demand for its members to oblige and apply the Code of Ethics ICAM has responsibility for the implementation of these requirements so that professional accountants understand the standards and apply them as intended. The latest versions of the IESBA Code of Ethics 2016 has been adopted, and has been delivered to all members and candidates for professional education of ICAM with clearly marked revisions of Code of Ethic that would come to force in July 2017 In process of education, beside other things, members are educated on Code of ethics. Institute has a constant influence on raising awareness of members as well as general population related to code of ethics. We have formed Investigation committee which monitors developments in the economy, and it is in charge in processing and proposes cases for disciplinary committee related to our members in case that there is the doubt that they broke code of ethics. We have one case underway right now.</p> <p>In furtherance of this role, ICAM has entered into a formal agreement with the AAAS and AAARS for a common translation of IESBA literature, starting with the IESBA Code of Ethics, effective January 1, 2011. Revised version of the IESBA Code of Ethics (2016) has been translated.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Undertake Actions to Support the Implementation of the IESBA Code of Ethics in Montenegro</i>					
53.	January 2009	Cooperation with Montenegro's Directorate for Anti-corruption Initiative on the implementation of the Code of Ethics, along with the presentation at our seminars and distribution of brochures on anti-corruption through the ICAM's journal.	Ongoing	Executive Board of ICAM	ICAM
54.	January 2010	Cooperation with AAAS at seminars which focus on the practical application of ethics theory and on the proper implementation of the requirements of the IESBA Code of Ethics.	January 2011 Completed	Executive Board of ICAM	ICAM
55.	Ongoing	Seminars and Workshops which focus on the practical application of Code of Ethics' requirements. Theme: Amendments of Code of ethics for professional accountants (in regular bases).	Ongoing	Executive Board of ICAM	ICAM
56.	June 2012	Planning work with IFAC Translation Department for translation of new and future revisions of Code of Ethics.	Ongoing	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	June 2012	Translate and publish Code of Ethics (2012) in cooperation with AAAS and AAARS.	November 2012 Completed	Executive Board of ICAM	ICAM
58.	Q1 2013	Translate and publish Code of Ethics (2013) in cooperation with AAAS and AAARS.	Q2 2015 Completed	Executive Board of ICAM	ICAM
59.	Q4 2016	Translate and publish Code of Ethics (2016) in cooperation with AAAS and AAARS.	Q4 2016 Completed	Executive Board of ICAM	ICAM
60.	Q2 2013	Ministry of Finance of Montenegro and ICAM are preparing new amendments to the Law on Accounting and Auditing due the introduction of public oversight body for auditors in law, as well as increasing the accountability of accountants (Directive 2013/34/EU). ICAM requires responsibility for professional accountants in accordance with the Code of Ethics for all professional accountants, not only for auditors.	Q4 2015 Completed	Executive Board of ICAM	ICAM
<i>Maintain Ongoing Processes</i>					
61.	Ongoing	ICAM continuously informs members through the CPD program on amendments to the Code of Ethics and includes it in the initial training. During 2015 two seminars have been organized related to Code of Ethics and during also 2016 two seminars have been organized related to Code of Ethics.	Ongoing	Executive Board of ICAM	ICAM
<i>Review of ICAM's Compliance Information for SMO 4</i>					
62.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO4 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue Promotion of IPSASs and other IPSASB Pronouncements

**Background:**

IPSASs have been adopted and implemented on a modified cash basis by the Government of Montenegro. Modified Cash Basis is accounting method that combines elements of the two major accounting methods, the cash method and the accrual method. In accordance with the modified cash basis transactions of budget revenues and expenditures are recognized in the financial statements at the time of payment or receiving of cash receipts, while the liabilities and assets are recognized at the time of their occurrence, or the period to which they relate.

The cash method recognizes income when it is received and expenses when they are paid for, whereas the accrual method recognizes income when it is earned (for example, when the terms of a contract are fulfilled) and expenses when they are incurred. The modified cash basis method uses accruals for long-term balance sheet elements and the cash basis for short-term ones.

ICAM, together with AAAS and AAARS, uses translation of the 2013 version of IPSASs and on any amendments related to IPSASs inform members through the CPD.

ICAM plays a crucial role in raising awareness and providing education to the public sector in this important area. In support of SMO 5, during the first quarter of 2010 ICAM commenced provision of seminars with a focus on issues of adoption and implementation of IPSASs and inclusion of practical application examples to enhance understanding. From 2010 till the end of 2015 CPD process on the standards is taking place through seminars, magazines and literature. During this period ICAM addressed Ministry of Finance with the request to expand its authority to public sector as well. ICAM's goal is to introduce accrual accounting and harmonization of financial statements with this basis. ICAM has repeatedly informed Ministry of Finance and State Audit Institution on IFAC's initiatives on importance of public finance management, as well as ICAM's initiative to start implementing Law on State Property. Since 2012 political parties in Montenegro, partially financed from the Public budget, started applying financial statements based on accrual accounting as a consequence of initiative and work of ICAM. In 2016 and 2017 training of Accountants in Public sector are being conducted through three modules (explained in paragraphs). That program is organized by CIPFA and CEF and representatives of ICAM are included as trainers- for International component.

ICAM has launched an initiative with the Ministry of Finance in 2011 to ensure that, in accordance with the Law on State Property ("Gazette of Montenegro", no. 21/2009) and in accordance with the Law on Financing of Local Self-Government ("Gazette of Montenegro", no. 74/2010) the accrual basis is introduced in Montenegro. These two laws cover the application of IPSASs. ICAM also raises public awareness of the need for the introduction of accrual accounting through media, seminars, magazines, and CPD. Government of Montenegro in its strategy for 2015 stated that it plans to introduce accrual base and concept of more responsible public management of accounting in public sector from 2018. In line with that the Ministry of Finance is in charge to conduct analysis of Public management responsibility in 2017. Through our consortium partner AAAS and their signed agreement with CIPFA, ICAM is considering the possibility for its members to obtain CIPFA certificates.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the Adoption of Accrual IPSASs</i>					
63.	June 2011	Initiative to the Ministry of Finance in accordance with IPSASs to introduce accrual basis as required for the preparation of financial statements, instead of the modified basis (cash basis and accrual basis) which is used now.	Ongoing	Executive Board of ICAM	ICAM
<i>Undertake Activities Which Promote Education and Awareness of IPSASs</i>					
64.	Q1-2011	Cooperation with government and establishment of specific training modules for accountants and auditors from the public sector that incorporate issues related to the coverage of IPSASs.	Q3-2011 Completed	Executive Board of ICAM	ICAM
65.	Ongoing	Publish key topics and issues of implementation of IPSASs in magazine.	Ongoing	Executive Board of ICAM	ICAM
66.	February 2012	ICAM's Professional team on budgetary accounting and reporting in the public sector will visit their members employed in state bodies and public enterprises, with the aim of resolving the dilemma in their accounting. ICAM is planning to, when it reviews all the difficulties this sector faces with, offer solutions to the level of state administration.	Ongoing	Executive Board of ICAM	ICAM
67.	June 2012	Translate and publish Code of Ethics (2012) regarding Public sector in cooperation with AAAS and AAARS.	November 2012 Completed	Executive Board of ICAM	ICAM
68.	Q1 2013	Translate and publish Code of Ethics (2013) in cooperation with AAAS and AAARS.	Q2 2015 Completed	Executive Board of ICAM	ICAM
69.	Q1 2016	In cooperation of Government of Montenegro with CIPFA and CEF, three modules have been created, namely: 1. National- legal framework related to taxes and budget 2. Financial reporting- according to IPSAS 3. Management accounting- according to IPSAS The training will be introduced in 2016 and 2017 in two phases and ICAM representatives are engaged as trainers in modules 2 and 3.	Ongoing	Executive Board of ICAM	Government of Montenegro CIPFA CEF

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintain Ongoing Processes</i>					
70.	Ongoing	ICAM continually informs members through the CPD program on amendments to IPSASs for the public sector and invest maximum efforts in the implementation of the SMO.	Ongoing	Executive Board of ICAM	ICAM
<i>Review of ICAM's Compliance Information for SMO 5</i>					
71.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO-5 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM

**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Enhance Alignment of ICAM I&D System with the Requirements of SMO 6

**Background:**

ICAM currently maintains mechanisms for Investigating and Disciplining (I&D) its members for misconduct and failure to meet the professional and ethical rules. The ICAM I&D system is comprised of three tiers (investigation, discipline and appeals) and provides ICAM with the power to enforce sanctions. ICAM sanctions begin with a formal reprimand, then a freezing of membership status, and in extreme cases, can lead to revocation of certification and license. Law of Auditing and visaged the I&D role of Public oversight Council over Auditors. However, ICAM conducts the same activities because the Auditors are at the same time Certified Accountants, members of ICAM. Auditors (Certified Accountants) do not provide only services as Auditors but also accounting and tax consulting and ICAM conducts I&D system over them. There is an intention to give authority to conduct I&D to ICAM by the Public oversight Council, but this Body has not yet fully operational and it is expected to be in Q1 2018. ICAM is not waiting for the Public oversight Council to become operational, but in line with SMO 6, ICAM conduct I&D system as well. ICAM submits annual report on this matter to Ministry of finance and ICAM Assembly. ICAM has legal authority to impose sanctions unless there is a possibility of criminal responsibility (in that case Public prosecutors are in charge).

As for accountants in the jurisdiction, the Law on Accounting No. 52 of 2016 stipulates that the competent authority, the Institute of Certified Accountants of Montenegro (ICAM), can impose sanctions against individuals that violate any provisions of the Law.

The present system includes many of the elements of SMO 6; however, ICAM understands that there are some areas of misalignment. ICAM fully applies I&D system, but only to its members. We have no authority to other accountants in Montenegro.

Before revising SMO 6, ICAM created Investigative Committees ad hoc for individual cases. After introducing revised SMO 6 ICAM organized Investigative Committee of 7 members, as permanent body. 1 member of the committee is attorney of law and 1 is representative of Ministry of Finance. Members of the committee monitor on daily bases newspapers, web portals, and other media in order to obtain developments in economy and Public sector to access if there is a responsibility of ICAM members in potential scandals. Also ICAM encourages its member's trough CPD and seminars to report anything that is, according to them, in collision with Code of Ethic. Until now we had around 3% of total members of ICAM were heard in front of Investigation Committee, based on alert of our members, or in media exposed affairs in which our members were directly or indirectly involved. Investigative committee considered these cases and only in two cases processed them to Disciplinary Committee.

ICAM has introduced linkages between I&D system and other relevant commissions of ICAM - Quality Assurance Commission and Education Committee.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Undertake Actions to Increase the Alignment of Current I&amp;D System with SMO 6</i>					
72.	Q2 – 2011	Review the current system of investigation and discipline for efficiency, effectiveness and for compliance with requirements of SMO 6.	Q4 – 2011 Completed	Executive Board of ICAM	ICAM



<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
73.	Q4 – 2011	Create a report with detailed findings and recommendations stemming from this review.	Q4 – 2011 Completed	Executive Board of ICAM	ICAM Committee for Discipline
74.	October 2011	New Rulebook on disciplinary responsibility of ICAM members, adopted at the ICAM Assembly in December 2011.	December 2011 Completed	Executive Board of ICAM	ICAM Committee for Discipline
75..	Ongoing	At seminars organized by ICAM, members are constantly encouraged to report any potential violation of the Code of Ethics. ICAM provides in initial and continuing professional education programs to enhance members understanding of their professional responsibilities and the I&D system through case studies for the students at the exams, Also, professional responsibilities and understanding of the I&D system is promoted through Magazine "Accounting and Audit."	Ongoing	Executive Board of ICAM	ICAM
76.	July 2012	Undertake collaboration with professional organizations in the region through REPARIS Program in order to exchange experiences. Cooperation with SIA and AAARS and their disciplinary bodies, through the visit of our members of the Disciplinary Committee and introduction to practical cases. We also plan to visit other members of IFAC with similar goals.	Ongoing	Executive Board of ICAM	ICAM Committee for Discipline
77.	July 2013	ICAM will adopt a new Rulebook on disciplinary responsibility in accordance with the revised requirements of SMO 6 relating to illegal behavior, corrective action of QA system (related to the SMO 1), the transparency, and the use of cases for educational purposes in accordance with SMO 2. ICAM raises awareness of new requirements in the rulebook trough CPD and basic education. Investigation committee organizes control hearings, which has public response and impacts on awareness.	April 2014 Completed	Executive Board of ICAM	ICAM
78.	Q2 2011	We raise the public's awareness of the functioning of the I&D mechanisms through media, seminars, and publications so that complaints members wish to rise can be forwarded to the relevant body of ICAM according to the Rulebook on disciplinary responsibility.	Ongoing	Executive Board of ICAM	ICAM
79.	January 2016	In January 2016, ICAM accepted initiative of Court of honor of regional member of IFAC- AAARS, to exchange information on members of other PAOs from the region, who were in collision with Code of Ethics.	Ongoing	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICAM's Compliance Information for SMO 6</i>					
80.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO-6 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM
81.	2015	In 2015- ICAM has signed an agreement with Administration for prevention of money laundering and terrorism financing and in 2017 with National security agency in which we committed ourselves to, as a profession, contribute to struggle against organized criminal, corruption and grey economy.  These Institutions, together with Public prosecutor's office participate with ICAM in specialist education for License of Forensic Accountant.	Ongoing	Executive Board of ICAM	ICAM

**Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	<b>X</b>			Only for ICAM members.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	<b>X</b>			
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	<b>X</b>			
4. Link with the results of QA reviews has been established.	<b>X</b>			
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.	<b>X</b>			
6. Members of a committee are independent of the subject of the investigation and other related parties.	<b>X</b>			
<b>Disciplinary Process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	<b>X</b>			
8. Members of the committee/entity include professional accountants as well as non-accountants.	<b>X</b>			1 member of Committee is Attorney of Law.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	<b>X</b>			

Requirements	Y	N	Partially	Comments
<p><b>Sanctions</b></p> <p>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.</p>	X			Beside stated sanctions, ICAM also has as a sanction internal and public reprimand.
<p><b>Rights of Representation and Appeal</b></p> <p>11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>	X			
<p><b>Administrative Processes</b></p> <p>12. Time frame targets for disposal of all cases are set.</p>	X			
<p>13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.</p>	X			In cases where the criminal charge against ICAM member exist, I&D Committees are obliged to wait until the Judicial process is completed.
<p>14. Records of investigations and disciplinary processes are established.</p>	X			There are written logs, material evidences, CD records and reports.
<p><b>Public Interest Considerations</b></p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	X			
<p>16. A process for the independent review of complaints on which there was no follow-up is established.</p>			X	Board of Directors of ICAM is appeals body but in cases that the subjects of I&D process are not satisfied with a findings and sanctions they can appeal to the Administrative Court.
<p>17. The results of the investigative and disciplinary proceedings are made available to the public.</p>	X			The results are made available to the public, but not the proceedings themselves (written logs, material evidences, CD records).

Requirements	Y	N	Partially	Comments
<p><b>Liaison with Outside Bodies</b></p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	<b>X</b>			In 2015- ICAM has signed an agreement with Administration for prevention of money laundering and terrorism financing and in 2017 with National security agency in which we committed ourselves to, as a profession, contribute to struggle against organized criminal, corruption and grey economy.
<p><b>Regular Review of Implementation and Effectiveness</b></p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	<b>X</b>			

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

**Background:**

According to the Law on Accounting No. 052 of 2016, the accounting standards to be applied by all legal entities in Montenegro are the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), related instructions, explanations and guidance issued by International Accounting Standards Board (IASB). The Ministry of Finance transferred authorization for the translation and publishing of the standards to ICAM (and it's Consortium with AAAS and the Faculty of Economics, Podgorica). IFRS for SMEs are not mandatory according to our Law on Accounting and Auditing.

The latest Serbian language IAS/ IFRS translation was conducted by AAAS and is the 2009 edition of the standards as well as IFRS 10, 11, 12, 13 from 2013,. In cooperation with AAAS and AAARS we participated in the translation of new and revised IFRSs and published a handbook on the application of IFRSs. In addition, the translation of IFRS for SMEs is completed in October 2013. All of these materials have been made available to ICAM membership to ensure understanding and to facilitate appropriate application. ICAM is considering reduction of the time lag by solving translation rights.

In addition to the translation and publication of IFRSs, the ICAM has organized a number of seminars of CPD and articles in ICAM magazine on the topics of implementation of new and amended IFRSs for professional accountants working in both the private and public sector. The manual on the practical implementation of specific IFRSs is also available. ICAM will continuously keep track of ongoing amendments to IFRSs and ensure their translation, publication and timely communication to ICAM members.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Undertake Efforts to Support Adoption and Implementation of IFRSs</i>					
82.	Q4 – 2008	Published translation of IASs/ IFRSs (2009).	April 2010 Completed	Executive Board of ICAM	ICAM
83.	Ongoing	Assess the duties of each body involved in the translation process (Serbia, Montenegro, RS) and ensure clarity and agreement relating to IFRS Foundation translation and adoption procedures.	Q4 – 2010 Completed	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
84.	Ongoing	<p>Organize seminars on IFRS adoption, implementation and practical issues.</p> <p><i>Seminars conducted in this area:</i></p> <ul style="list-style-type: none"> <li>– December 2012 – announced amendments to the IFRS 10, 11, 12 and 13</li> <li>– Jun 2013 – IFRS 10 and 11 with the practical examples</li> <li>– Jul 2013 – IFRS 12 and 13 with the practical examples</li> <li>– May 2014 – IFRS 11 and 13 with the practical examples</li> <li>– July 2014 – IFRS 15 has been announced and presented in “Accounting and Audit” magazine</li> <li>– January 2015, IFRS 13</li> <li>– February 2015, Latest amendments of IAS / IFRS</li> <li>– March 2015, IFRS 5</li> <li>– July 2015, Latest amendments of IAS / IFRS</li> <li>– November 2015, implementation of IFRS 15</li> <li>– December 2015, IFRS 10, IFRS 11</li> <li>– October 2016, The quality of financial reporting - rating in terms of manipulating the results</li> <li>– Valuation of property as an element of quality of financial reporting</li> <li>– The impact of applying IFRS 9 – financial instruments on the financial sector in Montenegro</li> <li>– The new approach to the reporting of leasing and financial statements of the lessee – IFRS 16</li> </ul>	Ongoing	Executive Board of ICAM	ICAM Cooperation with AAAS
85.	January 2013	In cooperation with AAAS and AAARS we translated and published IFRS 10, 11, 12 and 13.	October 2013 Completed	Executive Board of ICAM	ICAM
86.	Ongoing	<p>Continuous seminars on all announced amendments to the standards, given that translations are delayed due to lack of funds.</p> <p>In our Magazine “Accounting and Audit” ICAM publishes updates and new IAS, IFRS, and Magazine is required as part of a learning tools.</p> <p>This will be also realized in cooperation with AAAS and their practitioners so members could be timely informed about all innovations.</p>	Ongoing	Executive Board of ICAM	ICAM

#	Start Date	Actions	Completion Date	Responsibility	Resource
87.	Q2 -2009	We have translated and published <i>IFRS for SMEs</i> in cooperation with AAAS and AAARS.	December 2010 Completed	Executive Board of ICAM	ICAM
88.	January 2013	Participated in the translation of IFRSs which apply in 2013 together with AAAS and AAARS.	September 2013 Completed	Executive Board of ICAM	ICAM Committee for Education
<i>Maintain Ongoing Processes</i>					
89.	Ongoing	Comment on new /amended standards/ interpretation in professional magazine.	Ongoing	Executive Board of ICAM	ICAM
90.	Ongoing	Continue to monitor amendments to IFRSs and publish them continuously on the basis of cooperation with AAAS.	Ongoing	Executive Board of ICAM	ICAM Working group in cooperation with AAAS
<i>Review of ICAM's Compliance Information for SMO 7</i>					
91.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO7 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM



Date: 17.10.2017.

Name: Igor Pavicevic  
Title: Secretary General  
Company: Institute of Certified Accountants of Montenegro  
Address: dr Vukasina Markovica 114, Podgorica  
Email: igor.pavicevic@isrcg.org

Dear Ms. Prinsloo,

**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

This letter is to confirm that the leadership of the **Institute of Certified Accountants of Montenegro** has reviewed the information contained in the SMO Action Plan prepared by **Institute of Certified Accountants of Montenegro** as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the **Institute of Certified Accountants of Montenegro**, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,



Secretary General

Institute of Certified Accountants of Montenegro

Podgorica, 17.10.2017.