

## **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>	Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP)
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<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>A&amp;A</b>	Accounting and Auditing
<b>AACM</b>	Association of Auditors and Consultants in Management from Moldova (a non-IFAC professional body)
<b>ACAP</b>	Association of Professional Accountants and Auditors of the Republic of Moldova
<b>ACCA</b>	Association of Certified Chartered Accountants
<b>ACVS</b>	Audit Control and Verification Service
<b>AFAM</b>	Association of Auditing Firms of Moldova (a non-IFAC professional body)
<b>AOC</b>	Auditing Oversight Council
<b>ASEM</b>	Academy of Economic Studies of Moldova
<b>APSF</b>	Accountancy Profession Strategic Forum
<b>Board of ACAP</b>	Board of Directors (ACAP Managing Board)
<b>CAP-CIPA</b>	Certified Accountant Practitioner; Certified International Professional Accountant
<b>CECCAR</b>	Body of Expert and Licensed Accountants of Romania
<b>CEO</b>	Chief Executive Officer
<b>CFAR</b>	Chamber of Financial Auditors of Romania
<b>CFRR</b>	Center for Financial Reporting Reform (World Bank)
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>CoE</b>	Code of Ethics
<b>CPA</b>	Certified Public Accountant
<b>CPD</b>	Continuing Professional Development
<b>ECCAA</b>	Eurasian Council of Certified Accountants and Auditors
<b>EduCop</b>	Education Community of Practice
<b>EU</b>	European Union
<b>FIDEF</b>	Fédération Internationale des Experts-Comptables Francophones
<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing & Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>ICAEW</b>	Institute of Chartered Accountants in England and Wales
<b>IEPS</b>	International Education Practice Statements
<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>IPAR</b>	Institute of Professional Accountants of Russia
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standard on Quality Control
<b>MoE</b>	Ministry of Education
<b>MoF</b>	Ministry of Finance
<b>MoFCC</b>	Ministry of Finance Consultative Council
<b>MoU</b>	Memorandum of Understanding
<b>NAS</b>	National Accounting Standards

<b>National Strategy</b>	National Strategy for Accounting and Audit Development in Corporate Sector for 2009-2014
<b>NBM</b>	National Bank of Moldova
<b>NCFM</b>	National Commission for Financial Markets
<b>Royal NIVRA</b>	Koninklijk Nederlands Instituut voor Register Accountants' (Dutch IFAC member body)
<b>Successor NBA</b>	Nederlandse Beroepsorganisatie van Accountants
<b>NSC</b>	National Steering Committee (for national strategy)
<b>PIE</b>	Public Interest Entity
<b>PUM</b>	Programma Uitzending Managers', Netherlands 'Manager Deployment Program
<b>PwC</b>	Pricewaterhouse Coopers
<b>QA</b>	Quality Assurance
<b>QAN</b>	Quality Assurance Network
<b>QARP</b>	Quality Assurance Review Program
<b>QC</b>	Quality Control
<b>RCA</b>	Russian Collegium of Auditors
<b>REPARIS</b>	Road to Europe – Program of Accounting Reform and Institutional Strengthening
<b>RM</b>	Republic of Moldova
<b>ROSC</b>	Report on Observance of Standards and Codes
<b>SME</b>	Small and Medium Enterprises
<b>SMO</b>	Statements of Membership Obligations
<b>STAREP</b>	Strengthening Auditing and Reporting in the Countries of the Eastern Partnership
<b>ToT</b>	Train of the Trainers
<b>WB</b>	World Bank

**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** Ensure ongoing development of the ACAP’s Quality Assurance Review System in Line with SMO 1 requirements

**Background:**

The draft Law on Audit of Financial Statement, prepared by Ministry of Finance with the support of CFRR World Bank was approved by the Parliament in the first reading and it is expected that will be approved in the final reading by the end of 2017.

The draft Law transposes the requirements of the Directive 2006/43/EC and contains new legal provisions, which will improve the quality assurance requirements for auditor and audit firms.

The draft law prescribes that the actual Auditing Oversight Council will be reorganized by transformation into the Council for public oversight of audit, being the successor of AOC rights and obligations. The governing bodies of the new Council will be the audit supervision committee and the executive director. The Committee will be approved for a period of three years and comprise 7 members from non-practitioners who are knowledgeable in areas relevant to the audit, and have the following members: two representatives of the Ministry of Finance, a representative of the National Bank of Moldova, a representative of the Court of Accounts, 2 representatives of business environment and 1 representative of the academia.

According to the provisions of the draft Law, each audit firm is subject to external quality control at least once every six years, and the firms performing audit of public interest entities - at least every 3 years. The external quality control will be carried out by the Council in order to manage the audit quality assurance system, and to ascertain the existence and the application of: (i) policies and procedures for audit quality control in the audit firm; and (i) policies and procedures for audit quality control in the audit assignment.

Accountants (bookkeepers) are not subject of quality assurance reviews by the Council for public oversight of audit.

Professional associations are not required by the law to conduct quality assurance reviews of their members, however, the draft Law provides that the Council has the right to delegate to professional audit organizations the function of external control of audit quality of its members – audit firms auditing entities that are not of public interest. The detailed criteria for selection of professional associations and the conditions under which they could perform the delegated tasks will be developed and approved by MOF after the draft Law is approved by the Parliament.

The Auditing Oversight Council in its actual format conducts quality assurance reviews since 2015 through its Control and Verification Service. Currently, the audit engagement quality assurance is carried out pursuant to: (i) Regulation on Statutory Quality Assurance as approved by Order No. 43 of 24 March 2014 of the Ministry of Finance; (ii) Approved annual work plans of the Audit Oversight Board, available on <http://csaa.mf.gov.md/node/18> and (iii) semi-annual work plans of the Audit Oversight Board identifying specific audit firms subject to quality assurance, available on <http://csaa.mf.gov.md/node/19>. The 2016 activity report published by the Audit Oversight Board (<http://csaa.mf.gov.md/rapoarte>) shows that there were performed 3 quality assurance inspections out of 13 planned (in 2016 there were performed 23 inspections out of 25 planned).

IFAC IAASB clarified ISAs including ISQC1 and IESBA’s Code of Ethics are mandatory for all audits in Moldova. 2015 IAASB&IESBA Handbooks in Romanian & Russian languages are available following the link: <http://csaa.mf.gov.md/node/79>

<http://mf.gov.md/ro/lex/contabilitate-%C8%99i-audit>

ACAP RM duties are undertaken based on the Regulation on audit quality inspection and related services, approved by ACAP Board in December 2012, with the amendments operated in March 2014 and January 2016. There is no legal requirement for professional associations to conduct QA reviews of their members. ACAP is doing based on its Charter, internal regulations and IFAC SMO 1 requirements.

ACAP uses its best endeavors to promote the Quality Assurance Review Scheme in compliance with SMO 1 and provide information, expertise and guidance when needed. ACAP is responsible for supplying its members with relevant information concerning Quality Assurance. The tailored Manual on Quality Control for audit firms' members is elaborate by ACAP. Training sessions on how to use & implement the manual are organize on annual basis. <https://www.acap.md/rom/events/153/>

Periodic review of the operation of the QA system and updating the Regulation on QC inspections, the Manual on QC, & Action Plan for further activities where necessary is assure by ACAP's Board of Directors and Department of QC& members monitoring.

Currently, Government (the MoF) is received IFAC permission on publishing of 2015 IAASB & IESBA Handbooks in Romanian & Russian languages. <http://mf.gov.md/ro/content/sia-%C8%99i-codul-etic-emise-de-ifac-anul-2015-recep%C8%99ionate-de-ministerul-finan%C8%99Belor>

ACAP together with the regulators are actively participating in the World Bank Centre for Financial Reporting Reform (CFRR)'s project on Strengthening Auditing and Reporting in the countries of the Eastern Partnership (STAREP) envisaged taking place in the period of 2014-2018.

ACAP promotes to the regulator the global and European's best QA practice through conferences, seminars and its News Letters, so that QA system in Moldova become as independent as possible.

The Koninklijk Nederlands Instituut voor Register Accountants' (NIVRA/ NBA) expert participated in the development of first Action Plan in the context of the Twinning Agreement between ACAP and NIVRA.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Implementation of ISQC1</i>					
1.	2014	Provide information on SMO-1 and International Standard on Quality Control (ISQC 1) and their respective updates on ACAP's website, News Letters to members, specific education programs. <a href="https://www.acap.md/rom/events/153/">https://www.acap.md/rom/events/153/</a> <a href="https://www.acap.md/rom/news/evenimente-educationale-octombrie-2017/">https://www.acap.md/rom/news/evenimente-educationale-octombrie-2017/</a>	Ongoing	Board of ACAP	ACAP CEO and staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.		Publish and notify the nature, scope, requirements and details of a QA review system via the websites, information bulletins, official gazette and publications of the Ministry of Finance (MoF), AOC, ACAP and NBM.  <a href="http://mf.gov.md/sites/default/files/legislatie/Russian%20-%20IASB%20HB%202015%20Vol%203.pdf">http://mf.gov.md/sites/default/files/legislatie/Russian%20-%20IASB%20HB%202015%20Vol%203.pdf</a>	Ongoing	Board of ACAP	ACAP CEO and staff
3.		Monitor the Government's proposed National Strategy on Auditing and Accounting with the view to study QA implications for ACAP and AOC.	Ongoing	Board of ACAP	ACAP CEO
4.		Encourage the organizing and designing of a pilot limited-scope QA review for the audits of certain public interest entities. The purpose of this pilot is to facilitate dissemination of the nature, scope, review and public interest benefits of SMO1 and to facilitate a learning process for future development, and further meet SMO 1 requirements.	July 2009 Completed June 2013 Completed	Board of ACAP	ACAP Council Members, NIVRA/NBA, ad-hoc working groups, and AOC
5.	June 2009	Provide guidance and tools that will form a basis for the design of an implementation model for QA suitable for Moldovan circumstances that includes criteria for selection of audits to be reviewed other than listed entities and Public Interest Entities (PIEs), criteria for the selection of a cyclical- or risk-based approach, a retention policy for QA evidence, requirements and procedures relating to the selection of QA teams, confidentiality requirements, reporting, and timely follow-up of recommendations and sanctions.	April 2010 Partially Completed December 2011, last part – December 2012-2013	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups, AOC, and Big 4
6.	March 2009	Organize a seminar to inform and educate AOC members about their responsibilities related to SMO1 requirements.	June 2009 Completed	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups, and AOC
7.	March 2009	Organize a second seminar to inform and educate AOC and Audit Control and Verification Service (ACVS) members about their responsibilities related to SMO1 requirements.	June 2009 Completed June 2013 Completed	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups, and AOC

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	February 2009	Hold periodic policy dialogues with the Government and AOC to keep the Government Officials updated on the latest ISQC (International Auditing and Assurance standards Board—IAASB) and SMO1 developments.	Ongoing	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups, and AOC
9.	January 2009 October 2013	Contact Russian and Romanian translating bodies seeking to collaborate on reproducing procedures of ISQC and IFAC QC manual updates in accordance with IFAC translation and reproducing policy.	October 2010 Completed May 2013 Completed	Board of ACAP	ACAP Council Members, ad-hoc working groups, Eurasian Council of Certified Accountants and Auditors (ECCAA), Fédération Internationale des Experts-Comptables Francophones (FIDEF)-member bodies, Body of Expert and Licensed Accountants of Romania (CECCAR), Chamber of Financial Auditors of Romania (CFAR), and IFAC guidance
10.	May 2008	Actively contribute to the ongoing dialogue established by the MoF, AOC, ACVS and other stakeholders regarding listed entities with a view to ensure that enabling laws and requirements will mandate Quality Assurance (QA) obligations that are in accordance with SMO1.	September 2012 Partially Completed	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups established by Council as deemed necessary or requested by MoF and AOC
11.	December 2009	Organize seminars and training on QA review system for QA teams and team leaders.	December 2011 Completed October 2012 Completed June 2013 Completed Maintaining Ongoing Processes	Board of ACAP	ACAP Council Members, NIVRA, ad-hoc working groups established by Council as deemed necessary or requested by MoF and AOC

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	January 2010	Promote the QA review system and assist AOC, ACVS and MoF in organizing the first QA review.	December 2011 Completed October 2012	Board of ACAP	ACAP, AOC, MoF, NBM, NIVRA to participate in accordance with requirements of agreed published scheme
13.	December 2010	Prepare a publication of first year QA review findings and establish follow-up procedures.	February 2013 Partially Completed	Board of ACAP	ACAP, AOC, MoF, NBM, NIVRA to participate in accordance with requirements of agreed and officially published scheme
14.	February 2009	Assist AOC and ACVS in developing guidance to support the implementation of quality control standards and requirements.	June 2012 Partially Completed Maintaining Ongoing Processes	Board of ACAP	ACAP council and staff invited NIVRA experts with international experience
15.	2009	Prepare and deliver courses and relevant additional support to assist firms and members in practice to implement ISQC 1.	December 2011 Partially Completed October 2012 June 2013 Completed Maintaining Ongoing Processes	Board of ACAP	ACAP education and CPD department, NIVRA
16.	January 2010	Collaborate with the Chamber of Financial Auditors of Romania (CFAR) with the purpose to sign a Memorandum of Understanding (MoU) to support the Audit Profession.	March 2011 Completed	Board of ACAP	ACAP council and staff, CFAR management
17.	November 2010 2012 2013	Organize an international conference titled "Audit Profession: Challenges and Perspectives" in partnership with the Association of Certified Chartered Accountants (ACCA), PwC and KPMG.	March 2011 Completed May 2012 December 2012 September 25	ACAP CEO	ACAP council and staff, big 4, REPARIS

#	Start Date	Actions	Completion Date	Responsibility	Resource
	September 2013	Organize an international conference and technical seminars in partnership with ACCA and big 4. Organize an international conference.	Completed September 26 Completed		
18.	September 2010	Obtain the Manual of translated IFAC publications on ISQC 1 and QC procedures from the Chamber of Financial Auditors of Romania (CFAR).	December 2010 Completed	ACAP CEO	ACAP CEO
	2011	Organize negotiations on getting update version of translated IFAC 2009 IAASB and 2010 IESBA Handbooks.	end of 2012 Completed		
	2013	Preparing of the Action Plan based on the requirements of the revised SMO1.	2015 May	ACAP CEO	
	September 2013	Elaboration and implementation of CPD Annual Program for Auditors for 2014, 2015, 2016& 2017 and approval by MoF & MoE <a href="http://csaa.mf.gov.md/node/55">http://csaa.mf.gov.md/node/55</a> <a href="https://www.acap.md/rus/courses/kursy-povyshania-kvalifikatii-dlia-auditorov-nepreryvnoe-professionalnoe-razvitie/">https://www.acap.md/rus/courses/kursy-povyshania-kvalifikatii-dlia-auditorov-nepreryvnoe-professionalnoe-razvitie/</a>	December 2013 December 2014 December 2015 November 2016 October 2017 Completed	ACAP Education Department	ACAP CEO and Board  ACAP Board & Staff
	January 2014	Elaboration and edition of ACAP Guide on QC for SMP based on IFAC SMP Guide and CAFR & CECCAR Manuals  Start QC Inspections for ACAP audit firms - members	End 2014 Completed  Throughout a year	ACAP QC & Monitoring Department  ACAP QC & Monitoring Department	ACCA, CAFR, CECCAR, ACAP Board  NBA, PUM experts, ACAP QC Committee, ACAP CEO
	March 2014	QC&QA visits to ACAP audit firms-members and Round Table on visit results	August 2014 Completed, JulFebruary, 2016,	ACAP CEO	PUM experts
	April 2014 2015	QC&QA visits to ACAP audit firms-members, according to the Plan of inspections approved by Board  Assisting MoF in correspondence with IFAC Permission Department on the request to the International Federation of Accountants (IFAC) for publication of IAASB <i>Handbook of International Standards on Auditing and Quality Control 2015 Edition and IESBA Code of Ethics</i>	ongoing  Completed September 2017	ACAP Education Department, ACAP CEO	ACAP CEO, CAFR

#	Start Date	Actions	Completion Date	Responsibility	Resource
	Throughout a year	Continue coordination of actions with MoF & MoE on control of quality and training of auditors & audit-firms-members.	Throughout a year	ACAP CEO, Department of QC & monitoring	ACAP QC and Education Committees, ACAP CEO
	2014	Analyze the market of audit software to propose to ACAP audit firms member. Roundtable on presentation of Romanian soft "gAudit"	October 2014 Completed		President, Board, Romanian Expertise
	February 2015	Carrying out quality review programmes & inspections for services provided by audit firms – legal entities, members of ACAP RM, according to Plan of inspections, approved annually by Board	January 2016 Completed for 2015, January 2017 completed for the year of 2016	ACAP CEO, Department of QC & monitoring	Department of QC & monitoring, ICAEW QAN Workshops; CAFR expertise
			Ongoing for 2017		
19.	2009	Continue active involvement in Audit Oversight Community of Practice (AOCOP) conducted by the World Bank: The Road to Europe – Program of Accounting Reform and Institutional Strengthening (REPARIS) Program.	Ongoing Completed	ACAP CEO	World Bank REPARIS Program, ACAP CEO, ACAP experts
	September 2013	Start involvement in continue World Bank Project Launching STAREP- Strengthening Auditing and Reporting in the Countries of the Eastern Partnership.	October 2013 Completed		
		Participation in launching of STAREP in Vienna, Austria.	Completed	ACAP Chair	World Bank CFRR
		Participation in CFRR STAREP activities on Accounting & Audit Developments	Completed		World Bank CFRR
	2014		Ongoing	President, Chief Executive	World Bank CFRR STAREP Program, ACAP CEO and Board
	December 2015	Participation in MoF – CFRR activities on public discussions of Concept of transposition of A&A EU Directives in national legislation and of Draft of new Audit Law	Throughout the years of 2016-2017	President, Board, Chief Executive	MoF. World Bank CFRR, ACAP CEO and Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
	2014	Participation in QAN (Quality Assurance network) under ICAEW Accountancy Profession Strategic Forum (ASPF). Consult with ICAEW on quality control capacity building. Following the ICAEW Workshops on quality control for auditing firms under ISQC1 <a href="https://www.acap.md/rom/events/173/">https://www.acap.md/rom/events/173/</a>	Throughout the years of 2015-2017	ACAP QC Inspector, Vice President ACAP CEO	ICAEW Quality Assurance Network' country members, Board, ACAP CEO
	2015	Providing methodical assistance to audit firms – members of ACAP RM in implementing quality control systems within firms.	Completed 2015, Completed 2016, Ongoing 2017	Department of Quality Control & monitoring	Board, ACAP CEO
	January 2016	Organise ToT course "Applying the International Standards on Auditing" (international experience on the basis of practical exercises). <a href="https://www.acap.md/rom/events/176/">https://www.acap.md/rom/events/176/</a>	June 2016 completed	The Netherlands PUM Experts, ACAP QC Inspector	PUM Foundation experts, ACAP staff
	February 2016	Providing inputs to public debates regarding the concepts of transposing the EU Directives into the Moldovan legislation, as well as regarding the draft Laws on Financial Statements Audit.	Completed March 2017	Board of Directors, ACAP CEO	Board, ACAP staff, CFRR WB experts, MoF, stakeholders
<b>Maintaining Ongoing Processes</b>					
	May 2014	Periodic review of the operation of the QA system and updating the Action Plan for further activities where necessary.	Ongoing	ACAP QC & members monitoring Department	ACAP, AOC, and MoF
20.	2012	Monitoring changes in the International Auditing & Assurance Standards Board (IAASB) and in Moldovan legislation pronouncements regarding QA.	Ongoing, Throughout the Years 2012-2017	ACAP QC&Monitoring Department	IFAC, MoF, ACAP
	2015	Update ACAP QA documents. Monitoring the activity carried out by audit firms – legal entities, members of ACAP RM	Throughout the		ACAP CEO

#	Start Date	Actions	Completion Date	Responsibility	Resource
	2015	Participation in the development of the proposals regarding state policy in the sphere of auditing & QA	Year	ACAP QC&Monitoring Department	MoF, ACAP Board
	2015	Development of international relationships with the IFAC Member Bodies on the issue of quality assurance.	Throughout the Year ongoing	ACAP Board ACAP CEO  ACAP Board & CEO	IFAC member bodies, ACAP Board & CEO
<i>Review of ACAP's Compliance Information</i>					
21.	2013 2016	Perform review of revised SMO 1 and ACAP's SMO Action Plan and incorporate any necessary changes.	2014, 2017 Completed	Executive Director ACAP,	ACAP CC department with information provided by the other stakeholders (AOC, NBM, MoF)
	2014 2016	Periodic review and update of ACAP's documentation in accordance with IFAC Compliance Provisions.	Ongoing	Board, ACAP CEO	ACAP CEO

**Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	Y			<p><b>Country level:</b> According to both, the draft law and the law in force, QA reviews are required for all audits of financial statements QA reviews, Public oversight and quality assurance control is performed by the Auditing Oversight Council under the Ministry of Finance. No functions or/and responsibilities are delegated to PAOs.</p> <p><b>ACAP:</b> The ACAP Regulation sets forth that all audits shall be subject to QA reviews at least every six years or every three years for public interest entities (PIEs).</p>
<p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	Y			<p><b>Country level:</b> According to both, the draft law and the law in force, in order to ensure audit quality the audit firms are required to draft, approve and comply with policies and procedures for audit quality control in accordance with the legislation in force, auditing standards, quality control standards and the Code of Ethics. The draft law contains more detailed and clear provisions in that respect.</p> <p><b>ACAP:</b> The audit entities are required to develop and comply with the auditing quality control policy and procedures as per the ISA, the Ethic Code (the Auditing Law, SMO 1).</p>
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	Y			<p><b>Country level:</b> According to both, the draft law and the law in force ISAs and ISQC1 are mandatory for audits of financial statements. These standards are available following the link (2015 Handbooks): <a href="http://csaa.mf.gov.md/node/79">http://csaa.mf.gov.md/node/79</a></p> <p><b>ACAP:</b> The audit firms are required by law to implement a quality control system as per ISQC1 and per other relevant standards approved at the national level.</p>
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>				<p><b>Country level:</b> There are no legal requirements in that respect.</p>

Requirements	Y	N	Partially	Comments
				<p><b>ACAP:</b> ACAP, as a full member of IFAC, provides support to firms in terms of :</p> <p>a) understanding the QC objectives;</p> <p>b) implementing and maintaining adequate QC systems.</p>
<p><b>Review Cycle</b></p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>			P	<p><b>Country level:</b> While the legislation in force contains general provisions regarding oversight and quality assurance review of auditors and audit firms, the draft laws prescribes that each audit firm will be subject to external quality control at least once every six years, and the firms performing audit of public interest entities - at least every 3 years. The detailed risk-based methodology will be adopted following the approval of the Law.</p> <p><b>ACAP:</b> ACAP applies cycle-based approach.</p>
<p>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).</p>	Y			<p><b>Country level:</b> While the legislation in force contains general provisions regarding oversight and quality assurance review of auditors and audit firms, the draft laws prescribes that each audit firm will be subject to external quality control at least once every six years, and the firms performing audit of public interest entities - at least every 3 years.</p> <p><b>ACAP:</b> a) a three-year cycle at most when a firm conducts financial statement audits at PIEs;</p> <p>b) a six-year cycle at most when a firm conducts financial statement audits at non-PIEs.</p>
<p><b>QA Review Team</b></p> <p>7. Independence of the QA Team is assessed and documented.</p>			P	<p><b>Country Level:</b> The legislation in force requires that during exercise of quality assurance control, the specialists of the Control and Verification Service are not entitled to conduct audits as part of the audit firm. It is expected that bylaws and methodologies to be adopted following the approval of the new Law will contain more detailed and clear provisions in that respect.</p>

Requirements	Y	N	Partially	Comments
				<b>ACAP:</b> Independence is documented through the statement of independence.
8. QA Team possesses appropriate levels of expertise.			P	<p><b>Country Level:</b> According to the legislation in force the specialists of the Control and Verification Service are required to poses adequate skills and knowledge and to maintain continuing professional development. It is expected that bylaws to be adopted following the approval of the new Law will contain more detailed and clear provisions in that respect.</p> <p><b>ACAP:</b> The person responsible for reviewing the quality assurance has got appropriate education background, professional experience and specific training in conducting QA reviews.</p>
<p><b>Reporting</b></p> <p>9. Documentation of evidence supporting the quality control review report is required.</p>			P	<p><b>Country Level:</b> According to the legislation in force, the specialists of the Control and Verification Service are required to document and prepare quality control review reports. It is expected that bylaws and methodologies to be adopted following the approval of the new Law will contain more detailed and clear provisions in that respect.</p> <p><b>ACAP:</b></p>
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.			P	<p><b>Country Level:</b> According to the legislation in force, the specialists of the Control and Verification Service are required to document and prepare quality control review reports. It is expected that bylaws and methodologies to be adopted following the approval of the new Law will contain more detailed and clear provisions in that respect.</p> <p><b>ACAP:</b> Upon conclusion of the QA review a written report is issued and provided to the firm reviewed.</p>
<p><b>Corrective and Disciplinary Actions</b></p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>			P	<p><b>Country Level:</b> Both, the draft law and the law in force require auditors and audit firms to comply with requirements for audit quality control.</p>

Requirements	Y	N	Partially	Comments
				<b>ACAP:</b> The recommendations presented by ACAP following the conducted review shall be met by the firm reviewed within a reasonable period as agreed between both parties.
12. QA review system is linked to the Investigation and Discipline system.			<b>P</b>	<p><b>Country Level:</b> According to the legislation in force the powers of the Public Oversight Council in respect of investigations and discipline are limited. The draft Law prescribes the types of sanctions and manner of application; these are in line with the recommendations of the Directive 2006/43/EC.</p> <p><b>ACAP:</b> According to the ACAP Regulation (point 54), the quality review shall be conducted for education purpose, and shall never lead to sanctioned consequences.</p>
<p><b>Consideration of Public Oversight</b></p> <p>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.</p>			<b>P</b>	<b>ACAP:</b> The Department for Quality Control and Monitoring cooperates with the oversight body with the aim to improve the process of additional training for auditors, who following the external verification were rated with B, C and D marks, thus sharing the information on the functioning of the QA review system.
<p><b>Regular Review of Implementation and Effectiveness</b></p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>			<b>P</b>	After one or two years at most, ACAP shall conduct a repeated review on the implementation and effectiveness of control systems. So far, no repeated review has been performed as the member audit firms were subject to external verification by the Audit Oversight Council.

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

**Action Plan Objective:** Full Incorporation of IAESB International Education Standards and Guidance into ACAP Program, and Use of Best Endeavors to Promote and Assist in the Adoption of International Education Standards (IESs) in the Republic of Moldova  
Ensure member's high professional skills and technical knowledge.

**Background:**

Both, the law on audit in force and the draft Law on audit of financial statements provides provisions for initial professional development (IPD) and continuous professional development (CPD) requirements for auditors. The legislation requires candidates to have a formal professional education, obtain practical experience (minimum 3 years carried out under the guidance of an auditor), pass written examinations conducted by the Commission of Auditors' Certification (currently the Commission is under the Ministry of Finance, however, under the draft Law this function will be transferred to the new Public Oversight Body), and maintain continuous professional development (40 hours per year).

The accounting profession is not regulated in Moldova.

Two local universities, i.e. Academy of Economic Studies (ASEM) and Moldova State University (USM) obtained ACCA accreditation for the bachelor degree awarded by their accounting faculty with 7 (papers F1-F7) and 8 (papers F1-F8) exemptions, respectively.

Recently, representatives of ACAP, USM, ASEM and MoF initiated development of a discussion paper "Accounting and audit education in Moldova: possible reform initiatives". One of the objective of the draft discussion paper is to promote a learning outcome-based approach in the accounting and auditing education at the both university and professional education levels. IESs are not available in Romanian language, however, these could be consulted by all interested parties in Russian, following the link: <https://www.acap.md/rus/news/sbornik-mejdunarodnyh-polojenii-po-obrazovaniu-izdanie-2017/>

[http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/4152117-1380634652337/2017\\_Handbook\\_RU.pdf](http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/4152117-1380634652337/2017_Handbook_RU.pdf)

ACAP Education System for accountants and auditors is based on the national educational system and partially on International Education Standards (IESs) and includes a system of initial professional education and Continuing Professional Development (CPD).

Education requirements for auditors are regulated by the government and are universally the same throughout the country. Responsibility for IESs is shared between the universities involved in accounting education,

The Ministry of Education (MoE) and Universities are responsible for the incorporation of International Education Standards into national requirements. ACAP is assisting the Universities & MoE through supplying information, advice and guidance. To specify further: International Education Standards (IES 1, 3-6) are the responsibility of the MoE and IES 2 is the joint responsibility of the MoE and Universities. IES 7 is the responsibility of ACAP, and IES 8 is a joint responsibility of ACAP, the Association of Auditors and Consultants in Management from Moldova (AACM, non IFAC MB), the Association of Auditing Firms of Moldova (AFAM, non IFAC MB), and the MoF. Translated IESs (version 2004) in the national language are provided to stockholders through roundtable meetings and by mail. The 2017 updated IESs is available: <https://www.acap.md/eng/news/handbook-of-international-education-pronouncements-2017-russian-translation/>

To qualify for (full) membership in ACAP, one must:

- Pass an examination in accounting and other related subjects at the CIPA Examination Center.

- Possess a relevant valid certificate (CAP (Certified Accounting Practitioner), CIPA (Certified International Professional Accountant) under ECCAA (Eurasian Council of Certified Accountants and Auditors) or qualifications issued by IFAC full members including Association of Certified and Chartered Accountants (ACCA), Certified Public Accountant (CPA), the International Chartered Accountants in England and Wales (ICAEW), CGA-Canada).
- Complete 120 hours of continuous professional education (CPD) in three years or 40 hours annually.
- Have higher specialized education, with at least three years' experience in accounting or other activities connected with accounting. If higher specialized education is lacking, then a candidate must have five years' working experience as Chief Accountant or Chief Accountant Deputy.
- Agree in writing to comply with the Code of Professional Conduct.

ACAP has training center, where training courses on CAP and CIPA certification programs are offered and under the programs of continuous education. ACAP is also promote the ACCA DipIFR (Rus) training program. In addition, ACAP develops technical courses for auditors on new auditing requirements as a part of CPD certification program. ACAP regularly offers CPD courses for its members on IFRS, ISAs, ISQC 1, Code of Ethics, and national accounting standards, fiscal and legal issues.

ACAP and CFAR signed a Memorandum of Understanding (MoU) in March 2010, which comprise the Continued Professional Development (CPD) courses for auditors, Train of the Trainers (ToT) courses, and exchange of publications. In September 2011, ACAP signed a MoU with CECCAR and the Institute of Professional Accountants of Russia (IPAR), which comprise the IES disseminations and education programs. ACAP and ACCA signed a MoU, which envisions organizing joint education events and CPD recognition for members. Permanent updates on current developments of IAESB are published on our website. ACAP is an active participant of World Bank REPARIS and STAREP Programs including the Education Community of Practice (Edu CoP). The newly updated IES are learning by stakeholders in various dissemination seminars, organized in cooperation with WB CFRR STAREP EduCoP. The Concept of national Certification for accountants of PIE is now in discussion under EDU CoP Moldova members.

#	Start Date	Actions	Completion Date	Responsibility	Resource
22.	March 2009 2016	Publish all IAESB pronouncements on the website and provide links to the relevant IFAC IAESB webpage. <a href="https://www.acap.md/eng/news/handbook-of-international-education-pronouncements-2017-russian-translation/">https://www.acap.md/eng/news/handbook-of-international-education-pronouncements-2017-russian-translation/</a>	Ongoing	ACAP CEO Board of ACAP	
23.	March 2009	Organize a seminar to inform and educate AOC & other stakeholders members about their responsibilities related to SMO1, 2 requirements.	June 2009 Completed	Board of ACAP ACAP staff	ACAP, AOC, and NIVRA

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	2008 2017	Encourage reproduction of the translated IESs, and IAESB pronouncement updates in Romanian and Russian in accordance with IFAC translation and reproducing policy requirements.	Ongoing	Board of ACAP ACAP CEO	ACAP Council Members, ad-hoc working groups, ECCAA, and FIDEF-member bodies, CECCAR, and CAFR
25.	March 2008 2015	Organize roundtables to disseminate the IESs and discuss CPD Programs.	February 2011 Completed ongoing	ACAP CEO, Board	WB CFRR, Universities, ACAP staff
26.	2008  2011 2014 2015	Continue policy dialogues with MoF, MoE, AOC, Academy of Economic Studies of Moldova (ASEM) and other universities about the 2016-2020 Country Action Plan, updated Laws on Accounting & Auditing, and revised IESs clarified process.  Participating in ICAEW Accountancy Forums in London and Sofia.  Participation in ICAEW Accountancy Profession Strategic Forum in Athena, and Cyprus	Ongoing Completed May 2013, September 2013  2013 Completed  May 2017 completed	Board of ACAP  ACAP Board ACAP CEO  ACAP CEO  ACAP Board	MoF, MoE, AOC, ASEM and other universities, and firms
27.	2009  October 2013 2016  2014, Jan 2015 2016 2017	Continue active involvement in the Education Community of Practice (EduCoP) Workshops conducted by the World Bank REPARIS Program.  Participate in STAREP World Bank Project, Education Community of Practice.  <a href="#">Participate in Local workshops on the Initiatives to Consolidate Accounting and Audit Education.</a>  Organize Annual International Conference on cooperation between academia community, business and profession, dedicated to Accountancy Profession	Completed  Ongoing  2017  April 2014, 2015, 2016, 2017, Completed  By December annually	Board of ACAP   ACAP Senior Staff  ACAP Senior Staff  ACAP Education	World Bank REPARIS and STAREP Program, ACAP Experts, CEO  CFRR WB, Edu CoP, ACAP CEO, Board  ACAP Board, AESM, ACCA  IFAC MBs, ACAP Board and Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
	2014, Jun 2016 Sept  Jan 2017	Elaboration and implementation of CPD Programs for Accountants and Auditors for 2014, 2015 & 2016 and approval by MoF & MoE  Elaboration of CPD Program for Auditors in accordance with IES 7 & 8 for 2017 and get approval of MoF & MoE.  Dissemination of new requirements of IES & implementation	Completed Dec 2016	Committee & staff  ACAP Education Committee & staff	CFRR, EDU CoP, ACAP CEO
28.	2009	Review revised IES 1 and new Exposure Draft, and encourage the introduction of entry requirements in Moldovan legislation.	2012	Board of ACAP	ACAP working groups and AOC
29.	2009	Continue policy dialogues in collaboration with MoF, MoE, AOC, UCC, ASEM and other universities to adopt the entry requirement of IES1 of, at least, admission into a recognized university degree.	2011 Completed	Board of ACAP	ACAP working groups , MoF, MoE, University Chancellors' Council UCC, AOC, ASEM and other universities
<i>Please consider naming this section (e.g. Converging with the revised IES requirements)</i>					
30.	2010	Continue policy dialogues in collaboration with MoF, MoE, AOC, ASEM and other universities to implement a professional accounting study which should be at least 2 years long (or part-time equivalent) and which incorporates the elements of an accounting study as prescribed in IES2 and in national education law, and regulations based on IES2.	2012 Ongoing	Board of ACAP	ACAP working groups, MoF, MoE, AOC, ASEM and other universities
31.	2009	Encourage closing the gap between the requirements laid down by the Government Decision No. 1450 of 24-12-2007 as amended, based on the Law on Audit and IES2, with attention to IT, ethics, and other missing elements to be determined.	February 2011 Partially Completed	Board of ACAP	ACAP working groups, MoF, MoE, and AOC
32.	2010	Upgrade the existing University academic programs in cooperation with ASEM (Accounting and Auditing A&A Department), NIVRA, donors, AOC and UCC.	2012 Completed	Board of ACAP	ACAP working groups, ASEM (A&A-

#	Start Date	Actions	Completion Date	Responsibility	Resource
					department), NIVRA, donors, and UCC
33.	2009	Encourage review and translation of textbooks, brochures, forms and teaching materials for curriculum updates.	Ongoing	Board of ACAP	ACAP working groups and AOC
34.	2008	Develop and deliver train the trainer (ToT)-courses for ASEM and other universities in collaboration with foreign experts.	Ongoing Partially completed	Board of ACAP	ACAP working groups, AOC and ASEM
35.	2008	Intensify communication with ASEM and other Universities with the objective of integrating university curriculum into professional education program.	Ongoing Partially completed	Board of ACAP ACAP Senoir Staff	ACAP working groups, AOC and ASEM
	2016	Develop and adopt a single framework for technical professional competencies based on the IES 2 provisions.	ongoing	ACAP Senoir Staff	IFAC, CFRR, ACAP
36.	2008	Initiate policy dialogues with ASEM, MoF, AOC and practice representatives on the revised IES3 requirements.	Ongoing	Board of ACAP	ACAP working groups, ASEM, MoF and AOC
37.	2009	Encourage closing the gap between the requirements laid down by the Government Decision No. 1450 of 24-12-2007 as amended based on Law on Audit with regard to the skills as prescribed by IES3.	February 2011 Partially Completed	Board of ACAP	ACAP working groups and AOC
38.	2009	Encourage closing the gap between the requirements laid down by the Government Decision No. 1450 of 24-12-2007 as amended based on Law on Audit with regard to the ethics requirements as prescribed by IES4, based on the revised Code of Ethics (CoE) resulting from the Clarity Project for Universities, and CPD providers.	2011 Completed	Board of ACAP	ACAP working groups, AOC, and IESBA
39.	2008	Conduct CPD training on the Code of Ethics (in practice) open for the Academic and Audit Professional Community. Offer Seminars & ToT courses based in full or in part on IESBA's Ethics Education Toolkit.	Ongoing Completed December 2012 with ACCA	Board of ACAP	ACAP working groups and AOC

#	Start Date	Actions	Completion Date	Responsibility	Resource
40.	2009	Encourage the design, in cooperation with AOC, of a practical experience framework suitable to Moldova's environment, including monitoring & oversight.	2012 Completed	Board of ACAP	ACAP working groups, AOC, universities and firms
41.	2010	Develop and maintain a nucleus of mentors and assign students to those mentors; develop a training capacity by training the trainers; and introduce the concept of a registered employer.	2012 Ongoing	Board of ACAP	ACAP working groups, AOC, universities and firms
42.	2011	Prepare and announce a system for registration, monitoring and sanctioning of IES5 requirements.	2014	Board of ACAP	ACAP working groups, AOC and Firms
43.	2010	Develop & deliver courses for mentors and reviewers under NIVRA Practical Audit Experience Training (PAETs) (Deloitte & EY) Project. Develop & deliver courses by PUM NIVRA experts.	June 2009 Completed June 2013 Completed	Board of ACAP	ACAP working groups, AOC, NIVRA and Firms
44.	2010	Include the considerations on IEPS "Practical Experience Requirements – Initial Professional Development for Professional Accountants" and other relevant resources.	Ongoing	Board of ACAP	ACAP working groups, AOC and Firms
45.	2010	Ensure that all the requirements of IES 1 through 5 and IES 8 are incorporated and tested in the final assessment.	Ongoing	Board of ACAP	ACAP working groups, AOC, MoE, ASEM and other universities
46.	2010	Carry out the final assessments under the responsibility of ACAP and AOC, and liaise with NBM and NCFM for final requirements and procedures on licensing for statutory auditors for every specific category in compliance with SMO 2.	Ongoing	Board of ACAP	ACAP working groups, AOC, MoE, NBM, NCFM, ASEM and other universities
47.	2007	Promote and install an independent Examination Supervisory Board.	Partially Completed	Board of ACAP	ACAP working groups and AOC

#	Start Date	Actions	Completion Date	Responsibility	Resource
48.	2007	Install the State Register.	2011	Board of ACAP	ACAP working groups, AOC, and MoF
49.	2007	Promote and install mutual exemptions between ACCA, CIPA and the Moldovan Educational System.	March 2010 Completed	Board of ACAP	ACAP working groups, AOC, ACCA, and ECCAA
50.	2007	Initiate policy dialogues with AOC, MoF, and MoE for partial exemption of international diplomas for the Moldovan profession.	Ongoing	Board of ACAP	ACAP working groups, AOC, MoF, MoE, ASEM and other universities
	2012 2013	Organize an international conference titled: Accounting Curriculum: September 26, 2013.	Completed		
51.	2008	Adopt and implement CPD requirements based on IES 7.	Completed	Board of ACAP	ACAP working groups
52.	2008	Implement a system for registration, monitoring and sanctioning CPD requirements with reference to SMO1 and SMO 6.	Completed Except SMO6	Board of ACAP	ACAP working groups
53.	2008	Prepare and deliver CPD courses, seminars and ToT courses to address relevant content updates in a timely way.	Completed Ongoing	Board of ACAP	ACAP working groups
54.	2007	Prepare and deliver CPD courses, seminars and ToT courses to address relevant practice issues: ethics, quality control in collaboration with NIVRA, PAETs, CFAR, CECCAR, etc.	Completed Ongoing	Board of ACAP	ACAP working groups, NIVRA and AOC
55.	2009	Review compliance by ACAP members with CPD requirements on an annual basis, starting from 2008, and in particular, work with MoF and AOC to monitor compliance on the part of licensed auditors, making any adjustments to the scheme as needed to encourage and mandate participation.	Completed Ongoing	Board of ACAP	ACAP working groups and AOC

#	Start Date	Actions	Completion Date	Responsibility	Resource
56.	2009	Request assessment of the professional educational and CPD system for IES 8 by foreign experts.	2012 Completed partially by WB ROSC Team in June 2013	Board of ACAP	ACAP working groups
57.	November 2009	Develop and conduct training courses on Clarified International Standards on Auditing (ISAs) and CoE by CFAR and other experts.	May 2010 Completed 2012, 2013 Q4 Completed Ongoing	ACAP staff	IFAC, CAFR, ACAP, MoF
	2016 2015	Elaboration of CPD Program for Auditors in accordance with IES 7 & 8 for 2017 and get approval of MoF & MoE. Dissemination of new requirements IES 7 implementation		ACAP staff	ACAP CEO
	2016 June 2016	Conduct ISAs training Module by IPAR expert Develop and conduct training course on ISRE, ISAE by foreign and local experts	April 2016 completed Oct 2017	Board ACAP CEO	IFAC publications; ACAP IPAR, ACAP CEO & Staff
	2016	Ensure involvement in platform for discussions with stakeholders with a view to improving the accounting and audit education both at the university and at professional levels.	Ongoing Sep2017	ACAP CEO, Board	CFRR, ACAP Senior staff
	2016	Facilitate cooperation among organizations; provide accounting education at various levels (universities, colleges) and to the entities engaged in professional qualification (the Ministry of Finance)	Ongoing	ACAP CEO, Board	
	2016	Adopt the learning outcomes-based approach to accounting and audit education both at the university and at professional levels (with a stronger emphasis on promoting the International Education Standards)	Ongoing	ACAP CEO, Board	ACAP CEO, Board, CFRR
	2016	Enhance the role of the profession in developing the accounting and audit education	Ongoing	ACAP CEO, Board	ACAP CEO, Board, CFRR
	2017	Improvement of General framework of professional competencies to be acquired by accountants and auditors at various stages of learning	Ongoing	ACAP CEO, Board	ACAP CEO, Board,
		1. Revise the requirements in force and existing provisions on the auditor professional qualification	Ongoing		

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>in order to bring them into line with the International Education Standards</p> <p>2. Develop detailed guidance on the preparation/content of the auditor qualification examination tests focused on testing the learning objectives</p> <p>3. Revise the legal framework and include in it the definition of a professional association and criteria for transfer of certain responsibilities in the process of regulation and oversight of member activities</p>	Ongoing	ACAP CEO, Board	ACAP CEO, Board, CFRR
			Ongoing	ACAP CEO, Board	ACAP CEO, Board, CFRR
<i>Maintaining Ongoing Processes</i>					
58.	Ongoing	Ensure continuous dissemination of IAESB pronouncements and updates.	Ongoing	Board of ACAP	ACAP working groups and AOC
59.	Ongoing	Ongoing final assessments under the responsibility of ACAP and licensing under AOC. Request for international education expert to assess the system.	Ongoing	Board of ACAP	ACAP working groups, AOC and foreign experts
60.	Ongoing	Ongoing (self-) evaluations by ACAP and AOC of the revised SMO2 compliance.	Ongoing	Board of ACAP	ACAP, ASEM and AOC
61.	Ongoing	Ongoing evaluation of compliance with the revised IESs and European Union (EU) 8th Directives.	Ongoing	Board of ACAP	ACAP working groups and AOC
<i>Review of ACAP's Compliance Information</i>					
62.	2013	Perform review of revised SMO 2 and ACAP's SMO Action Plan and incorporate any necessary changes.	2014	Board of ACAP	ACAP working groups

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Full Adoption, Dissemination, and Compliance with the IAASB Pronouncements in Moldova

**Background:**

According to the legislation in force (Law No.61 of 16.03.2007) as well as in accordance with the provisions of the draft Law on Audit of Financial Statements, the IASs issued by the IAASB, including ISQC 1 and international standards for review, assurance missions, related services issued by the IAASB are accepted for implementation in Moldova and are mandatory for all audits. The most recent versions (2015 Handbooks), accepted by the MOF are available in both, Romanian and English languages, following the link - <http://csaa.mf.gov.md/node/79>. Ministry of Finance receives standards and other pronouncements, including Code of Ethics in two languages, Romanian and Russian.

The Ministry of Finance is responsible for the acceptance, publication of auditing standards, quality control standards, and related standards in the Official Gazette of the Republic of Moldova and posting them on the website of the Ministry of Finance. Auditing standards, quality control standards, and related standards are published in the Official Gazette of the Republic of Moldova periodically, depending on the number of updates performed. Auditing standards, quality control standards, related standards and corresponding updates are posted on the website of the Ministry of Finance within one month from the date of their receipt.

ACAP has responsibility for monitoring the compliance with the standards. ACAP assists the process by facilitating reproduction and dissemination through cooperation with the professional bodies of Romania and Russia, members of IFAC.

Although ACAP is not directly involved in standard setting, as an IFAC member, ACAP has an important role with the implementation process so that auditors are aware of the standards and using them as intended. ACAP contributed a lot to dissemination of ISAs translated into Romanian and Russian languages.

ACAP delegated its members to the working committees of the program on Strengthening Auditing and Reporting in the countries of the Eastern Partnership (STAREP) of the Center for Financial Reporting Reform, World Bank.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Translation, Dissemination and Enforcement of IAASB's Pronouncements</i>					
63.	2009 2012 2017	Continue dialogues with IFAC for submitting official translated versions of clarified ISAs and other IAASB pronouncements in Romanian and Russian and getting the permission for publishing on website.	2012 Completed  Ongoing	ACAP CEO, Board of ACAP	ACAP and Ministry of Finance Consultative Council (MoFCC)
64.	2008  2017	Continue dialogue with IFAC, CECCAR, CFAR and other bodies to update approved translation of ISAs and other IAASB pronouncements in Romanian and Russian in accordance with IFAC translation and reproduction policy.  Assist MoF in correspondence with IFAC the 20152 Updated version of ISAs, Code of Ethics, ICQS 1.	2012 Completed  May 2013 Completed Ongoing	Board of ACAP  ACAP CEO	ACAP Working Groups, IFAC, CECCAR, CFAR, and MoFCC

#	Start Date	Actions	Completion Date	Responsibility	Resource
65.	January 2009	Facilitate the signing of an agreement between MoF, ACAP and IFAC to publish the ISAs as prescribed by Moldovan legislation.	Spring 2012 Completed	ACAP CEO	ACAP Board, MoF and IFAC
66.	2009	Ensure timely availability of translated IAASB pronouncements to ACAP members, AOC, MoF, Universities and other stakeholders in Moldova.	Ongoing	Board of ACAP	ACAP Working Groups AOC, MoF and Universities
67.	2009	Provide translated IAASB pronouncements to members via the ACAP website and raise awareness of the current development in ISAs. Improve the current communication plan for informing the members and the public about the current ISAs.	Ongoing	Board of ACAP	ACAP Working Groups
68.	January 2014	Monitor the Government proposed National Strategy on Auditing and Accounting with the view to study implications for ACAP.	Ongoing	Board of ACAP	ACAP Working Groups and MoF
69.	March 2017	According to the Memorandum of Understanding concluded between ACAP and CFAR, ACAP and IPAR, RCA and CECCAR, our organization will continue to cooperate in the field of taking over the ISAs and the IESBA Code of Ethics.  <a href="http://mf.gov.md/sites/default/files/legislatie/IESBA-Handbook%202015%20RO.pdf">http://mf.gov.md/sites/default/files/legislatie/IESBA-Handbook%202015%20RO.pdf</a>	Ongoing completed	Board of ACAP and Senior Executive Staff	IESBA, ACAP CEO
70.	2015	To publish based on IFAC permissions the IAASB ISAs for all Moldovan auditors.	August 2012 Completed		ACAP, MoF
71.	2009	Develop and conduct training courses on Clarified International Standards on Auditing (ISAs) and CoE by CFAR, ACCA, Big 4 and other experts.  <a href="https://www.acap.md/rom/events/176/">https://www.acap.md/rom/events/176/</a>	May 2010 2011, 2012, 2013 Q4 Completed Ongoing	Board of ACAP and Senior Executive Staff	CFAR, ACAP Working Groups and MoF
<i>Maintaining Ongoing Processes</i>					
72.	Ongoing	Hold periodic meetings with the Government to keep the Government Officials updated on the latest IAASB developments.	Ongoing	Board of ACAP	ACAP Working Groups and MoF

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
73.	Ongoing	Deliver pre-qualification and CPD courses on ISAs in collaboration with foreign experts. <a href="https://www.acap.md/rom/events/176/">https://www.acap.md/rom/events/176/</a>	Ongoing	Board of ACAP	ACAP Working Groups and NIVRA
74.	Ongoing	Include updates in IAASB pronouncements in ACAP continuing professional education and pre-qualification programs. <a href="https://www.acap.md/rom/events/184/">https://www.acap.md/rom/events/184/</a>	Ongoing	Board of ACAP	ACAP Working Groups and AOC
<i>Review of ACAP's Compliance Information</i>					
75.	2013	Perform review of revised SMO 3 and ACAP's SMO Action Plan and incorporate any necessary changes.	2014	Board of ACAP	ACAP Working Groups and Senior Staff

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Further Improve Compliance of ACAP’s Members with the IESBA Code of Ethics

**Background:**

According to the legislation in force (Law No.61 of 16.03.2007) as well as in accordance with the provisions of the draft Law on Audit of Financial statements all auditors in Moldova are subject of ethical requirements for professional accountants, issued by the International Ethics Standards Board for Accountants, accepted for application in the Republic of Moldova. The 2015 version of the Code of Ethics is available following the link <http://csaa.mf.gov.md/node/79>

The Ministry of Finance is responsible for the acceptance and publication of the Code of Ethics in the Official Gazette of the Republic of Moldova and posting on the website of the MOF. Code of Ethics is published in the Official Gazette of the Republic of Moldova periodically, depending on the number of updates performed. Code of Ethics and corresponding updates are posted on the website of the MOF within one month from the date of their receipt.

Accountants (bookkeepers) are not subject of any legal ethical requirements.

ACAP has the responsibility to educate and enforce compliance with the Code of Ethics among its members. ACAP shall assist and guide them in these efforts.

In this capacity ACAP monitors the changes made to the IESBA Code of Ethics and adopts the proposed changes following the existing due process. In particular, ACAP monitors the IESBA work program and proposed revisions to the IESBA Code of Ethics closely so they can be incorporated into ACAP’s framework on a timely basis.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Translation and Dissemination</i>					
76.	2009	Continue dialogues with IFAC for obtaining the updated official translated versions of Code of Ethics and other IESBA pronouncements in Romanian and Russian.	December 2012 Completed	Board of ACAP ACAP CEO	ACAP Working Groups and MoFCC
77.	2009	Continue dialogue with IFAC, CECCAR, CFAR and other bodies to update approved translation of Code of Ethics and other IESBA pronouncements in Romanian and Russian in accordance with IFAC translation and reproduction policy.	Completed Ongoing	Board of ACAP	ACAP Working Groups, IFAC, CECCAR, CFAR and MoFCC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption of IESBA Code of Ethics</i>					
78.	2009	Encourage incorporation of a reference to IESBA pronouncements focusing on the results of the Clarity Project as part of the national regulations in the audit law in collaboration with MoF and AOC.	December 2011 Completed	Board of ACAP, MoF and National Steering Committee (NSC)	ACAP Working Groups, MoF and NSC
79.	2009	Provide access to Code of Ethics and other IESBA pronouncements by including a relevant link on the ACAP website and by providing access to the translated versions in Romanian and Russian. <a href="http://mf.gov.md/sites/default/files/legislatie/IESBA-Handbook%202015%20RO.pdf">http://mf.gov.md/sites/default/files/legislatie/IESBA-Handbook%202015%20RO.pdf</a>	Ongoing	Board of ACAP	ACAP Working Groups
80.	2011 2016	Adoption of currently effective IESBA CoE.	2012 Completed 2017	Board of ACAP, MoF	ACAP and MoF
<i>Implementation of Code of Ethics</i>					
81.	2009 2017	Further develop awareness of ethical issues by publications on ACAP website and organizing seminars on this subject. <a href="https://www.acap.md/rom/news/evenimente-educationale-octombrie-2017/">https://www.acap.md/rom/news/evenimente-educationale-octombrie-2017/</a>	Ongoing	Board of ACAP	ACAP Working Groups
82.	2008  2012	Deliver pre-qualification and CPD courses on ethics in collaboration with foreign experts. Deliver the Technical seminar on ethics in collaboration with ACCA	May 2010 Completed December 2012 Completed Ongoing	Board of ACAP	ACAP Working Groups and NIVRA/NBA/PUM
83.	Ongoing	Public outreach activities to ensure that the public and business community is aware that ACAP's members are operating under a mandatory code of ethics. <a href="https://www.acap.md/rus/news/1841/">https://www.acap.md/rus/news/1841/</a>	Ongoing	Board of ACAP	ACAP Working Groups and MoF

#	Start Date	Actions	Completion Date	Responsibility	Resource
84.	June 2009	<p>Agree, clarify and communicate the respective roles of ACAP and the AOC in enforcement of the Code of Ethics for licensed auditors.</p> <p>Although ACAP retains responsibility for promotion and enforcement of the Code of Ethics, the AOC has a separate legal obligation with respect to statutory auditors. This action will ensure clarity and greater cooperation in the promotion and enforcement of the requirements.</p>	<p>December 2010 Completed</p> <p>Ongoing</p>	Board of ACAP	ACAP Working Groups and AOC
85.	March 2010	According to the Memorandum of Understanding concluded between ACAP and CFAR, our organization will continue to cooperate in the field of taking over the ISAs and the IESBA Code of Ethics.	Ongoing Completed	Board of ACAP and Senior Executive Staff	CAFR, ACAP Board
	2016	Organize, jointly with ACCA, universities and other stakeholders, an workshops and international conference on <i>Code of Ethics for Accountants: best practice of implementation and prospects for Moldova</i>	2016 – 2017	ACAP CEO, Education Committee	ACAP Board
	2014	Review changes in ESBA Code of Ethics and update the curricula for professional education and training programs.	Ongoing annually	Ethics Committee	ACAP Board
	2017	Prepare an manual on Ethics issues for members. 2015 version of Ethics Code are in force and incorporated in Training programs.		Ethics Committee	Education Committee, ACAP CEO & staff
	2017	Participate in IFAC FORUM, session Focus on Professional Ethics.	May 2017	ACAP CEO, Board members	CFRR WB, IFAC
<b>Maintaining Ongoing Processes</b>					
86.	Ongoing	<p>Ongoing monitoring of new and amended standards from the IESBA and ongoing review.</p> <p>Include updates on IESBA pronouncements in ACAP continuing professional education and pre-qualification programs.</p>	Ongoing	Board of ACAP	ACAP Working Groups and AOC
87.	Ongoing	Review and update Action Plan at regular intervals to ensure that it reflects the overall objectives under this SMO.	Ongoing	Board of ACAP	ACAP Working Groups

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ACAP's Compliance Information</i>					
88.	2013	Perform review of revised SMO 4 and ACAP's SMO Action Plan and incorporate any necessary changes.	2019	Board of ACAP	ACAP Working Groups

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Maintain ACAP’s Efforts to Promote Adoption of International Public Sector Accounting Standards and other IPSASB Pronouncements in Moldova, and Effectively Support and Disseminate the Work of the IPSASB

<b>Background:</b>					
International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB are not applicable in the Republic of Moldova. According to the provisions of the Accounting Law no.113 of April 27, 2007 the Ministry of Finance shall develop and approve the National Public Sector Accounting Standards. It is expected that NPSAS will be developed and approved by 2020.					
ACAP has no legal responsibility but do promote, disseminate, educate and provide access to IPSAS and other IPSASB pronouncements among its members. ACAP is conducting on demand the training courses on IPSAS delivered by local, United Kingdom (UK) and CECCAR experts. WB Public Finance Management Project was organized an certification and training for public sector accounting specialists. 3 specialists was certified by CIPFA. ACAP is offering CIPFA exams convener services. The Center was functioned by 2017 and are working under demand.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Translation, Dissemination and Promotion of IPSAS</i>					
89.	2009		Ongoing	Board of ACAP and MoF	ACAP Working Groups and MoF
90.	2009		Ongoing	Board of ACAP	ACAP Working Groups
91.	2009	Continue dialogue with IFAC, CECCAR to update approved translation of IPSAS in Romanian and Russian in accordance with IFAC’s translation and reproduction policy. 2013 version of IPSAS are available.	Ongoing	Board of ACAP	ACAP Working Groups, IFAC, CECCAR, CFAR and other bodies
	2015	Receiving the Romanian translation of 2013 IPSASB Pronouncement and shared with MoF.	September 2017	ACAP CEO	CECCAR; IFAC IPASB
92.	2009	Provide access to IPSASs and other IPSASB pronouncements by including a relevant link on the ACAP website and by providing access to the translated versions of IPSAS in Romanian and Russian.	Ongoing	Board of ACAP	ACAP Working Groups
93.	2009	Promote adoption and implementation of IPSAS in policy dialogues with MoF and stipulate respective responsibilities, organize events and consult foreign experts.	Ongoing	Board of ACAP	ACAP Working Groups and MoF

#	Start Date	Actions	Completion Date	Responsibility	Resource
94.	2009	Deliver (CPD) courses on IPSASs to public servants and members.	October 2012	Board of ACAP	ACAP Working Groups and the Chartered Institute of Public Finance and Accountancy (CIPFA)
	2015	Promote adoption and implementation of IPSAS in policy dialog with MoF and stipulate respective responsibilities, organize events and consult foreign experts.	Completed	ACAP President, CEO	
	2016	Meetings with MoF and other state regulators of IPSAS adoption and implementation.	Ongoing		ACAP Board
<i>If applicable, please consider indicating in this subsection how ACAP supports their members providing services in the public sector (CPD, certification, seminars, help lines, etc, whatever is applicable)</i>					
<i>Maintaining Ongoing Processes</i>					
95.	Ongoing	Monitor issuance of new and amended IPSASB pronouncements and update ACAP's continuing professional education program in accordance with these pronouncements.	Ongoing	Board of ACAP	ACAP Working Groups
96.	Ongoing	Review and update Action Plan at regular intervals to ensure that it reflects the overall objectives under this SMO.	Ongoing	Board of ACAP	ACAP Working Groups
<i>Review of ACAP's Compliance Information</i>					
97.	2013	Perform review of revised SMO 5 and ACAP's SMO Action Plan and incorporate any necessary changes.	2016	Board of ACAP	ACAP Working Groups

**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Strengthen Compliance with Standards and Codes through the Adoption of an Investigative and Disciplinary Regime that Meets the Requirements Established in SMO 6

**Background:**

Draft Law on auditing of financial statements provides that the Auditing Oversight Body has the duties related to investigation and discipline in respect of auditors and audit firms. The draft law requires the Council to establish effective systems of investigations and sanctions to detect, correct and prevent inadequate audit and to apply sanctions on auditors and audit firms. The draft law contains the following sanctions to be applied on auditors and audit firms:

- a) written warning. The warning shall consist of alerting the auditors, and audit firms on the disciplinary offense committed with the recommendation to respect the legal provisions in the future, warning them that a new similar misbehavior shall be punished with a more severe sanction;
- b) reprimand. The reprimand is criticism, expressed in writing, on offenses committed by auditors or audit firms;
- c) declare the auditor's report as inappropriate to the requirements of this law and auditing standards;
- d) suspension of auditor's or audit firm's audit activity for a period between 1 and 3 years;
- e) withdrawal of auditor's qualification certificate;
- f) erasure of audit firm from the Public Register of audit firms.

Please update the Background Note to include the following information:

- Law/regulation that sets legal foundation for I&D system in the jurisdiction, if any.
- Body/bodies involved in I&D system of professional accountants and their respective responsibilities. In case of several bodies responsible for different areas of I&D, the areas of their respective responsibilities. Overlaps in terms of their responsibilities, if any.
- A statement on compliance of the I&D system with the requirements of SMO 6 (revised 2012).
- Overview of past and planned actions undertaken by Member or Associate in accordance with the Applicability Framework to either (1) develop or implement an I&D system in the jurisdiction; (2) support the adoption of an I&D system; (3) support the implementation of an I&D system; and (3) support Member's or Associate's members in understanding and implementing its requirements.

ACAP has the responsibility to implement the disciplinary system for ACAP members. ACAP has no legal responsibility, but do promote the of the best practiceis on investigative and disciplinary regime to the Ministry of Finance and the AOC, which is authorized to implement such a system in the Republic of Moldova. The ACAP Board approved a disciplinary concept for ACAP members and included it in a newly ACAP Charter which has been approved by the Ministry of Justice.

ACAP as approved CPD provider is reviewed by AOC CVS annually starting 2013.

ACAP is a member of ICAEW QAN and participate in events on enhance a partnership collaboration between Public Oversight Board and PAO.

The new Audit Law, including system of audit public oversight is in discussions and subject to be approved by end of 2017.Provisions on ID is subject to be developed on country level and ACAP level.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthen ACAP Capacity to Monitor Compliance by Members with Standards and Codes</i>					
98.	2009	Encourage public and members' awareness of investigation and disciplinary (I & D) process.	Ongoing	Board of ACAP	ACAP Working Groups and AOC
99.	April 2009 2013	Get involved, jointly with AOC, in the development of an investigation and disciplinary scheme that meets the requirements of the revised SMO 6 requirements.	Estimated 2015 Ongoing	Board of ACAP	ACAP Working Groups and AOC
100.	January 2010	Communicate requirements of investigation and discipline to all members.	Ongoing	Board of ACAP	ACAP Working Groups and AOC
101.	2009 2013	Establish a mechanism to report possible involvement of ACAP members in serious crimes and offences to authorities.	Ongoing	Board of ACAP	ACAP Working Groups and AOC
102.	2009	Provide inputs to the AOC aimed at determining, developing, and maintaining integrative expertise and resources required for the operation of an investigative and disciplinary system.	Ongoing	Board of ACAP	ACAP Working Groups and AOC
103.	January 2010	Approve a Disciplinary Concept for the ACAP members as part of the ACAP Charter.	July 2010 Completed	Board of ACAP	ACAP Working Groups and AOC
104.	August 2010 2013 2017	Determine the composition of ACAP's I&D Committee, identify financial resources, determine Committee membership criteria (sufficient expertise, outside judgment, confidentiality and independency), and appoint Committee members.	by 2019 ongoing	Board of ACAP	ACAP Working Committees & Groups,
105.	2017	Provide inputs to the establishment of an independent Board for Appeals in collaboration with AOC, identify financial resources, determine Board membership criteria (sufficient expertise, outside judgment, confidentiality and independency), and appoint Board members.	Ongoing	Board of ACAP	ACAP Working Groups and AOC, WB, MoF, Ministry of Justice
106.	2009 2019	Include in the disciplinary procedures a provision to permit a defendant to be represented by a lawyer or third party based Moldovan jurisdiction.	2018 Ongoing	Board of ACAP	ACAP Working Groups and AOC, WB, MoF, Ministry of Justice

#	Start Date	Actions	Completion Date	Responsibility	Resource
107.	2009 2019	Include in the disciplinary procedures provisions deferring the effect of sanctions until the appeal process.	December 2012 Ongoing	Board of ACAP	ACAP Working Groups and AOC
108.	2009 2019	ACAP and AOC publish and disseminate information that will enable any grieved stakeholder to pursue a complaint with the responsible authorities in an effective and fair way, in accordance with the requirements of SMO 6.	ongoing	Board of ACAP ACAP Department CC	ACAP Working Groups and AOC
109.	2009	Start policy dialogues considering avenues for collaboration between ACAP, AACM and AFAM.	completed	President ACAP	ACAP Working Groups AACM and AFAM
	2016	Continue Policy dialogue on collaboration in development of accounting & audit profession between ACAP, AACM and AFAM.	ongoing	Board of ACAP, CEO	ACAP, AACM & AFAM
	Oct 2016	Prepare & sign a Resolution on proposals to new Law on Audit of Financial Statements draft, agreed between ACAP, and AFAM.	Dec 2016 completed	ACAP Chair, CEO	ACAP & AFAM
	2013	Participation in Congress of Accountants and CFRR WB ROSC/STAREP dissemination Seminars	April 2013, april 2017 September 25 2013, during years	Board of ACAP, CEO	AACM, CFRR WB
2017	Ensure ACAP's disciplinary process continues to comply with Moldovan law and SMO 6 requirements.	Ongoing 2017			
<i>Maintaining Ongoing Processes</i>					
110.	Ongoing	Continue to promote the importance of standards and codes through CPD and public outreach activities, and clearly communicate the consequences of non-compliance (License withdrawal and other sanctions to be determined).	Ongoing	Board of ACAP	ACAP in collaboration with AOC and MoF

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
111.	2009	Review of implementation of investigation and disciplinary process, and updating action plan as necessary.	Ongoing	Board of ACAP	ACAP staff
<i>Review of ACAP's Compliance Information</i>					
112.	2013	Perform review of revised SMO 6 and ACAP's SMO Action Plan and incorporate any necessary changes.	2016 Ongoing	Board of ACAP	ACAP Professional Departments

**Appendix III—Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>			<b>P</b>	<p><b>Country level:</b> The existing audit oversight system, as regulated by the Law no. 61-XVI of 16.03.2007 on Auditing Activity, is fragmented with different aspects of the oversight system, including investigations and discipline being performed by different departments and entities, e. g. Ministry of Finance, Auditing Oversight Council, Licensing Chamber.</p> <p>The draft Law requires new Auditing Oversight Council to establish effective systems of investigations and sanctions to detect, correct and prevent inadequate audit and to apply sanctions on auditors and audit firms.</p> <p>All auditors and audit firms are subject of investigation and discipline systems.</p> <p><b>ACAP:</b> There is a Department for Ethics and Discipline within ACAP. The system works to remedy the actions among natural persons – members of ACAP</p>
<p>2. Information about the types of misconduct, which may bring about investigative actions is publicly available.</p>		<b>N</b>		<p><b>Country level:</b> Currently, there is no information publicly available about the types of misconduct which may bring about investigative actions on the Auditing Oversight Council' website.</p> <p>The draft Law contains general provisions about the types of misconduct, for instance it states that auditors and audit firms can be sanctioned as a result of: a) conducting audit simultaneously with the services referred to in the law; (ii) committing infringements in the audit process; (iii) nonconformities found as a result of external quality control; (iv) infringing the requirements of continuous professional training; (v) non-submission of the transparency report, report on compliance with audit quality control procedures; (vi) not posting on own website of the report on transparency.</p>

Requirements	Y	N	Partially	Comments
				<b>ACAP:</b> The internal ACAP Regulation is envision to publish on web site, but no cases.
<b>Initiation of Proceedings</b>  3. Both a “complaints-based” and an “information-based” approach are adopted.		<b>N</b>		<b>Country level:</b> Currently, there are limited legal provisions in that respect. According to the Regulation on quality control, Auditing Oversight Council through its Control and Verification Service is entitled to initiate planned controls as well as upon the request. It is expected that by laws and regulations to be adopted following the approval of the law will contain clear and detailed provisions in respect of investigation and discipline systems. <b>ACAP:</b> Proceedings for a member – physical person are initiated on the basis of a complaint.
4. Link with the results of QA reviews has been established.			<b>P</b>	<b>Country level:</b> Regulation on quality control (approved by the Ministry of Finance on 24.03.2014) prescribes that as a result of quality assurance control each auditor/audit firm will be classified in one of 4 categories, i.e. A, B, C and D (according to the methodology described in the Regulation). Depending on the category obtained and the relevance of non-compliances identified, the AOB will adopt the appropriate decision (disciplinary sanctions depend on the category attributed to auditor/audit firm). It is expected that the Regulation will be improved after the approval of the law. <b>ACAP:</b> No proceedings were initiated following a QA review. The ACAP Regulation on QC inspection (approved by Board in 2014, with amendments of 2016) prescribes that as a result of quality assurance control each audit firm member will be classified in one of 4 categories, i.e. A, B, C and D (according to the methodology described in the Regulation). It is expected to adjust and improved after the approval of the new law on audit of financial statements.
<b>Investigative Process</b>  5. A committee or similar body exists for performing investigations.		<b>N</b>		<b>Country level:</b> Currently, there is no a separate committee within the Auditing Oversight Council in respect of investigative process. It is expected that after the new Law is approved and

Requirements	Y	N	Partially	Comments
	Y			<p>the Auditing Oversight Council is reformed, there will be a separate Department dealing with investigations and discipline.</p> <p><b>ACAP:</b> There is an Ethics and Discipline Committee established within ACAP, which performs its activity as per the annual plan.</p>
6. Members of a committee are independent of the subject of the investigation and other related parties.		N		<p><b>Country level:</b> Cannot be assessed now, as there is no a separate committee within Auditing Oversight Council.</p> <p><b>Note:</b> According to the Law in force, Auditing Oversight Council consists of 7 members: 2 representatives from the Ministry of Finance, two representatives from National Commission on Financial Market, one from the National Bank of Moldova, and 2 representatives from higher education economic institutions, specialized in accounting and audit, with scientific degrees in economy, appointed by the Ministry of Education at the request of the Ministry of Finance.</p> <p>The draft Law states in a more explicit manner that members of AOC should be non-practitioners: AOC should be approved for a period of three years and shall comprise 7 members from non-practitioners who are knowledgeable in areas relevant to the audit, and have the following members: two representatives of the Ministry of Finance, a representative of the National Bank of Moldova, a representative of the Court of Accounts, 2 representatives of business and one representative of academia.</p> <p><b>ACAP:</b> All members of the Committee shall submit a statement of independence both towards the subject of investigation and towards other related parties.</p>
<p><b>Disciplinary Process</b></p> <p>7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>		N		<p><b>Country level:</b> Currently, there is no a separate committee within the Auditing Oversight Council in respect of disciplinary process. Decisions are taken by members of AOC. It is expected that after the new Law is approved and the Auditing Oversight Council is reformed, there will be a separate Department dealing with investigations and discipline.</p>

Requirements	Y	N	Partially	Comments
				<b>ACAP:</b> According to the statutory provisions, the Association disciplinary body is entitled to apply the following sanctions: a) warning; b) reprimand; c) suspension of membership; d) exclusion from the Association.
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			<p><b>Country level:</b> Cannot be assessed now, as there is no a separate committee within Auditing Oversight Council.</p> <p><b>Note:</b> According to the Law in force, Auditing Oversight Council consists of 7 members: 2 representatives from the Ministry of Finance, two representatives from National Commission on Financial Market, one from the National Bank of Moldova, and 2 representatives from higher education economic institutions, specialized in accounting and audit, with scientific degrees in economy, appointed by the Ministry of Education at the request of the Ministry of Finance.</p> <p>The draft Law states in a more explicit manner that members of AOC should be non-practitioners: AOC should be approved for a period of three years and shall comprise 7 members from non-practitioners who are knowledgeable in areas relevant to the audit, and have the following members: two representatives of the Ministry of Finance, a representative of the National Bank of Moldova, a representative of the Court of Accounts, 2 representatives of business and one representative of academia.</p> <p><b>ACAP:</b> Members of the Committee are professional accountants.</p>
9. The tribunal exhibits independence of the subject of the investigation and other related parties.		N		There is no tribunal in place.
<b>Sanctions</b>				
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	Y			<b>Country level:</b> Similar range of sanctions currently could be imposed by various institutions involved (e.g. while the quality assurance is performed by the AOC's CVS, the warning sanctions are issued by the AOC; the AOC decides that an audit certificate is revoked and MOF will withdraw the

Requirements	Y	N	Partially	Comments
removal of practicing rights; and (c) exclusion from membership.				<p>certificate based on that decision; the AOC may propose that an audit license is revoked and Licensing Chamber will withdraw the license based on that decision).</p> <p>The draft Law states clearer that AOC shall establish effective systems of investigations and sanctions to detect, correct and prevent inadequate audit and to apply sanctions on auditors and audit firms. According to the draft Law the following sanctions could be applied on auditors and audit firms: (i) written warning. The warning shall consist of alerting the auditors, and audit firms on the disciplinary offense committed with the recommendation to respect the legal provisions in the future, warning them that a new similar misbehavior shall be punished with a more severe sanction; (ii) reprimand. The reprimand is criticism, expressed in writing, on offenses committed by auditors or audit firms; (iii) declare the auditor's report as inappropriate to the requirements of this law and auditing standards; (iv) suspension of auditor's or audit firm's audit activity for a period between 1 and 3 years; (v) withdrawal of auditor's qualification certificate; (vi) erasure of audit firm from the Public Register of audit firms.</p> <p><b>ACAP:</b> The ACAP disciplinary system comprises the following sanctions: a) warning; b) reprimand; c) suspension of membership; d) exclusion from the Association.</p>
<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>		<b>N</b>		<p><b>Country level:</b> According to the draft Law, the sanctions imposed on the auditor or audit firm may be challenged in the administrative court.</p> <p><b>ACAP:</b> According to the Statute, an Association member has the right to appeal the applied sanction in the manner and terms defined by the Association internal Regulation.</p>
<p><b>Administrative Processes</b></p> <p>12. Timeframe targets for disposal of all cases are set.</p>			<b>P</b>	<p><b>Country level:</b> There are no clear legal provisions in that respect. It is expected that improved bylaws and regulations will be adopted after the draft law is approved.</p>

Requirements	Y	N	Partially	Comments
				<b>ACAP:</b> The disciplinary sanction is proportionate to the seriousness of the infringement committed and depends on whether other disciplinary infringements were committed or not throughout the year. Suspension of membership as a disciplinary measure is valid for one year.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.			P	<b>Country level:</b> Currently there are no clear legal provisions in that respect, however, the Regulation on quality control states that repeated inspections could be performed with a view to assess effectiveness of remedial and sanctioning measures applied following statutory quality assurance. It is expected that the content of the regulation will be improved after the draft law is approved. <b>ACAP:</b> Suspension of active membership for the failure to pay the membership fees shall be in force until the full settlement of outstanding fees or until the exclusion of the member from the Association.
14. Records of investigations and disciplinary processes are established.	y			<b>Country level:</b> The Regulation of the Auditing Oversight Council contains provisions on the management and organization of AOC activity, including legal provisions in respect of keeping the information, preparation and keeping of the AOC meetings minutes and files, as well as of the control conclusions of the Control and verification service. The content of this Regulation will be improved following the approval of new Law. <b>ACAP:</b> The lists of members who failed to pay the membership fees are submitted to the ACAP Board of Directors on an annual basis so that the latter can take the appropriate decision on membership.
<b>Public Interest Considerations</b>				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			<b>Country level:</b> Currently, decisions taken by AOC are published on their website ( <a href="http://csaa.mf.gov.md/node/48">http://csaa.mf.gov.md/node/48</a> ). Draft Laws states that the sanctions imposed shall be brought to the knowledge of auditors, audit firms, and be enforceable

Requirements	Y	N	Partially	Comments
				from the date of issue, but shall be posted on the website of the Council only after the expiry of appeals term. <b>ACAP:</b>
16. A process for the independent review of complaints on which there was no follow-up is established.		N		<b>Country level:</b> no <b>ACAP:</b> All complaints have been resolved by means of an amicable settlement, and the recommendations issued afterwards were fulfilled.
17. The results of the investigative and disciplinary proceedings are made available to the public.			P	<b>Country level:</b> Currently, decisions taken by AOC are published on their website ( <a href="http://csaa.mf.gov.md/node/48">http://csaa.mf.gov.md/node/48</a> ). Draft Laws states that the sanctions imposed shall be brought to the knowledge of auditors, audit firms, and be enforceable from the date of issue, but shall be posted on the website of the Council only after the expiry of appeals term. <b>ACAP:</b> ACAP is limited in applying disciplinary sanctions.
<b>Liaison with Outside Bodies</b>				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.		N		<b>Country level:</b> AOC collaborates with the Ministry of Finance, National Bank of Moldova, National Securities Market Commission, Licensing Chamber, and State Registration Chamber. <b>ACAP:</b> ACAP is limited in applying disciplinary sanctions.
<b>Regular Review of Implementation and Effectiveness</b>				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.			P	<b>Country level:</b> The regulatory body for audit in the corporate sector is the Ministry of Finance. Development partners provide assistance needed assistance to review the implementation and effectiveness of the systems. For instance, A&A ROSC <sup>3</sup> published in 2013 contains findings and recommendations in respect of public oversight, quality assurance, investigations and discipline which were considered by MOF in the process of drafting new Law. <b>ACAP:</b> ACAP Board is reviewing on quarterly and annual basis the activity of QC Department activity and update the internal regulation when in case.

<sup>3</sup> [http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/4152117-1232359743213/5751608-1279318020896/Moldova\\_ROSC-AA\\_en.pdf](http://siteresources.worldbank.org/EXTCENFINREPREF/Resources/4152117-1232359743213/5751608-1279318020896/Moldova_ROSC-AA_en.pdf)

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** To Achieve Adoption of International Financial Reporting Standards (IFRS) in Moldova for Public Interest Entities, Establish an Appropriate Accounting Framework for Non Public-Interest Entities, and Compliance by ACAP with its Commitments under this SMO

**Background:**

According to the legislation in force (Law No.113 of 27.04.2007) as well as in accordance with the provisions of the draft Law on Accounting and Financial Reporting, Public Interest Entities (PIE) are required to apply IFRS. According to the draft law the definition of PIE was extended and among banks, insurance companies and listed entities it also comprises the large state-owned entities with more than 50% of social capital owned by State.

The Ministry of Finance is responsible for the acceptance, publication of IFRS in the Official Gazette of the Republic of Moldova and posting them on the website of the Ministry of Finance. IFRS are published in the Official Gazette of the Republic of Moldova periodically, depending on the number of updates performed. IFRS are posted on the website of the Ministry of Finance within one month from the date of their receipt. MOF received IFRSs in two languages, Russian and Romanian. The latest version (14.09.2016) is available following the link - <http://mf.gov.md/ro/lex/contabilitate-%C8%99i-audit>

The draft Law on Accounting and Financial Reporting was approved by the Parliament in the first reading and it is expected that will be approved in the final reading by the end of 2017. It transpose the provisions of the Directive 2013/34/EC and introduces the concept of classification of entities according to the mentioned directive's requirements.

Non-PIEs are required to apply NASs, which are based on IFRS principles and transpose the requirements of the Directive 2013/34/EC, however, Accounting Law as well as the draft Law on Accounting and Financial Reporting allows non-PIEs to apply IFRS.

The Ministry of Finance has the responsibility for developing accounting standards, including convergence of National Accounting Standards (NASs) to IFRSs and IASs. ACAP has no legal responsibility but do promote the implementation of IASB standards and convergence of the Moldovan NASs in its activity The Moldovan Government approved the IFRSs for PIEs in December 2009 to become effective on January 1, 2012. The PIEs are subject to report on full set of IFRS for the period ending on December 31, 2012. The latest 2016 &2015 version is applied. (See <http://mf.gov.md/ro/lex/contabilitate-%C8%99i-audit>.; <http://mf.gov.md/ro/content/standardele-interna%C8%9Bionale-de-raportare-financiar%C4%83-ifrs-10-ifrs-15-ifrs->

The current NASs are being adjusted to meet the IFRS requirements and the last version of NAS was recently approved by MoF on August 16, 2013 with amendments on December 2015. IFRS for SME is not in MoF vision to adopt yet.

ACAP assists by facilitating the dissemination of updated IFRSs, organizing training courses on IFRS. ACAP is an active participant of World Bank STAREP Programs including the A&A, Community of Practice.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting IASB Standards, Guidance and Pronouncements in Moldova</i>					
113.	July 2008		2010 Q1 Completed May 2013	Board of ACAP	ACAP Working Groups, MoFCC and IASB
114.	Ongoing		Ongoing Partially Completed	Board of ACAP	ACAP Working Groups, MoFCC and IASB
115.	June 2008		Ongoing	Board of ACAP, MoFCC	ACAP Working Groups, IASB, NSC and MoFCC
116.	June 2008	Encourage convergence of NAS with IFRS in collaboration with NSC and MoFCC (Ministry of Finance Consultative Council).	Ongoing Completed	Board of ACAP, MoFCC	ACAP Working Groups, NSC and MoFCC
117.	June 2008	Develop a mechanism for IFRS implementation in Moldovan practice in collaboration with NSC, NBM and foreign experts.	Ongoing Completed	Board of ACAP, NSC, NCFM, NBM	ACAP Working Groups, NSC, NCFM, NBM and foreign experts
118.	2009	Continue active involvement in Financial Reporting Community of Practice (FinRepCoP) Workshops conducted by the World Bank Program.	Completed	ACAP Representatives	World Bank and ACAP REPARIS, STAREP
	2013 September	Involvement in WB STAREP Project in regarding of accounting and auditing developments.	Ongoing	ACAP Board and CEO	World Bank and ACAP ,STAREP
	2014	Enhance the CPD curricula and training courses, in cooperation with MBs, ACCA to provide certified accountants & auditors knowledge on new and updated 2015, 2016 version of IFRS.	Ongoing	ACAP training department, CEO	IASB, ACAP partenrs, ACCA
	2016	<a href="https://www.acap.md/rus/news/fond-mfso-opublikoval-doplnitelinye-istochniki-po-primeneniui-mfso-17-kontrakty-po-strahovaniu/">https://www.acap.md/rus/news/fond-mfso-opublikoval-doplnitelinye-istochniki-po-primeneniui-mfso-17-kontrakty-po-strahovaniu/</a> <a href="https://www.acap.md/rom/news/1829/">https://www.acap.md/rom/news/1829/</a>	Completed	ACAP Board & CEO	WB CFRR, MoF, ACAP Board & CEO
	2016	Participate in public debates regarding the concepts of transposing the EU Directives into the Moldovan	Ongoing		IASB, ACAP

#	Start Date	Actions	Completion Date	Responsibility	Resource
		legislation, as well as regarding the draft Laws on Financial Statements Audit and on Accounting.  Participation in IASB Foundation webinars on IFRS issues.  <a href="https://www.acap.md/rus/news/exclusivnaia-vozmognosti-dlia-clenov-aca-uchastie-v-webinare-mfb-po-teme-integririvannaia-othcetnosi-20-iunia-2017-12-00-pm-1-00-pm-uk-time/">https://www.acap.md/rus/news/exclusivnaia-vozmognosti-dlia-clenov-aca-uchastie-v-webinare-mfb-po-teme-integririvannaia-othcetnosi-20-iunia-2017-12-00-pm-1-00-pm-uk-time/</a>		ACAP CEO	
<i>Maintaining Ongoing Processes</i>					
119.	August 2008	Timely information to members of the latest IASB news by providing a link to such information on the ACAP website.	Ongoing	Board of ACAP	ACAP Working Groups
120.	Ongoing	Continued implementation of the pre-qualification and CPD programs that incorporate financial reporting courses based on IFRS, elaboration of IASB guidance, interpretations and other pronouncements.	Ongoing Partially Completed	Board of ACAP	ACAP Working Groups
121.	Ongoing	Update action plan as necessary.	Ongoing	Board of ACAP	ACAP Working Groups
<i>Review of ACAP's Compliance Information</i>					
122.	2013	Perform review of revised SMO 7 and ACAP's SMO Action Plan and incorporate any necessary changes.	2016	Board of ACAP	ACAP Working Groups

Date: December 18, 2017

Name: Mr. Viorel Dandara, dr.

Title: Chairman of the Board

Company: Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"

Address: MD2012, Republic of Moldova, Chisinau, 65 M.Varlaam street, of.426, 432

Email: [director@acap.md](mailto:director@acap.md); info@acap.md

Dear Ms. Prinsloo,

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

This letter is to confirm that the leadership of the **Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"** has reviewed the information contained in the SMO Action Plan prepared by Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"

as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the ACAP RM, 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,

DANDARA Viorel, Chairman of the Board ,



Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"  
(Name of Organization)

December 18, 2017