

**BACKGROUND NOTES ON ACTION PLAN**

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) present plans of requirements which are not fulfilled yet.

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 of 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 IFAC Member Compliance Program website.

**ACTION PLAN**

**IFAC Associate:**  
**Last Updated:**  
**Next Update:**

**Lithuanian Association of Accountants and Auditors**  
**October 2018**  
**October 2020**

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**GLOSSARY**

<b>AAA</b>	Authority of Audit and Accounting
<b>AAVI</b>	Authority of Audit, Accounting, Property Valuation and Insolvency Management
<b>BAS</b>	Business Accounting Standards
<b>CPD</b>	Continuous Professional Development
<b>IAASB</b>	International Assurance and Auditing Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IESs</b>	International Education Standards
<b>IESBAs</b>	International Ethics Standards for Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISQC 1</b>	International Standard on Quality Control 1
<b>ISA</b>	International Standards on Auditing
<b>LAAA</b>	Lithuanian Association of Accountants and Auditors
<b>LCA</b>	Lithuanian Chamber of Auditors
<b>QA</b>	Quality Assurance
<b>SMEs</b>	Small and Medium Sized Entities
<b>SMOs</b>	Statement of Membership Obligations
<b>SMPs</b>	Small and Medium Practitioners

**Action Plan Subject:** SMO 1–Quality Assurance (QA)  
**Action Plan Objective:** Contribute to and Participate in the Development of a system of Quality Assurance (QA) for Professional Accountants

**Background:**

Lithuanian Association of Accountants and Auditors (hereinafter referred to as the LAAA) has no legal obligation over SMO-1 Quality Assurance activity for two main reasons:

1. Lithuanian law distinguishes two major groups of professional accountants – auditors and accountants. To perform the duties of the former, as in most other countries, one must have a license and thus QA system is legally regulated. As of 2000 the responsibility of developing the profession, licensing, monitoring and controlling the auditors the state to the public organization the Lithuanian Chamber of Auditors (hereinafter referred to as the LCA). LCA emerged as a result of reorganization within the LAAA and together with the Authority of Audit, Accounting, Property Valuation and Insolvency Management (hereinafter referred to as the AAVI and up until January 1, 2016 was known as the Authority of Audit and Accounting) implements the QA system in the audit sector as foreseen by the Law on Audit of the Republic of Lithuania. Audit in Lithuania is conducted following the International Standards on Auditing.
2. The other group of professional accountants, which in this context shall be referred to simply as the accountants, are not required by law to undergo trainings, licensing process and subsequently are not subject to QA system. However, one of the principle activities of the LAAA is to assure the quality of the work performed by the accountants. The LAAA has developed and applied the system of training, licensing and quality in work activities for the accountants since 1990.

Irrespective of the fact that it is not primarily the obligation of the LAAA to implement/supervise the mandatory QA review system, the LAAA applies this system on its members. The LAAA quality assurance is implemented by the Quality Control Committee, who follows in its activities the Work Rules for the Quality Control Committee and contributes to quality assurance system in by:

- (a) Establishing the QA review procedures for the LAAA members, including the selection process, confidentiality issues, on-the-spot visits, issuance of review conclusions and recommendations and feedback on the review;
- (b) Reviewing the quality of work provided by the members of the LAAA simply as a good-example-setting practice of an advisory basis;
- (c) Seeking to issue recommendations concerning the guidance of the members of LAAA with intention to improve their professional competence and qualifications, quality of work and services offered;
- (d) Being responsible for designing a standard for quality of accounting services.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Establishing/Supporting the Establishment of QA review system</i>					
1	January 2016	To conclude the Manual of QA review system for the LAAA members	December 2016	College and Quality Control Committee of the LAAA	The LAAA personnel and members
2	January 2016	Review ISQC 1 and SMO 1 and reconcile, to the extent possible under the local jurisdiction, their principles and aspects with the LAAA system of Quality, Investigation and Discipline	Completed in July 2016	College and Quality Control Committee of the LAAA	The LAAA personnel and members
3	December 2016	Design the standards for accounting quality in Lithuania, which would be applied to provided accounting services	December 2017	College and Quality Control Committee of the LAAA	The LAAA personnel and members; application for the EU funding for the project shall be submitted
4	Continuous	Raise awareness of quality review benefits among the members	Continuous	College and Quality Control Committee of the LAAA	The LAAA personnel and members
5	Continuous	Develop sources of communication with other bodies of professional accountants in order to exchange experience and unify the compliance to SMO 1 – SMO 6	Continuous	College of the LAAA	College of the LAAA

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Support Implementation of Quality and Assurance review system (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
6	Continuous	Participate in and contribute to the interpretation and reconciliation of Statutory Audit and Accounting Directive	Continuous	College and members of the LAAA, the LAAA Training Committee	College and members of the LAAA
7	Continuous	Regularly update and develop the information on the LAAA website clarifying the application of standards and the quality they aspire to carry, publish scientific and explanatory articles on current issues in quality activities and procedures	Continuous	The LAAA college, members, personnel, Quality Control Committee	College, personnel and members of the LAAA
8	Continuous	Participate in the councils/working groups/delegations/advisory boards that conclude proposals concerning the quality activities in the accountant's profession	Continuous	College and members of the LAAA, Quality Control Committee	College, personnel and members of the LAAA

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB  
**Action Plan Objective:** Continuously enhance alignment of education, certification and training programs with IES

**Background:**

*Background:*

There is no legal regulation concerning the professional accountants in Lithuania, the sole exception being the certified auditors. All members of the Lithuanian Chamber of Auditors (LCA) are subject to annual obligatory CPD. This requirement was established by the Law on Audit of the Republic of Lithuania, June 15, 1999 VIII-1227 (redrafted July 3, 2008 No. X-1676).

*Professional education*

No specific requirements exist for the entities or persons aspiring to provide general accounting education in Lithuania. Traditionally though, accounting education is provided by higher education institutions and then continuously supported and updated in trainings by independent providers.

As of 2001 the LAAA provides trainings for intermediate and advanced level accountants, who seek to acquire the title of the Professional Accountant. The trainings are organized twice a year and one session of concentrated training takes around one month. By the choice of the student, the training can be concluded with the examination, the process of which is described below.

The LAAA also organizes a course for maintaining qualification with the goal to encourage the accountants to constantly maintain and raise the level of their professional knowledge. This course is usually free of charge or has a significantly lower price than the one in the market.

*Professional examination*

The Lithuanian association of accountants and auditors revises and updates its training course every year to align it with International Education Standard (IES) and changes in EU and local jurisdiction.

The LAAA examinations are designed for advanced level accounting specialists. Applicants for the examinations have to correspond to the following requirements:

- Hold higher education or college degree (in latter case work experience in accounting of at least ten years is required);
- Hold experience of at least 3 years within the last ten years in areas of accounting, finance, economics or control;
- Have an impeccable reputation (no convictions, no addictions to drugs, alcohol, other toxic and psychotropic materials).

Those seeking to acquire the title of the LAAA Professional Accountant must pass the following examinations:

1. Accounting;
2. Legal basis for company's operations;
3. Tax accounting;
4. Basics of informatics.

After passing all four examinations, a person who pays the LAAA membership fee and obligates to follow the Code of Ethics for Professional Accountants and raise his/her qualification on a regular basis, is granted a title of the LAAA Professional Accountant and he/she becomes the LAAA Member.

*Practical experience and CPD (Continuous Professional Development)*

With the exception to auditors only, no obligatory requirements in the state jurisdiction level exist for the professional accountants to be involved in CPD or to have a professional internship at the beginning of their career. However, following the newly approved internal regulations of the LAAA, continuous training is obligatory for the professional accountants. They must collect 120 credits within three years, but not less than 20 credits within one year. The LAAA monitors this process of information. The LAAA members submit their information on collected credits on an annual basis. If the LAAA professional accountant does not follow the requirements concerning the continuous professional training, he/she is eliminated from the lists of the LAAA members and professional accountants.

All updates in training and examination programs of the LAAA are based on the IES standards and application of requirements for continuous professional trainings. The LAAA members raise their qualification following the LAAA order for raising qualification, which is available in Lithuanian and includes provisions of IESD concerning the continuous training.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Adoption/Supporting Adoption of IESs</i>					
9	2015	The LAAA system of CPD is adjusted and introduced in order to satisfy IES 7 requirements more precisely (15 Article – 120 hours/3 years – input-based approach)	January 2016	College of the LAAA, Training Committee	College of the LAAA, Training Committee
10	2016-2017	Raise awareness among the LAAA members regarding the requirements of IES 7 and their application to the LAAA members and associate members	Continuous	The LAAA personnel, Training Committee	The LAAA personnel, Training Committee
11	January 2016	Update the LAAA regulations concerning the continuous training following the changes in IES	Completed in February 2016	The LAAA personnel, Training Committee	The LAAA personnel, Training Committee
12	Continuous	Inform the LAAA members on changes in the requirements for continuous training	Continuous	The LAAA personnel	The LAAA personnel
13	Continuous	Continue following the updates provided by IFAC and perform changes in the LAAA Professional Accountant training programs on time	Continuous	The LAAA personnel, Training Committee	The LAAA personnel, Training Committee

#	Start Date	Actions	Completion Date	Responsibility	Resources
14	Continuous	Execute control over continuous professional development procedure underwent by the LAAA members	Continuous	College of the LAAA, Training Committee, Quality Control Committee	The LAAA personnel, Training Committee, Quality Control Committee
<i>Support Implementation of Educational Standards</i>					
15	2016	Design an easy-to-use system in the LAAA website for the registration of professional continuous training	Ongoing, planned completion in December 2016	The LAAA personnel	The LAAA personnel
16	2016	Organize an annual two-day session for chief accountants with the purpose to review the results of trainings within the past three years and provide the updates in accounting and tax areas	September 2016	The LAAA personnel	The LAAA personnel
17	2016	Establish contact with employment agencies specializing in accounting personnel and share information on continuous development standards	Ongoing, planned completion in December 2016	The LAAA personnel	The LAAA personnel
<i>Contributing to International Standard-Setting</i>					

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Support the adoption and implementation of IAASB standards, guidance and pronouncements in Lithuania within the limits of the LAAA competence

**Background:**

*Background*

The requirements and control of audit are set by the Law on Audit of the Republic of Lithuania issued on June 15, 1999, VIII-1227 (redrafted on July 3, 2008, No. X-1676). The Law on Audit of the Republic of Lithuania is currently undergoing reconciliation process with respect to Audit and Accounting Directive 2006/43/EC, May 17, 2006.

According to the Article 24 of the revised version (July 1, 2015) of the Law on Financial Statements of Entities of the Republic of Lithuania, companies must be independently audited if respective values of the criteria, such as balance sheet asset value, net sales amount and average number of employees are satisfied. Audit of financial statements is also obligatory to the following main groups of organizations: (i) listed companies (ii) large groups falling under the Law on Consolidation of the Republic of Lithuania (iii) banks, financial institutions, credit unions, insurance companies and other public interest entities.

As of January 1, 2009, auditors in Lithuania are officially obligated to apply the International Standards on Auditing in their practice. ISA (International Standards on Auditing) are continuously analyzed and applied in Lithuania. The process is monitored by the Lithuanian Chamber of Auditors. Translation of standards, interpretations and other related information is also organized by the LCA.

All of the standards issued by the IAASB, including International Standards on Review Engagements (ISRE), International Standards on Assurance Engagements (ISAE), International Standards on Related Services (ISRS) and International Standard on Quality Control (ISQC) are applied in Lithuania. The application is monitored by the Lithuanian Chamber of Auditors. The Lithuanian Chamber of Auditors also translates these standards into Lithuanian. Following the latest project of Law on Audit, the Lithuanian Chamber of Auditors shall not be responsible for the translations in the future as this task shall be passed on to another institution maintained under the state budget.

No legal obligatory requirements apply to non-auditors (other professional accountants) to practice international standards issued by IFAC. However, the LAAA would willingly encourage and educate its members, trainees and other interested parties on international standards, their interpretation and updates.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of ISAs</i>					
18	Continuous	Inform and educate the LAAA members, trainees and others on application, relevant updates and (or) new adoptions of ISAs issued by the IAASB	Continuous	College of the LAAA, Training Committee	LAAA personnel
19	Continuous	Participate in public consultations on auditing with respective institutions of the Lithuanian government, regulators and other stakeholders	Continuous	College and members (auditors only) of the LAAA	LAAA personnel
20	Continuous	Notify the LAAA members on revised requirements issued by IFAC and relevant to professional accountants	Continuous	College of the LAAA, Training Committee	LAAA personnel
<i>Support Implementation of Auditing Standards</i>					
<i>Contributing to International Standard-Setting</i>					
21	Continuous	Inform the LAAA members on the projects of IFAC standards in order to get their notes. Notes and observations collected from the LAAA members shall be submitted to IFAC	Continuous	College and members of the LAAA	The LAAA personnel

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

**Background:**

*Background*

In Lithuania the official translation of the Code of Ethics is the obligation of the LCA. Following the project of Law on Audit, in the future the function of translating the Code of Ethics shall be passed over from LCA to a new institution maintained under the state budget.

The LAAA has approved own Code of Ethics in 2006. It is fully reconciled with the IESBA Code of Ethics and also includes additional ethical requirements to the LAAA members.

Within 2008–2009 in order to promote knowledge in ethics, the LAAA organized an Ethics competition, where accountants and students submitted their essays on ethical issues.

In 2009 the LAAA updated its Code of Ethics.

In 2013 the LAAA approved and issued the Decalogue of Ethics Standards.

In 2015 the LAAA received an official permission to use the IFAC Code of Ethics. The LAAA members are informed on having an obligation to apply the IFAC Code of Ethics. Where the Decalogue of Ethics Standards contradicts the IFAC Code of Ethics, the provisions of IFAC Code of Ethics are applied or those ones are chosen that are stricter.

In December 2015 the LAAA organized free of charge trainings for the LAAA members on the subject 'Application of Ethics Standards in Lithuania'.

In 2016 a new brochure to introduce the LAAA Decalogue of Ethics Standards was issued including examples of unethical behavior.

Within 2006–2016 the LAAA Ethics Committee analyzed complaints from the LAAA members concerning the ethics issues.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IESBA Code of Ethics</i>					
22	Continuous	Continuously update the LAAA ethical requirements following the updates in the Code of Ethics by IESBA	Continuous	The LAAA Committee of Ethics	The LAAA personnel
23	Continuous	Supervise and assure application of Code of Ethics among the members of the LAAA	Continuous	The LAAA Committee of Ethics	College of the LAAA
24	Continuous	Consult on ethical issues on the basis of Code of Ethics	Continuous	The LAAA Committee of Ethics	The LAAA personnel
25	December 2015	Create an Ethics domain in the website and provide the LAAA members with access to IESBA Code of Ethics	Completed in November 2015	The LAAA Committee of Ethics	The LAAA personnel
26	Continuous	To share dialogues with other public sector institutions and other professional organizations concerning the arising professional ethics issues and Code of Ethics	Continuous	The LAAA Committee of Ethics	College of the LAAA
27	Continuous	Organize, on a regular basis, seminars and trainings for the LAAA members on application of ethics standards in the work of the accountant and other topics. The latest free of charge seminars on the topics of ethics: December 29, 2015 in Vilnius; March 22, 2016 in Kaunas; March 29, 2016 in Vilnius; April 5, 2016 in Klaipėda; June 8, 2016 in Panevėžys	Continuous	The LAAA Training Committee	The LAAA personnel
<i>Support Implementation of IESBA Code of Ethics</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
28	Continuous	The LAAA Committee of Ethics publishes a set of standard quality issues-solutions on the LAAA website	Continuous	The LAAA Committee of Ethics	The LAAA personnel
29	Continuous	The LAAA Committee of Ethics responds to all questions on application of Code of Ethics from the LAAA members and their clients	Continuous	The LAAA Committee of Ethics	The LAAA personnel
<i>Contributing to International Standard-Setting</i>					

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** On the LAAA competence area, continue efforts to promote adoption of IPSAS

**Background:**

*Background*

The Lithuanian Ministry of Finance is responsible for adoption of Public Sector Accounting Standards. International Public Sector Accounting Standards are not mandatory in Lithuania. Lithuanian Public Sector Accounting Standards are developed and implemented according to Lithuanian public sector requirements.

As there is no legal obligation to adopt IPSASs in Lithuania, official translation is not concluded.

The LAAA participates in discussions with different government institutions regarding the possible development of IPSASs in Lithuania.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IPSASs</i>					
30	Continuous	Regularly follow the updates in IPSASs and propose them, in consideration of relevance, to public sector institutions in Lithuania	Continuous	College of the LAAA, Accounting Committee	College of the LAAA, Accounting Committee
31	Continuous	Actively participate in projects related to the Lithuanian Public Sector Accounting Standards	Continuous	College of the LAAA, Accounting Committee	College of the LAAA, Accounting Committee
32	2016 -2017	Regularly update the LAAA website when relevant changes regarding the Lithuanian Public Sector Accounting Standards are made	Continuous	College of the LAAA, Accounting Committee	The LAAA personnel, Accounting Committee
<i>Support Implementation of International Public Sector Accounting Standards</i>					
<i>Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					

**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Development the LAAA Disciplinary Scheme

**Background:**

The Republic of Lithuania Law on Audit sets up requirements for certified auditors regarding Investigation and Discipline (I&D). This function is performed by the AAVI in conjunction with the LCA.

The Laws of the Republic of Lithuania do not establish investigation and discipline requirements for accountants. Seeking quality the LAAA, however, applies these functions to its members.

The LAAA Investigation and Discipline system was created a while ago and the responsibility for it was attributed to the LAAA College, which, following the Order of Investigating Complaints, would appoint a respective body to analyze the complaint, pursue an investigation. Disciplinary measures would be appointed by the LAAA College following the conclusions by the respective body. The LAAA Investigation and Discipline system is intended/applicable to the LAAA members. This system (I&D) almost fully corresponds to the requirements of SMO 6.

In February 2016 the LAAA commenced creating a more reliable and transparent investigation and discipline system.

In May 2016 a new investigation and discipline system received a final approval.

According to the current investigation and discipline system, responsibility for the following functions is appointed to three independent bodies:

- Investigation function is appointed to the LAAA Quality Control Committee, which follows in its activities the LAAA Order of Investigating Complaints, Work Regulations for the Quality Control Committee and is independent with regard to other parties participating in the investigation process. Following the received complaint the Quality Control Committee investigates the situation and provides conclusions.
- Disciplinary functions are appointed to the LAAA Ethics Committee, which follows in its activities the LAAA Order of Investigating Complaints, Work Regulations for the Ethics Committee and is independent with regard to other parties participating in the investigation process. After reviewing the conclusions by the Quality Control Committee, the Ethics Committee decides on applying the disciplinary measures.
- In case of appeal, a third independent body is called – Appeal Work Group, which is assembled of completely independent persons and is elected by the LAAA General Members Meeting. The Appeal Work Group is assembled from different persons for every appeal and only when there is an appeal, and its principles of work are described in the Work Regulations for Appeal Work Group.

The latest significant (wide scope) investigated complaint was received on January 25, 2016 and the investigation was completed on February 29,

2016 without determining any breaches in the work of the LAAA member. Investigation of this complaint was already pursued following the new system, which received its final approval after witnessing its effectiveness and efficiency.

Hereinafter we provide a short description of disciplinary and investigation system procedures applied in the LAAA examinations and member supervision:

Every candidate who is intending to take a particular exam organized by the LAAA, confirms with his/her signature that he/she is aware of disciplinary and investigation procedures of the LAAA.

According to the LAAA disciplinary and investigation procedures, all candidates are forbidden to bring with them any professional literature or any material of similar sort into the examination room during the examination, unless it is indicated otherwise before the examination. According to the internal rules of the LAAA, any form of plagiarism is strictly prohibited.

The LAAA is organizing the examinations for professional accountants since 2001 and up until this day 298 people have passed them.

A person intending to take the LAAA examinations for professional accountants has to correspond to the following requirements:

- Hold higher education or college degree (in latter case work experience in accounting of at least ten years is required);
- Hold experience of at least 3 years within the last ten years in areas of accounting, finance, economics or control;
- Have an impeccable reputation.

As of 2015 a new requirement was introduced establishing that the professional accountant has to be a member of the LAAA also and must regularly upgrade his/her qualification and inform about it the LAAA. Introduction of this requirement decreased the number of the professional accountants of the LAAA due to the reason that some of the members have passed the exams, but do not correspond to the other two requirements and therefore have been eliminated from the list of the LAAA professional accountants.

In 2016 the members of the LAAA are considered only those, who have passed the LAAA professional accountant examinations, follow the Code of Ethics of the Professional Accountant, regularly upgrade their qualification on the basis of the International Standard for Continuing Professional Development and inform the LAAA about it.

In 2016 the LAAA had 132 members.

As of March 2016 the College of the LAAA has approved the procedure for recognizing the passed examinations, following which the examinations prepared by the LAAA are recognized as passed, if the person has already passed the examinations of the Lithuanian Chamber of

Auditors and is included in the list of auditors or present evidence on taken examinations.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Establishing/Supporting the Establishment of I&amp;Ds</i>					
33	2015	To improve the LAAA Investigation and Discipline system in order for it to be more reliable and effective	Completed in May 2016	The LAAA College, Quality Control Committee	The LAAA personnel
34	Continuous	Update the Quality Control Requirements as soon as the need appears	Continuous	Quality Control Committee	The LAAA personnel
35	Continuous	Consult the LAAA members on quality issues and inform them on LAAA Quality Control System currently applied	Continuous	Quality Control Committee	The LAAA personnel
36	2016	Explore the good practice of neighboring countries and aim to design the Quality Control System, which could be proposed nation-wide, since the goal is to apply the Quality Control System to all accountants	2018–2019	College of the LAAA, Quality Control Committee	The LAAA personnel
37	Continuous	Continue raising awareness of I&D necessity among the members of the LAAA and Lithuanian business units	Continuous	College of the LAAA, Quality Control Committee	The LAAA personnel
38	Continuous	Monitor the I&D system on a regular basis for compliance with the requirements of SMO 6	Continuous	The LAAA personnel	The LAAA personnel
<i>Support Implementation of Investigation and Discipline</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
39	Second half of 2016	Organize trainings for the LAAA members, both accountants and auditors, as well as non-members and representatives of business in order to explain advantages of quality control system and the necessity for it	Continuous	College of the LAAA, Quality Control Committee, Training	Personnel and college of the LAAA, Quality Control Committee, Training Committee

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Promote convergence with IFRS

**Background:**

Entities, such as banks, insurance companies, financial institutions, credit unions, companies listed in NASDAQ OMX Vilnius, other listed companies, are obligated to apply the IFRS. Other Lithuanian entities may choose to apply either the Lithuanian Business Accounting Standards or the IFRS. Large multinational companies usually apply the latter. IFRS is applied by 90 entities in Lithuania

Official translations of Standards are provided by the Authority of Audit and Accounting.

The LAAA is keen on promoting IFRS and notifying the members and other interested parties on any updates. The members of the LAAA are actively submitting notes on IFRS projects and applicable standards.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IFRSs</i>					
40	Continuous	Following the competences of the LAAA members, respond to the issued International Accounting Standards Board (IASB) Exposure Drafts	According to the project timetable	College of the LAAA, Foreign Affairs Committee, Accounting Committee	Members of the LAAA
41	Continuous	Continue providing information on IFRS updates and trainings through website, Facebook account and professional events	Continuous	College of the LAAA, Foreign Affairs Committee, Accounting Committee	Members of the LAAA
42	Continuous	Promote implementation of IFRS for Small enterprises (SMEs)	Continuous	College of the LAAA, Foreign Affairs Committee, Accounting Committee	The LAAA personnel

#	Start Date	Actions	Completion Date	Responsibility	Resource
43	Continuous	Analyze the requirements of SMOs 7 and incorporate them in future plans	According to project timetable	College of the LAAA, Foreign Affairs Committee	The LAAA personnel
<i>Support Implementation of International Financial Reporting Standards</i>					
44	2017	Organize an annual seminar on IFRS updates. The last seminar on IFRS updates took place on 19 November 2015	Continuous	College of the LAAA, Foreign Affairs Committee, Accounting Committee	The LAAA personnel
<i>Contributing to International Standard-Setting</i>					



Date 11'October'2018

Name:

Alta Prinsloo Executive Director, Quality & Development  
Manuel Arias Technical Manager, Quality & Development  
International Federation of Accountants

Title: Letter to Confirm Institutional Support for the SMO Action Plan

Company: International Federation of Accountants

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Dear Ms. Prinsloo and Mr. Arias,

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

This letter is to confirm that the leadership of the Lithuanian Association of Accountants and Auditors (LAAA) has reviewed the information contained in the SMO Action Plan prepared by Lithuanian Association of Accountants and Auditors as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Lithuanian Association of Accountants and Auditors, 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,

**Daiva Čibiriene, President and Chairman of the LAAA Board**

**Lithuanian Association of Accountants and Auditors**  
11'October'2018