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ПАЛАТА АУДИТОРОВ И ЭКСПЕРТ БУХГАЛТЕРОВ АРМЕНИИ
CHAMBER OF AUDITORS AND EXPERT ACCOUNTANTS OF ARMENIA

ՀՀ, ք. Երևան, Կոմիտասի պող. 49/3, 6-րդ հարկ, /ՀԱՓՀՊ գործունեության գրասենյակ/
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Date 29.09.2020

Name: **Hovhannes Petrosyan**

Title: **Chairman**

Company: **Chamber of Auditors and Expert Accountants of Armenia**

Address: **49 Komitas str, Yerevan, Armenia**

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Dear Mr. Dancey ,

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

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

On behalf of the leadership of the **Chamber of Auditors and Expert Accountants of Armenia**, 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,


_____, Chairman

(Signature of President or Chairman of the Board or equivalent)

Chamber of Auditors and Expert Accountants of Armenia
(Name of Organization)

29.09.2020

(Date)

BACKGROUND NOTE ON ACTION PLANS

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

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

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

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

Use of Information

Please refer to the [Disclaimer](#) published on the Compliance Program website.

ACTION PLAN

IFAC Associate:	Chamber of Auditors and Expert Accountants of Armenia /CAA
Approved by Governing Body:	AAAA Board
Original Publish Date:	September 2009
Last Update:	October 2020
Next Update:	October 2023

¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

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

GLOSSARY

AAAA	Armenian Association of Accountants and Auditors
CAA	Chamber of Auditors and Expert Accountants of Armenia
ACCA	Association of Certified and Chartered Accountants (UK)
CPA	Certified Public Accountant
CPD	Continuous Professional Development
I&D	Investigation and Discipline
IAASB	International Audit and Assurance Board
IASB	International Accounting Standards Board
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IPSAS	International Public Sector Accounting Standard
ISA	International Standard of Auditing
ISQC	International Standard of Quality Control
IT	Information Technologies
I&D	Investigation and Discipline
MoF	Ministry of Finance of Republic of Armenia
RA	Republic of Armenia
QA	Quality Assurance
SMO	Statement of Membership Obligations

General Background:

Founded as a formal association in 1997, the Chamber of Auditors and Expert Accountants of Armenia (CAA) /former Association of Accountants and Auditors of the Republic of Armenia (AAAA)/ has 260 full members and 57 associated members (students). The number of members has fallen since 1997 primarily as a result of weeding out members without appropriate qualifications, but is expected to rise in the coming years as the students meet the qualification criteria and pass the exams.

Accounting reform in Armenia began in 1998, initially with assistance from USAID. The first USAID project devised a new set of chart of accounts; international accounting standards were translated into Armenian during the 1998 – 2000 period and were adopted as Armenian accounting standards. The Law on Accounting and the Law on Audit were also drafted and implemented.

CAA elected new Board and Chairperson, Mr. H. Petrosyan (May 2020). New Board has decided to continue approaches developed in Strategy paper, in which 5th objective is “Institutional strengthening of AAAA/CAA”. Under this objective, the goal of association was to become the body with authorities stipulated by the Law. The way of achieving this goal is to obtain accreditation with the Government and promote the new Law on Regulation and Public Oversight of Auditing and Accounting, the new Law on Accounting, and the new Law on Auditing.

Mentioned three Laws were accepted by Parliament at the end of the year 2019 and are in force starting from January 1, 2020.

Below briefly are listed the main and important articles of the new Laws.

The Law on Accounting:

1. The Law does not apply to Central Bank, organizations regulated by Law on Public Sector Accounting, International organizations of which Republic of Armenia is a member, Investments funds.
2. The policy maker in the field of accounting is the Ministry of Finance: preparation of Laws, etc.
3. The accountants' qualification is only provided by professional organization.
4. Starting the next year of qualification, the qualified accountant should pass at least yearly 20 hours CPD courses, but for every two consecutive years at least 80 hours.
5. The public interest companies, big companies and group companies must prepare financial statement in accordance with to full set of IFRS, small and medium companies in accordance with SME IFRS, and micro companies in accordance with manual.
6. The audit is mandatory for PIE, big companies, medium companies, and group companies.

The Law on Auditing:

1. The law does not apply to public sector auditing. It is covered by the Law on Chamber of Accounts.
2. The policy maker in auditing is the Ministry of Finance: preparation of Laws, etc..
3. The auditing is implemented according to IFAC, IAASB and IESBA standards.
4. The auditing company or auditor has the right to perform auditing only after registration in the registry of the professional organization.
5. The quality control is carried out by the professional organization not more than once a year and not later than every three years.

6. The auditors' qualification is provided by professional organization.
7. Starting the next year of qualification, the qualified auditor should pass at least yearly 20 hours CPD courses, but for every two consecutive years at least 80 hours.

The Law on Regulation and Public Oversight of Auditing and Accounting:

1. In order to carry out public control over auditing and accounting the Public Oversight Body was established by the Ministry of Finance.
2. In the list of POB duties are supervision of professional organizations, quality control of auditing if necessary, development of the field of auditing and accounting, elaboration of normative acts in line with the Law on Accounting and Law on Auditing requirements, translation and publication of IFRS, SME IFRS, ISA, Code of Ethics and any further amendments, development of plan of accounts for public entities, big and micro companies, SME, approve the qualification program of accountants and auditors etc..
3. The POB consists of seven members from Ministry of Finance, Central Bank, Ministry of Economy, Tax authorities.
4. The Professional Organization should be non-government organization accredited by Ministry of Finance.
5. For accreditation, the Professional Organization must meet the following requirements: at least 100 physical and 10 legal members, adopt international rules of audit conduct, have a qualification scheme in accordance with IFAC educational standards.
6. The main functions of Professional organization include quality control of its members, qualification of Accountants and Auditors, members CPD control,
7. For registration with Professional Organization the auditing company must have three qualified auditors, 51% of capital share must belong to auditors or auditing companies, pay annual membership fee to Professional Organization, etc.
8. Only qualified auditors and accountants can be members of Professional Organization.
9. The Professional Organization must be yearly audited.

The Association applied to the Ministry of Finance for accreditation as Professional Organization and was accredited on April 2020. During one year from the date of accreditation the Association must fully comply with the requirements of accreditation of Professional Organization mentioned in the Law on Regulation and Public Oversight of Auditing and Accounting. The Association had general meeting on May 2020 and accept the new Charter.

According to the new Charter the Association was renamed into The Chamber of Auditors and Expert Accountants of Armenia Non-Governmental Organization /CAA NGO/.

During one-year numerous regulations and orders should be elaborated in accordance with the new functions of Public organization.

Armenia is included also in the World Bank's CFRR's Strengthening Auditing and Reporting in the Countries of the Eastern Partnership (STAREP) and Public Sector Accounting and Reporting (PULSAR) projects. First program aimed at creating a transparent policy environment and effective institutional framework for corporate reporting within the countries that make up the EU's Eastern Partnership: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. The six countries have made significant progress in modernizing their systems of corporate financial reporting but face several outstanding common challenges, especially as regards institutional capacity. STAREP is designed to assist them in adopting and implementing international standards and fostering the alignment of their financial reporting frameworks with international best practices and EU standards.

PULSAR is a regional and country level program to support the development of public sector accounting and financial reporting frameworks in beneficiary countries. At a regional level, PULSAR works in three broad mutually reinforcing areas, providing a platform for knowledge sharing and contributing to improvements in government accountability, transparency, and performance. Beneficiary countries are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia,

Georgia, Kosovo, FYR Macedonia, Moldova, Montenegro, Serbia, Ukraine. The objective of the program is to support the enhancement of participating countries' PSA and financial reporting frameworks in line with international standards and in accordance with good practices, in order to improve government accountability, transparency, and performance.

Action Plan Subject: SMO 1 and Quality Assurance (QA)
Action Plan Objective: Develop CAA Quality Assurance Review System in Line with SMO1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Until the year 2020 the Ministry of Finance was responsible for quality assurance (QA) of auditors in Armenia. The previous Law on Auditing generally referred to the QA review system, without specifying the detailed requirements. Under the Government Decision No. 268 as of March 4, 2010, the Audit Inspectorate of the Ministry of Finance of the Republic of Armenia was established to fulfil this responsibility. Nevertheless, as of 2019 no official mandatory QA review system exists in Armenia.</p> <p>The Draft Law on regulation and public oversight of accounting and auditing was developed in 2014 with the assistance of World Bank. According to the law, new Chamber must be formed. The Chamber shall be formed after Law becomes effective, within a three-month period, after Armenian Association of Accountants and Auditors NGO acting in the RA is reorganized, pursuant to the procedure set forth by Article 63 of the RA Civil Code. According to the Draft Law, it was assumed that AAAA will be reorganized into the Chamber, to which the Government will delegate the number of responsibilities in the area of regulation of accounting and auditing profession, such as a quality assurance and certification of auditors. The draft law was amended several times and further process of adoption was stopped until the year 2020. As was mentioned in 2020 the Law was accepted and the Association was reorganized into Chamber and further is responsible for elaboration and implementation of QA procedures.</p> <p>To improve audit quality of engagements undertaken by the audit firms in Armenia, AAAA initiated Audit Quality Review Process (Monitoring) based on ISQC 1 and the requirements of SMO 1 that was discussed and agreed with major audit firms (including international audit firms) operating in Armenia. The process officially began in September 2013. The Monitoring is voluntary based (all firms are invited to participate) and its result are announced to general public to develop public trust to audit opinions. AAAA with support of international firms (esp. GTA) created procedures, review questionnaires, assessment methodology and agreed other terms for the Monitoring. One review was conducted since 2013</p> <p>As was mentioned above after the adoption of new Laws the Professional organization is responsible for quality assurance of Auditors in Armenia. The Public Oversight Body approves yearly QA plan of Professional Organization and also have right to organize quality control by itself if necessary. Nowadays AAAA has started the process of reorganization, approval of new charter and elaboration of new Quality Assurance review mandatory system in line with the requirement of SMO 1 and ISQC 1. ISQC1 was translated and issued alongside ISAs (2009) translation in December 2011. Hence, officially it is enforced since January 1, 2012. Its implementation depends on quality of audit firms. Also, AAAA organizes periodically CPD sessions for its members, including topics related to QA.</p>					
<p><i>Mandatory Membership Requirement</i></p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	October 2012	Propose to Ministry of Finance of Republic of Armenia (MoF) to renew the discussions related to the proposed Law on Chamber which sets the mandatory membership requirement for professional accountants as well as for firms.	Completed		The goal of AAAA to become the body with authorities stipulated by the Law. The way of achieving this goal is to obtain agreement with the Government and promote the Law on Chamber. Board and Chairman decided to continue the campaign of negotiations with the Ministry of Finance on the new Law
2.	September 2020	Develop and approve new procedures for evaluation of Quality Assurance.	2021	AAAA Chairman, Board	Board and Chairman, representatives of audit companies
3.	December 2019	Continue to lobby the establishment of Public Oversight Body	Completed	AAAA Chairman, Board	Board and Chairman, representatives of audit companies
4.	December 2019	Continue to lobby the approval of the new Law on Auditing, Law on Accounting and The Law on Regulation and Public oversight of Accounting and Auditing.	Completed	AAAA Chairman, Board	Board and Chairman, representatives of audit companies
5.	March 2020	Prepare documentation and application for accreditation to the Ministry of Finance of Republic of Armenia as a Professional Body	Completed	AAAA Chairman, Board	AAAA Executives
6.	2020	Review the requirement of the existing QA system against those of SMO1 and promote the adoption of mandatory QA system by POB	2021	CAA Chairman, Board, Executives	AAAA staff, audit companies qualified specialists
7.	March 2014	To start the process of applying for IFAC full membership.	Ongoing	AAAA Chairman, Executive Director	

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	July 2009	Invite IFAC qualified accountants (Association of Certified and Chartered Accountants (ACCA), CPA) to join the AAAA. Invite professional accountants to pass the certification scheme of the AAAA to obtain membership in order for AAAA to implement quality control.	Ongoing	CAA Chairman, Executive Director	IFAC qualified accountants are permanently invited and encouraged to participate in AAAA. As of new Board (elected May 2014) 3 Board members out of 12 are ACCA and AAAA.
<i>Implementing International Standard of Quality Control (ISQC1) and voluntary QA review inspections.</i>					
9.	June 2009	Conduct the survey of global best practices in order to develop sustainable quality assurance review system in AAAA.	Completed	AAAA Executive Director	On initiative of Board the additional survey has been conducted June – September 2012.
10.	August 2009	Prepare a draft report on QA model to be introduced in the AAAA and publish in the AAAA Periodical. Ask for comments.	Completed	AAAA Executive Director	On initiative of new Board the additional survey has been conducted June – September 2012.
11.	November 2009	Publish the revised version of QA model. Submit for AAAA Board Approval.	Completed	AAAA Executive Director	On initiative of new Board the additional survey has been conducted June – September 2012.
12.	November 2009	Involve International Audit firms to share their knowledge and experience in order to develop QA system for local firms and individual practitioners.	June 2012 Completed	AAAA Chairman, Deputy Chairman	As a result of points 9-12 the following documents have been developed and adopted by Board: “Quality Review Memorandum of Understanding”, “Review Questionnaire”

#	Start Date	Actions	Completion Date	Responsibility	Resource
13.	July 2012	Develop procedure on implementation of Quality Control and the mechanism of its application.	October 2012 Completed	AAAA Chairman, Deputy Chairman	As a result of points 9-12 the following documents have been developed and adopted by Board: “AAAA Procedure for Audit Quality Control Monitoring”, “Review Questionnaire”
14.	August 2012	To inform all registered in Republic of Armenia (RA) audit firms and organize discussions on proposed procedure on Quality Control and mechanism of its application.	September 2012 Completed	AAAA Chairman, Deputy Chairman	As a result of points 9-12 the following documents have been developed and adopted by Board: “Quality Review Memorandum of Understanding”, “Review Questionnaire”
15.	August 2012	Develop the checklist on QA as a tool.	September 2012 Completed	AAAA Deputy Chairman	As a result of points 9-12 the following documents have been developed and adopted by Board: “Review Questionnaire and assessment model” reviewed by various firms and experts.
16.	October 2012	To discuss with MoF proposed by AAAA procedure on Quality Control and mechanism of implementation.	December 2012 Completed	AAAA Chairman, Deputy Chairman	A few discussions were held at the MoF including those with the participation of Minister. In addition, all QC procedures and questionnaires were submitted to MoF.
17.	December 2012	To summarize the results and evaluate efficiency of quality review cycle.	October 2013 ⁱ Completed	AAAA Chairman Deputy Chairman	The quality review process was conducted by international expert. Several auditing companies have participated in review process on voluntary bases. The results were summarized and presented to audited companies.

#	Start Date	Actions	Completion Date	Responsibility	Resource
18.	February 2013	To invite forum of the firms participated in Quality Review and other interested parties to discuss the status of agreements, adjustments needed, and further actions.	October 2013 Completed	AAAA Chairman Deputy Chairman	The forum took place on October 2013 before the start of quality review process.
19.	March 2013	To propose MoF, CBA in the regulations requiring audits take into account provided by AAAA quality assurance certification.	October 2013 Completed	AAAA Chairman Deputy Chairman	After finalizing the quality review process the presentation event was organized. All interested parties were invited to this event. The previous deputy minister of Finances L. Hunanyan mentioned that the results could be used by Ministry of Finance during supervision process of auditing companies. Also appropriate letters were prepared and sent to the state bodies.
20.	2014	Make adjustments, further develop, and continue the project on practice inspection by AAAA.	Ongoing	Board/CAA Executive Director	To review/revise the pilot project, make adjustments, develop the strategy, and continue the practice inspection along with MoF. The points 17-21 are covered by the points 9-15 of the current Action Plan
21.	October 2011	Conduct a review of the practice inspection system to ensure it is operating effectively.	November 2011 Completed	AAAA Chairman, AAAA Executive Director	MoF has established new Department within the Ministry which implements the inspections. QA reviews were not done on regular bases and the main attention is focused on documentation aspects. At the moment AAAA proposes to introduce system of Quality

#	Start Date	Actions	Completion Date	Responsibility	Resource
					Control in addition to that running by MoF. The points 17-21 are covered by the points 9-15 of the current Action Plan
22.	December 2011	Develop the draft of the revised practice inspection system.	January 2012 Completed	AAAA Chairman, AAAA Executive Director	MoF has established new Department within the Ministry which implements the inspections. At the moment AAAA proposes to introduce system of Quality Control in addition to that running by MoF. The points 17-21 are covered by the points 9-15 of the current Action Plan
23.	February 2012	Publish the revised version on practice inspection system in the AAAA Periodical. Ask for comments.	April 2012 Completed	AAAA Chairman, AAAA Executive Director	MoF has established new Department within the Ministry which implements the inspections. At the moment AAAA proposes to introduce system of Quality Control in addition to that running by MoF. The points 17-21 are covered by the points 9-15 of the current Action Plan
24.	May 2012	Submit the revised model of practice inspection system for Board approval.	May 2012 Completed	AAAA Executive Director	MoF has established new Department within the Ministry which implements the inspections. At the moment AAAA proposes to

#	Start Date	Actions	Completion Date	Responsibility	Resource
					introduce system of Quality Control in addition to that running by MoF. The points 17-21 are covered by the points 9-15 of the current Action Plan
25.	2020	Prepare and implement new QA control system and timeline, incorporating the requirements of SMO1, for Professional body individual and legal entity members	2021	CAA Chairman, Board, Executive	
<i>Maintaining Ongoing Processes</i>					
26.	Ongoing	Continue to ensure that AAAA QA is developing in line with benchmarks outlined in the Action Plan and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	Ongoing	CAA Chairman, Deputy Chairman	
<i>Review of AAAA's Compliance Information</i>					
27.	2014	Perform review of AAAA's policies and update sections relevant to the revised SMO 1 as necessary. Ensure review and consideration of the revised SMO 1 on Quality Assurance and its application in the current system of QA.	Ongoing	AAAA Chairman, Executive Director	

Action Plan Subject: SMO 2 and International Education Standards (IESs)
Action Plan Objective: Continue to Use Best Endeavors to Ensure that all IES Requirements Incorporated into CAA's Education Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Up to April 2020 the MoF of Armenia controlled audit certification and licensing. It also controlled the related examination program. The certification provided by AAAA was considered official certification by the Government of RA. Since 2002, AAAA has been implementing a qualification scheme requiring the successful completion of 7 exams and three years of professional experience prior to obtaining certification as a certified accountant. The AAAA has its own lecturing facilities and team of lecturing staff who establish the AAAA students' qualification syllabus. ACCA and CPA qualifications are recognized by both AAAA and the MoF. Final assessment is in the process of introduction. Candidates for AAAA's membership have to complete AAAA's program for professional accountancy education, and fulfill a three-year practical experience requirement. However, the requirement of IES 5 pertaining to using such additional means of monitoring and assessing the practical experience of the candidates as mentoring system has yet to be implementedⁱⁱ.</p> <p>According to the Government decision of Republic of Armenia No. 748-n dated June 16, 2013 the certification qualification of professional auditors was transferred to the Association of Accountants and Auditors of Armenia, with the oversight implemented by the Ministry of Finance, Central Bank, etc. as the representatives of these organizations are the members of the Examinations Committee which gathered at least twice per year before examinations, and as needed.</p> <p>AAAA's certification scheme and processes are based on IES's. We continuously follow the new pronouncements and committed to compliance to all IFAC educational pronouncements.</p> <p>According to the Law on Regulation and Public Oversight of Auditing and Accounting in force from January 1, 2020, qualification of Accountants and Auditors will be one of the main functions of the Professional Body. The Chamber of Auditors and Accountants of Armenia /former Association of Accountants and Auditors/ applied to the Ministry of Finance for accreditation as Professional Organization and was accredited on April 2020.</p>					
<p><i>Final Assessment and its Further Enhancement</i></p>					
28.	May 2009	Contact other IFAC member bodies to understand how they have structured, implemented and introduced their final assessment requirements.	July 2009 Completed	AAAA Executive Director	
29.	October 2009	Discuss the requirements of IES 8, Competence Requirements for Audit Professionals, in the AAAA Committee of Education and Certification in order to develop the specific procedure assessing professional knowledge, skills, values, ethics, and attitudes required of those members of the profession who are involved in the audit of	April 2010 Completed	AAAA Education and Certification Committee	

#	Start Date	Actions	Completion Date	Responsibility	Resource
		financial statements.			
30.	September 2009	Develop final assessment process including nature of the assessment (e.g., recorded or oral format), the competence and capabilities to be assessed, and the structure.	April 2013 Completed	AAAA Education and Certification Committee	
31.	December 2009	Submit final assessment procedure for AAAA Board approval.	June 2013 Completed	AAAA Executive Director	
32.	January 2010	Start to implement final assessment procedure.	September 2013 Ongoing	AAAA Executive Director	
33.	November 2012	To present the proposal to MoF to transfer certification of professional auditors from MoF to AAAA.	June 2013 Completed		
34.	September 2012	Update textbook on Audit and Internal Control.	May 2013 Completed	AAAA Executive Director	
35.	Dec 2012	Update textbooks on Managerial Accounting, Financial Management.	October 2013 Ongoing	CAA Executive Director	In process
36.	March 2010	Develop a special procedure assessing professional knowledge, skills, values, ethics, and attitudes required of those members of the profession who are involved in the audit of financial statements.	May 2013 In process	CAA Education and Certification Committee	In process
37.	November 2010	Submit for AAAA Board approval the assessment procedure for those members of the profession who are involved in the audit of financial statements.	July 2013 In process	CAA Executive Director	In process

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the Need for Strengthening the Pre-Qualification Requirements</i>					
38.	September 2009	To amend Financial Reporting and Audit papers of AAAA Certification Scheme with chapters concerning Professional Values Ethics and Attitudes in compliance with IES 4.	November 2013 Completed	AAAA Education and Certification Committee	Will be done parallel with the updates of corresponding textbooks. Code of Ethics is required in addition to papers of Certification Scheme.
39.	October 2012	Official commencement of the Certification Scheme incorporating Professional Values, Ethics and Attitudes component lecturing and examination.	January 2014 Completed	AAAA Education and Certification Committee	Will be done parallel with the updates of corresponding textbooks. Code of Ethics is required in addition to papers of Certification Scheme.
40.	October 2012	To review formerly developed IT Paper textbook as a part of AAAA Certification Scheme.	October 2013 In process	CAA Executive Director	IT paper has developed, but should be reviewed and updates
41.	October 2012	Review IT Paper as additional paper on 3-d level of Certification scheme.	February 2014 In process	CAA Executive Director	IT paper has been developed, but should be reviewed and updated It was decided to include IT paper in "Financial Information for management" paper of AAAA qualification scheme.
42.	October 2012	Visits to Universities, presentations, meetings with management in order to promote the requirements of IESs and the need for the curricula to reflect new accounting, auditing, and ethical standards and requirements ⁱⁱⁱ .	Ongoing	CAA Executive Director Education and Certification Committee	

#	Start Date	Actions	Completion Date	Responsibility	Resource
43.	2020	Review AAAA qualification program of professional accountant and auditors to be compliant with IFAC standards	2020	AAAA Executive Director Education and Certification Committee	
44.	2020	Review qualification exams' related procedures to be compliant with best practices	2021	AAAA Executive Director Education and Certification Committee	
45.	2020	Elaborate simplified procedure of membership for those auditors who received qualification according to the Law on Auditing No 512-N dated 2002.	2020	AAAA Executive Director Education and Certification Committee	
46.	2020	Review the professional body's (Chamber of Auditors and Expert Accountants) qualification program in compliance with revised IESs	2021	CAA Executive Director Education and Certification Committee	

#	Start Date	Actions	Completion Date	Responsibility	Resource
47.	2020	Promote and facilitate the adoption and implementation of the IES requirements for all professional accountants in Armenia.	Ongoing	CAA Executive Director AAAA staff	
<i>Further development of Practical Experience Requirement</i>					
48.	April 2010	Introduce experience matrix as a tool of assessing practical experience of candidates.	September 2010 Completed	AAAA Executive Director, Education and Certification Committee	
49.	August 2012	Review practical experience matrix introducing different work experience requirements for accountants and auditors in practice.	April 2013 Completed	AAAA Executive Director, Education and Certification Committee	
50.	March 2013	Submit for Board approval the procedure of specific requirement to the experience for qualification as a auditor.	July 2013 Completed	AAAA Executive Director, Education and Certification Committee	

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	August 2014	Introduction of procedure of specific requirement to the experience for qualification as an auditor.	August 2014 Completed	AAAA Executive Director, Education and Certification Committee	
52.	October 2012	To develop the strategy of introduction of the procedure of requiring the program of practical experience to be developed by the employer together with the trainee and periodically reviewed by the mentor.	May 2014 In process	CAA Education and Certification Committee	
53.	June 2013	To introduce the procedure of requiring the program of practical experience to be developed by the employer together with the trainee and periodically reviewed by the mentor.	September 2014 In process	CAA Education and Certification Committee	
54.	October 2012	To introduce the procedure for screening of practical experience providers.	December 2014 In process	CAA Education and Certification Committee	
<i>Strengthening Continuous Professional Development (CPD)</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
55.	September 2009	Revise the CPD policy of AAAA incorporating IES 8 in the Institute CPD policy.	May 2010 Completed	AAAA Education and Certification Committee	
56.	August 2012	Develop sanctions against the members who do not fulfill CPD mandatory hours.	November 2012 Completed	AAAA Education and Certification Committee	
57.		In line with the Law requirements elaborate procedures for sanctions against the members who do not fulfill CPD mandatory hours.	2021	CAA Executive Director, Education and Certification Committee	
58.	January 2020	Prepare and approve CPD new requirements for members in line with IFAC requirement	2020	CAA Executive Director, Education and Certification Committee	
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
59.		Continue to ensure that AAAA education requirements incorporate the revised IES requirements. This includes review of the existing requirements and preparation of the Action Plan for the future activities where necessary ^{iv} .	Ongoing	CAA Executive Director, Education and Certification Committee	
<i>Review of AAAA's Compliance Information</i>					
60.	2014	Perform review of AAAA's educational policies and update sections relevant to the revised SMO 2 as necessary. Ensure review and consideration of the revised SMO 2 requirements and revised IESs to become effective in 2015 and their application in the current system of AAAA's education system.	2015 Ongoing	CAA Executive Director, Education and Certification Committee	

Action Plan Subject: SMO 3 and International Auditing and Assurance Standards Board (IAASB) Pronouncements
Action Plan Objective: Promoting an Ongoing Convergence Process with IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>Up to January 1, 2020 the Ministry of Finance of Armenia was responsible for the adoption of ISAs as well as IFRSs. AAAA discussed the necessity of adoption of both standards for many years. The decision was made to start with IFRSs (due to scarce resources, two sets of standards was impossible to translate simultaneously) and then to translate and adopt ISAs. According to the amendments of Law dated year 2004, audit is implemented based on international standards. In 2011, the International Standards on Auditing (ISAs) were officially adopted by the Government's resolution of December 29, 2011. In the year 2017 the International standards on Auditing 260, 570, 700, 701, 705, 706 were translated and approved by Government of the Republic of Armenia, decision 1121-N dated 14.09.2017.</p> <p>According to the Law on Regulation and Public Oversight of Auditing and Accounting in force from January 1, 2020, the Public oversight body ensures translation and publication of International Auditing standards for professional accountants.</p>					
<i>Ongoing Adoption of IAASB Pronouncements</i>					
61.	July 2009	Discuss with MoF adoption of the newly amended or issued IAASB pronouncements on an ongoing basis.	September 2009 Completed	AAAA Executive Director	
62.	September 2009	Discuss in the Accounting and Auditing Reforms Committee the necessity and mechanism of adoption of the newly amended or issued IAASB pronouncements on an ongoing basis.	October 2009 Completed	AAAA Executive Director	
63.	November 2009	Prepare an action plan to update Armenian Standards on Auditing in order to achieve convergence with the whole set of clarified International Standards on Auditing.	January 2010 Completed	AAAA Executive Director, Board members	
64.	February 2010	Action plan to be submitted to MoF for approval.	March 2010 Completed	AAAA Executive Director,	

#	Start Date	Actions	Completion Date	Responsibility	Resource
65.	March 2010	Lobby amendment to the Law on Auditing referring to IAASB pronouncements.	May 2010 Completed	AAAA Executive Director	
66.	September 2010	Translate and publish auditing standards and exposure drafts.	September 2011 Completed	AAAA Executive Director	MoF obtained the permission of IFAC prior to officially publishing ISA's
67.	April 2013	Develop procedures aimed to follow changes in standards issued by and corresponding update of those standards in RA.	May 2013 The last update of IFRS and IAS was carried out in the year 2013 /about 400 pages were translated/.	AAAA Chairman, Executive Director	In process
68.	June 2013	Inform members of the professional body about changes in standards via web site, email, and other types of mass media.	June 2014 Completed	AAAA Executive Director	
Education Activities					
69.	May 2010	Update AAAA Certification Syllabus with the new auditing pronouncements.	September 2013 Completed	AAAA Education and Certification Committee	The textbook has been updated in accordance to the latest version of ISA's. in the year 2014
70.	October 2012	Develop training courses to educate certified auditors about new auditing requirements within CPD scheme.	Ongoing	AAAA Education and Certification Committee	

#	Start Date	Actions	Completion Date	Responsibility	Resource
71.	October 2012	Prepare and publish articles and other promotional materials in the AAAA Periodical and the AAAA website www.aaaa.am in order to enhance the awareness of the auditors, trainees in the financial audit and the public in general about the auditing standards.	On going	AAAA Education and Certification Committee	
72.		Inform members of the professional body about changes in standards and organize CPD courses.	On going	AAAA Education and Certification Committee	
73.	2020	Encourage professional body and public oversight body to consider participating in the international standard-setting process by providing comments on Exposure drafts and discussion papers issued by IAASB.	On going	AAAA Chairman, Executive Director	
<i>Maintaining Ongoing Processes</i>					
74.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAAA Executive Director	
<i>Review of AAAA'Ss Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
75.	2014	Perform review of AAAA's requirements regarding the IFAC Compliance Program and update its policies relevant to the revised SMO 3 as necessary.	2015	AAAA Executive Director	

Action Plan Subject: SMO 4 and International Ethics Standards Board for Accountants (IESBA) Code of Ethics
Action Plan Objective: Implementing current IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Up to January 1, 2020, there was a requirement to follow a “Code of Ethics” in the Law of Auditing; however, there was no reference to the IESBA Code of Ethics. But according to the Article 3 of new draft Law on Auditing there was clear reference to the IFAC IESBA Code of Ethics.</p> <p>The AAAA updates regularly its Code of Ethics, based on the IESBA’s Code of Ethics initially translated in 2014. Later It has been updated and currently the AAAA members use 2016 year version. AAAA Code of Ethics fully complies with IESBA’s Code of Ethics.</p> <p>According to the Law on Regulation and Public Oversight of Auditing and Accounting in force from January 1, 2020, the Public oversight body ensures translation and publication of Code of Ethics for professional accountants.</p>					
<p><i>Updating and Implementing Current IESBA Code of Ethics for CAA Members</i></p>					
76.	Ongoing	Establish a procedure of permanent review and update of IESBA issued Code of Ethics.	Ongoing	AAAA Executive Director	Done
77.	June 2009	Continue to provide the lectures on the Code of Ethics to Practitioners.	Ongoing	AAAA Executive Director	Done
78.	April 2010	Review the syllabus of the AAAA Certification Scheme in compliance with IES 4, Professional Values Ethics and Attitudes. Submit for Board approval Professional Values Ethics and Attitudes component of the Certification Scheme.	December 2010 Completed	AAAA Education and Certification Committee	Code of Ethics is required in addition to papers of Certification Scheme
79.	May 2009	Discuss and recommend to Universities and Training Institutions the necessity to include the Ethics Component in the syllabus for accounting.	Ongoing	AAAA Executive Director	
80.	September	Prepare and publish articles and other promotional materials in the AAAA Periodical and on the AAAA website www.aaaa.am in order to enhance the	Ongoing	AAAA Executive	

#	Start Date	Actions	Completion Date	Responsibility	Resource
	2009	awareness of the financial auditors, trainees in the financial audit and the public in general about the standards and draft standards translated.		Director	
81.	October 2012	Review the syllabus of the AAAA Certification Scheme in compliance with IES 4, Professional Values Ethics and Attitudes. Submit for Board approval Professional Values Ethics and Attitudes component of the Certification Scheme.	Ongoing	AAAA Education and Certification Committee	Code of Ethics is required in addition to papers of Certification Scheme
82.	October 2012	Prepare and publish articles and other promotional materials in the AAAA Periodical and on the AAAA website www.aaaa.am in order to enhance the awareness of the auditors, trainees in the financial audit and the public in general about the standards and draft standards translated.	Ongoing	AAAA Executive Director	
83.	April 2013	Update Armenian version of Code of Ethics of IFAC	Ongoing	AAAA Executive Director	This activity is completed in 2015. The following update is planned in 2021.
84.	2021	Assist Public Oversight Board in the process of translation and publishing of last version of IFAC Code of Ethics	2021	AAAA Executive Director	
<i>Monitoring Activities</i>					
85.	October 2012	Develop monitoring activities to ensure compliance with new and revised IESBA Code of Ethics.	Ongoing	AAAA Executive Director	
<i>Maintaining Ongoing Processes</i>					
86.	Ongoing	Continue to support ongoing adoption and implementation of the IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAAA Executive Director	
<i>Review of AAAA's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
87.	2014	Ensure review and consideration of the revised SMO 4 requirements and its application are included in the current system of AAAA's ethics enforcement and education process.	Ongoing	AAAA Executive Director	

Action Plan Subject: SMO 5 and International Public Sector Accounting Standards (IPSAS)
Action Plan Objective: Use Best Endeavors to Assist in the Adoption and Implementation of IPSASs³

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Under the Law on Public Sector Accounting, the Ministry of Finance of Armenia has responsibility for establishing public sector accounting standards. The Government of Armenia made a decision to adopt accrual based IPSASs. The IPSASs have been translated into Armenian in 2009 and later in 2012. The translation was organized by Ministry of Finance. In 2013, based on IPSAS the simplified version of IPSAS (called APSAS or Armenian Standards of Public Sector Accounting Standards) were developed.</p> <p>According to the Law on Accounting of Public Sector Organizations, accepted in June 21, 2014, the Ministry of Finance is responsible for adoption of APSAS and accounts plan.</p> <p>Currently representatives of Ministry of Finance, AAAA, some universities are included in the World Bank's Public Sector Accounting and Reporting (PULSAR) project. PULSAR is a regional and country level program to support the development of public sector accounting and financial reporting frameworks in beneficiary countries. At a regional level, PULSAR works in three broad mutually reinforcing areas, providing a platform for knowledge sharing and contributing to improvements in government accountability, transparency, and performance. Beneficiary countries are Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, Georgia, Kosovo, FYR Macedonia, Moldova, Montenegro, Serbia, Ukraine. The objective of the program is to support the enhancement of participating countries' PSA and financial reporting frameworks in line with international standards and in accordance with good practices, to improve government accountability, transparency, and performance.</p> <p>Some of AAAA members were involved in APSAS development and further training activities.</p>					
<p><i>Promoting the Use of IPSASs</i></p>					
88.	October 2012	Use best endeavors by identifying opportunities to assist MoF in implementation of IPSASs and accounting system. Discuss with MoF the ways the AAAA could assist MoF.	Ongoing	AAAA Executive Director	Done
89.	January 2013	Propose MoF to develop the Certification Scheme for the accountants in public sector. Certification Scheme for the accountants in public sector could be developed on the basis of existing Certification Scheme for private sector accountants.	May 2013 Completed	AAAA Chairman	

³ The Government of Armenia made a decision to adopt accrual-basis IPSAS's. Currently the project on IPSAS's translation into Armenian is implemented. The Government plans the number of phases in order to implement IPSAS-based accounting for public sector entities.

#	Start Date	Actions	Completion Date	Responsibility	Resource
		The approach was introduced to MOF but had not had further development.			
90.	June 2013	To propose and develop special paper on Public sector accounting.	September 2013 suspended	AAAA Chairman	
91.	October 2013	To propose MoF the certification scheme of AAAA for certification of internal auditors in public sector.	December 2013 suspended	AAAA Chairman	
92.	September 2014	To develop special paper on Public sector accounting/auditing for internal auditors.	December 2014 suspended	AAAA Chairman	
93.	2021	Assist representatives of Ministry of Finance in further translation and update of APSAS based on appropriate changes in IPSAS.	2021	AAAA Executive Director	
<i>Maintaining Ongoing Processes</i>					
94.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAAA Executive Director	
<i>Review of AAAA's Compliance Information</i>					
95.	2014	Ensure review and consideration of the revised SMO 5 requirements and their application are included in the current AAAA's Action Plan	2015	AAAA Executive Director	

Action Plan Subject: SMO 6 and Investigation & Discipline (I&D)
Action Plan Objective: Use Best Endeavors to Establish an Investigation and Disciplinary Mechanism that Addresses all SMO 6 Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Law on Auditing sets two kinds of disciplinary sanctions for auditors: penalty and pre-warning, as well as provides with the list of amount of penalty for violation of particular paragraphs of the same Law. One of recent amendment to the Law is special para on violation of anti-Money Laundering Law. The Law authorizes the Ministry of Finance to administer the I&D system. According to the draft Law on Auditing the professional body has the right to cancel qualification for several cases described in article 29. The article 29 of draft Law on Regulation and public oversight of accounting and auditing describes discipline measures for member of Professional body. The measures are warning, fine, suspension of membership, cancellation of qualification, cancellation of membership.</p> <p>AAAA established a mechanism for investigating and disciplining (I & D) its members in 2005. AAAA has a formal and documented investigation and discipline policy. This policy is enforced through AAAA Staff, the Board and Council. The Board comprises a balance of practitioners and non-practitioners including officers from the MoF. Due to resource constraints, the I & D mechanism has not been fully implemented. The I&D system was originally designed to be aligned with SMO 6. AAAA is continuing to set the system and tries to be compliant with SMO 6. AAAA established the Committee on membership and professional ethics which along with other issues is in charge with the violations of professional ethics and norms.</p>					
<p><i>Strengthening the I&D Mechanism</i></p>					
96.	October 2009	Conduct a general review of the I & D system to ensure the process is substantively developed.	December 2009 Ongoing	AAAA Executive Director, I&D Committee	Not done due to absence of funding
97.	January 2010	Prepare a draft report on areas requiring improvements.	February 2010 Suspended as there was no required funding of the project	I&D Committee	Not done due to absence of funding

#	Start Date	Actions	Completion Date	Responsibility	Resource
98.	March 2010	Develop Action Plan on implementation of I&D system.	May 2010 Suspended as there was no required funding of the project	I&D Committee	Not done due to absence of funding
99.	October 2012	Review and improve AAAA Disciplinary procedures.	May 2013 Completed	AAAA Executive Director	
100.	May 2013	To submit AAAA Disciplinary procedures for Board approval.	June 2013 Completed	AAAA Executive Director	
101.	August 2013	To start to implement Disciplinary procedures. The Ethics and membership committee periodically monitors AAAA members declaration on CPD and Professional conduct.	October 2013 Ongoing	AAAA Executive Director	
102.	2020	To develop and approve new disciplinary procedures for professional body's members /individuals and legal entities/	2021	Chairman, Board, Executive Director	
<i>Maintaining Ongoing Processes</i>					
103.	Ongoing	Continue to use best endeavors to ensure AAAA's investigation and disciplinary mechanism addresses all SMO 6 requirements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAAA Executive Director	
<i>Review of AAAA's Compliance Information</i>					
104.	2014	Ensure review and consideration of the revised SMO 6 requirements and their application are included in the current AAAA's Action Plan	2015	AAAA Executive Director	

Action Plan Subject: SMO 7 and International Financial Reporting Standards (IFRSs)
Action Plan Objective: Continue to Use Best Endeavors to Support the Ministry of Finance Ongoing Program for Adoption and Implementation of IFRSs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background :</i>					
<p>Up to January 1, 2020, the Ministry of Finance in Armenia was responsible for the adoption of IFRSs. Up until 2009, the Law on Accounting referred to as the “Armenian Standards of Accounting”, which were the adaptation of the IASs of the 2000 version. As of 2016, the Law refers to “international standards,” without directly indicating IFRSs or specifying the translation processes. The IASs have been translated into Armenian with only minor changes. In 2008, the MoF decided to fully converge with IFRSs. The Government designated responsibilities to financial institutions with regards to preparing financial statements in compliance with IFRSs, starting with 2009/2010. All other entities, the turnover of which exceeds a determined amount, are required to prepare financial statements on the basis of IFRSs starting with 2011. The official agreement of the MoF with IASB on IFRS translation into Armenian was signed in 2008. In 2009, the IFRSs and IFRICs were translated under USAID-funded projects. As of 2019, the 2012 version of IFRSs is being applied. Processes to ensure ongoing adoption of new and revised standards have not so far been established. In 2017 the Government of Republic of Armenia adopted the amendments in IFRS SME. According to the draft Law on Regulation and Public Oversight of Accounting and Auditing the POB is responsible for ensuring the translation and publication of complete set of IFRS, SME IFRS and further amendments in standards.</p> <p>According to the Law on Regulation and Public Oversight of Auditing and Accounting in force from January 1, 2020, the Public oversight body ensures translation and publication of IFRSs for professional accountants.</p>					
<i>Promoting Ongoing Convergence with IFRS</i>					
105.	October 2012	Support the ongoing process of translation of IFRS’s and International Financial Reporting Interpretations Committee (IFRIC’s). The management of IFRS translation project was trusted to AAAA.	Ongoing	AAAA Executive Director	
106.	2020	Assist Public Oversight Board in translation and publication of International Standards, participation in International Standard setting IASBs process.	Ongoing	AAAA Executive Director	
<i>Supporting AAAA members with the Implementation of IFRSs</i>					
107.	October 2012	Organize courses on IFRS’s and IFRIC’s, provide training and education in IFRS’s.	Ongoing	AAAA Executive Director	
108.	October 2012	Constantly review AAAA Certification Scheme in order to update with new pronouncements of International Accounting Standards Board (IASB).	Ongoing	AAAA Chairman, Executive	

#	Start Date	Actions	Completion Date	Responsibility	Resource
				Director	
109.	October 2010	After the completion of the project of translation of IFRSs to take responsibility for updating of Armenian version of IFRSs and IFRICs ^v .	Ongoing	AAAA Executive Director	Ministry of Finance of RA is responsible for update of IFRS's
<i>Maintaining Ongoing Processes</i>					
110.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS's. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAAA Executive Director	AAAA Staff
<i>Review of AAAA's Compliance Information</i>					
111.	2014	Ensure review and consideration of the revised SMO 7 requirements and their application are included in the current AAAA's Action Plan	2015	AAAA Executive Director	

ⁱ Though the QC whole system development was completed at the end of Dec 2012, there was a challenge to employ an adequate candidate for Reviewer. Currently, with IFAC support AAAA communicated with the adequate candidate (Paul Harrison), and it sounds the pilot Reviews started in July 2013 and completed on Sept 2013.

ⁱⁱ At the moment AAAA requires its members to complete 40 hours CPD. The members should provide special format list of trainings attended in the given year. The disciplinary measures to be applied to the members who do not comply with this requirement are discussed at the Board level and approved.

ⁱⁱⁱ Starting from the year 2011 the AAAA representatives annually met with all main Universities in Armenia:

- Yerevan State University,
- Yerevan Economic University,
- French University of Armenia,
- Slavonic University.

^{iv} AAAA permanently follows the developments of standards as well as discuss how they could be introducing in AAAA's certification scheme.

^v By the end of March 2013 4-month project of update of IFRS's funded by USAID was completed. Update was implemented by AAAA while the beneficiary is MoF as the official regulator of the field.