

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The level of a Member's or Associate's fulfillment of IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (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. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

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 website.

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 affect 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.

ACTION PLAN

IFAC Member: Association of Accountants and Auditors of Republic of Srpska in Bosnia and Herzegovina (AAARS)
Approved by Governing Body: AAARS Council (elected by Assembly)
Original Publish Date: June 2011
Last Update: April 2022
Next Update: April 2025

IFAC's Summary Assessment: IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	AAARS Level of Responsibility for Adoption	Adoption Status as of 2022	Level of SMO Fulfillment as of 2022
QA / SMO 1	No Direct	▲ Partially Adopted	▲ Execute
IES / SMO 2	Shared	▲ Partially Adopted	▲ Execute
ISA / SMO 3	Shared	▲ Partially Adopted	▲ Execute
IESBA / SMO 4	Shared	▲ Partially Adopted	▲ Execute
IPSAS / SMO 5	No Direct	▲ Partially Adopted	■ Review & Improve
I&D / SMO 6	Shared	▲ Partially Adopted	▲ Execute
IFRS / SMO 7	Shared	▲ Partially Adopted	■ Review & Improve

Attestation of SMO Compliance

The **Association of Accountants and Auditors of Republic of Srpska in Bosnia and Herzegovina (AAARS)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the **AAARS** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where *IFAC's assessments* are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute, Plan, Consider, or Not Active* the **AAARS** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **AAARS**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication 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.

GLOSSARY

AAARS	Association of Accountants and Auditors of Republic of Srpska
ACCA	Association of Chartered Certified Accountants
BiH	Bosnia and Herzegovina
CPD	Continuing Professional Development
EFRAG	European Financial Reporting Advisory Group
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASs	International Accounting Standards
IASB	International Accounting Standards Board
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standard
IPD	Initial Professional Development
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
ISQC	International Standard on Quality Control
MoF	Ministry of Finance
PAO	Professional Accountancy Organization
QA	Quality Assurance
RS	Republic of Srpska
SME	Small and Medium Enterprises
SMO	Statement of Membership Obligations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Design and Develop a Quality Assurance Review Program in Line with SMO 1

Background:

The Standards Act on quality control in accounting and auditing profession in Republic of Srpska passed in 2012 provides legal foundation for the establishment of the Quality Assurance (QA) system. Among other sources, the Act is based on the requirements of Statement of Membership Obligation (SMO) 1. Under the Act, the responsibility for the implementation of the QA rests with Association of Accountants and Auditors of Republic of Srpska (AAARS) through the Commission for monitoring, implementation and implementation control of regulations in the field of accounting and auditing. Certified auditors, certified accountants, certified accounting technicians, audit companies and companies for performing accounting services are subject to QA review.

As of 2014, AAARS is in a process of creating a quality assurance system. To assist in the development of a system in-line with SMO 1, the AAARS has been working with established International Federation of Accountants (IFAC) Professional Accountancy Organizations (PAOs) to learn about the process and key components of such a system. With this assistance, AAARS has completed initial design of its quality assurance program in 2011 and commenced implementation in 2012. Efforts to continuously improve and strengthen the program continued throughout 2012/2013. In 2013, in cooperation with French Institutes–Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC) and Compagnie Nationale des Commissaires aux Comptes (CNCC)–we have created the questionnaire by which we tried to gather the information on work of auditors and audit firms. Based on responses, we have determined two groups of audit firms: One group stated that they apply the audit standards, while based on the responses it has been determined that the other group does not apply the standards. Based on the questionnaire responses, control of audit firms that apply the standards will be based on the risk approach.

The Ministry of Finance is a body of public oversight, and quality control will be performed by the professional association. By the end of 2015, six audit firms was subjects of quality control. Also in 2016 at least six quality controls will be performed based on risk approach. Large number of firms will be included in the mentorship approach, and they will not be subjected to control while mentored. Mentorship approach will start in May 2016.

International Standard on Quality Control (ISQC 1) and ISA 220 have been adopted as quality control standards. In the first period, public oversight of quality control will be performed jointly with the Ministry of Finance and AAARS. For group of audit firms who do not apply the standards, education based on mentorship approach will be organized in cooperation with CSOEC / CNCC.

Having recognized the need for introduction of an efficient quality assurance system for all members of the profession, six PAOs from the region (including AAARS) established the Quality Assurance Network – Accountancy Services Providers. This regional group held three meetings in 2015 and defined its project activities in 2016-2017 under the mentoring guidance of representatives of the Institute of Chartered Accountants in England and Wales (ICAEW). In addition to serve as an opportunity to exchange good practices between PAOs from the region and take over good practices and experiences from ICAEW through this network, the joint work will also result in us having a common approach to this important issue throughout the Western Balkans region.

In the past period, AAARS continued its activities on the adoption of the recommended methodology for conducting audits. Based on the agreement and signed agreement with the French Association on the possibility of using the Audit Package for Small and Medium Entities (SMEs), in 2021 the translation of this program into Serbian was completed and activities on harmonization of the program with domestic legislation were completed. According to the agreement with the French Association, the training of our auditors for the application of this software solution will be held in February 2022.

Also, by signing the agreement on publishing international standards issued by IFAC, electronic editions of translations of International Standards and communications of audits, quality control, reviews, other assurances and related services 2016-2017, Code of Ethics for Professional Accountants 2015 and Quality Control Manual for Small and Secondary Practice, 2013 edition. In accordance with the education plan for 2019, a specialist seminar of continuous professional education for certified auditors was organized on the topic "Application of the Quality Control Guide for small and medium practices". All participants received an electronic edition of the Guide to Quality Control for Small and Medium Practices. This completes the activities on the adoption of guidelines with accompanying instructions, which require control entities to implement a quality control system in accordance with the basic principles and procedures set out in quality control standards.

Therefore, the implementation of training of certified auditors for the application of software solutions will create all the prerequisites for the beginning of the review of the internal quality control system and direct verification of the quality of work of licensed certified auditors. With the amendments to the Law on Accounting and Auditing of the Republika Srpska from 2020, the Ministry of Finance of the Republika Srpska is responsible for the conduction of a QA review for the performance of statutory audits of financial statements.

AAARS is of the opinion that in the coming period our activities should be focused on providing support primarily to domestic small audit firms and certified auditors. This support would be reflected in the ongoing activities of the controller, either in the office or on site, in assessing the quality control system of work related to professional activities and reviewing quality control rules and procedures and reviewing work documentation, to assess the functioning of quality control system and compliance with the same and compliance with professional standards and applicable regulatory and legal requirements in the performance of professional activities. Based on these assessments, the controller will provide recommendations and guidelines for improving the system, which would actually support audit firms in the process of establishing and improving the internal quality control system in accordance with the basic principles and procedures set out in quality control standards, as well as on the adoption and application of the audit methodology.

While we wait the translation of the latest edition of ISAs, in the coming period AAARS will carry out activities to prepare both members and the MoF for the shift from quality control to [quality management standards](#) that are effective December 2022 through education, advocacy, and outreach. The new standards are intended to strengthen and modernize the audit firm's approach to quality management.

The goal of this approach is to prepare for future controls by the Ministry of Finance of the Republika Srpska, as well as to eliminate irregularities according to the given recommendations, through the previously mentioned support activities, primarily for small audit companies.

AAARS plans to conduct QA for other accounting services and to establish its own QA procedures for this purpose, but there is no timeline for this to begin.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Design a Quality Assurance Program (SMO 1)</i>					
1.	Q3 - 2010	Inform members of the objective of a QA program and the benefits expected from this program (website, professional magazine, conferences and seminars).	Completed 2012 Ongoing	AAARS Secretary General	Staff

2.	Q4 - 2016	<p>In year 2015 the new Law on accounting and Auditing was passed and we had to make our provisions on quality control compliant with this law until the end of year.</p> <p>Design a model QA Program. This program should describe the structure and procedures for:</p> <ul style="list-style-type: none"> • Selecting a sample, • Conducting a review, • Discussing the report, • Delivering sanctions, • Confidentiality requirements, • The format and content of the review file. 	Ongoing	AAARS President	Staff, Commissions members with assistance of foreign external consultants
3.	Q1 - 2018	<p>Undertake first quality assurance reviews of selected firms. Only quality control by questionnaire was undertaken to get an overview of accounting and audit profession. The questionnaire responses were presented at the Annual Congress of AAARS. On CPD for auditors, the Strategy for quality control for 2014 has been presented and mentorship approach for auditors who do not apply the standards has been explained.</p>	Q4 - 2018 Completed	AAARS President	Staff, Commissions members with assistance of foreign external consultants
4.	Q4 - 2018	<p>Develop first report regarding findings from first quality assurance reviews of selected firms.</p> <p>In this period, conditions for quality control of selected firm will be established.</p>	Q4 - 2020	AAARS President	Staff, Commissions members with assistance of foreign external consultants
5.	Q1 - 2014	<p>Work with CPD Committee to ensure that weaknesses encountered in QC, ISA implementation, etc. in the report summarizing findings of QA reviews are addressed through AAARS CPD programs and offerings</p> <p>Findings of the QA reviews will be included into ongoing AAARS education efforts.</p>	Ongoing	AAARS President	Staff, Commissions members with assistance of foreign external consultants, CPD Committee

		Based on information from the questionnaire, we found deficiencies in quality control of audit firms and we plan an inclusion of certain topics in continuing professional development			
6.	Q1- 2015	<p>Regional Working Group was established under the ICAEW coordination after initial meeting in September 2014. The Working Group comprises representatives of Western Balkans PAOs. (Serbia, Macedonia, Montenegro, Albania, both PAOs from B&H). Three meetings were held in 2015 and project activities were agreed.</p> <p>In 2016, three workshops led by ICAEW experts were held. The workshops focused on roadmap on the design of a QA system (scope of QA scheme, developing the policies, procedures, methodologies, software systems, working practices, skills required for all teams, reference materials and support, CPD options for practitioners in public practice, monitoring etc.). Areas to undergo reviews have been agreed and the implementation steps and good practice presented.</p> <p>The last workshop held in April 2017 in Macedonia provided a simulation of the entire process.</p> <p>The main deliverables of the QAN-ASP are:</p> <ul style="list-style-type: none"> • Support for the development of an internationally recognised Quality Assurance (QA) scheme for accountancy, developed by each PAO using experience gained through the workshops. • Informal guidance on strategic issues, including on the structure and funding of quality schemes; creation of viable QA programmes and effective disciplinary functions; and establishment of successful relationships with key stakeholders and government authorities. This guidance will facilitate PAOs to work together to deliver solutions to these issues. • Structured and regular exchange of best practice among 	Ongoing	AAARS President	Staff, Commissions members with assistance of foreign external consultants

		<p>QAN-ASP members, drawing on ICAEW experience - in the areas of strategic planning, communications, engagement, monitoring and handling poor work/behaviour.</p> <ul style="list-style-type: none"> • Practical assistance to achieve an alignment of QANASP bodies around best practice, through support for the development of common methodologies and manuals, as well as specialist training on review methodology and specialist areas. • Development of common reference and support materials by the group, both for PAOs staff and practitioners, as well as communicationsresources. 			
7.	Q1- 2022	Promote and raise awareness of the new approach to the QA review system as well as the potential benefits to audit firms which participate (e.g., the educational aspect of participating in QA system, the identification of areas of weakness to improve firm practice, etc.).	Ongoing	AAARS expertteam	Staff
<i>Organizing Review Teams</i>					
8.	Q3 - 2011	Establish requirements for review team members and leaders.	Ongoing	AAARS President	Staff
9.	Q4 - 2011	Organize seminars and training on QA reviews system for reviewers.	Ongoing	AAARS General Secretary	Staff, Commissions members with assistance of external consultant
<i>Translating and Raising Awareness of ISQC 1</i>					
10.	Q3 - 2010	Translate International Standard on Quality Control (ISQC1) last edition, clarified into Serbian language (see also translation of International Standards on Auditing (ISAs last edition 2016-2017).	Ongoing	AAARS General Secretary	Staff
11.	Q4 - 2011	Begin raising awareness of ISQC 1 with RS audit firms so that they are aware of the key components of this standard.	Ongoing	AAARS General Secretary	Staff

12.	2014	Organize additional activities (CPD, training, development of implementation guidance) in accordance with the IFAC Guide to Quality Control for Small and Medium – Size Practices. Third edition, translation by AAA Serbia Topics related to adoption of ISQC1 will be covered during CPD.	Ongoing	AAARS expert team	Staff
13.	Q1 - 2022	The training of certified auditors for the application of Audit Pack for SMEs	Q1- 2022	AAARS expert team	Staff
14.	2022	Preparing both members and the MoF for the shift from quality control to quality management standards that are effective December 2022 through education, advocacy, and outreach.	2022	AAARS expert team	Staff
<i>Maintaining Ongoing Process</i>					
15.	Ongoing	AAARS will review the revised requirements of SMO 1 and will take actions to ensure that QA review system meets these requirements.	Ongoing	AAARS General Secretary	Staff
<i>Review of AAARS Compliance Information</i>					
16.	Ongoing	Perform periodic reviews of AAARS response to SMO 1.	Ongoing	AAARS General Secretary	Staff

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the System				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	x			
Quality Control Standards and Other Quality Control Guidance				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	x			

Requirements	Y	N	Partially	Comments
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	x			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	x			
Review Cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	x			
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	x			
QA Review Team				
7. Independence of the QA Team is assessed and documented.	x			
8. QA Team possesses appropriate levels of expertise.	x			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	x			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	x			

Requirements	Y	N	Partially	Comments
<p>Corrective and Disciplinary Actions</p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>	x			
<p>12. QA review system is linked to the Investigation and Discipline system.</p>	x			
<p>Consideration of Public Oversight</p> <p>13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.</p>	x			
<p>Regular Review of Implementation and Effectiveness</p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>	x			

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements
Action Plan Objective: Promote and Enhance Compliance of Educational Programs with International Education Standards

Background:

Since the first law on Accounting and Auditing of the Republika Srpska (1999) until today, according to the latest Law on Accounting and Auditing (2015) continuing education was entrusted to the professional body, or AAARS as the only in the Republic of Srpska. Requirements for educational qualifications, practical experience and training, continuing education and testing theoretical knowledge should under the Law take into account those of the Statutory Audit Directive and be in line with IESs. AACBiH is primarily responsible for these activities. The responsibility for conducting professional examination lies with the AACBiH which under the Law may delegate activities related to administering the test to one or more professional bodies, with the AACBiH closely monitoring the implementation of these activities. In the Republika Srpska, AAARS is responsible for education, certification, and CPD for its members. The Law on Accounting and Auditing prescribes 120 hours of mandatory CPD in a three-years period. This is also defined by the AAARS' Rulebook on CPD, which additionally sets 40 hours of CPD as an annual minimum

In 2005, the United States Agency for International Development (USAID) Accountancy Reform Project helped AAARS develop an education and certification program based upon the Association of Chartered Certified Accountants (ACCA-UK) syllabus and amended to incorporate additional material contained in the United Nations Conference on Trade and Development (UNCTAD) 'model curriculum.' This project also helped in the translations of key standards, textbooks and other educational materials. At present, it has been roughly 10 years since the USAID Accountancy Reform Project concluded operations. The AAARS continues to review their educational program for its alignment with International Accounting Education Standards Board (IAESB) International Education Standards (IESs) and update the program to ensure that the most up to date materials, lessons and techniques are being taught. IES 1- 8 have been translated in RS and there are plans to translate the revised IESs. UAAFVFBH was granted the approval to translate and publish the 2014 edition of the Handbook of International Education Pronouncements and the 2015 edition of the Handbook of International Education Pronouncements. They are available on the UAAFVFBH web site <http://srr-fbih.org/File/Download?idFi=1898>. AAARS does not have IFAC authority to translate, but only to post to website.

Committee for Accounting and Auditing in Bosnia and Herzegovina determines the framework governing accountancy education by establishing curriculum with the consent of professional accounting bodies. Exams are organized in accordance with this curriculum.

In accordance with the law of accounting and auditing of Bosnia and Herzegovina, and the law of accounting and auditing of Republic of Srpska, there are three types of professional titles: (a) certified accounting technician, (a) certified accountant and (an) authorized auditor. Program for acquiring professional title consists of 14 exams. The AAARS supports candidates by providing [example questions and cases](#) from previous exams.

Additionally, at the point of the qualification, candidates are required to have minimum three-year working experience in the practice of accounting or auditing (depending on the professional title sought). In accordance with the Law on Accounting and Auditing of Republika Srpska, all persons within the Accountancy Profession shall be required to undertake Continuing Professional Development (CPD), the duration of which shall not be less than 120 hours in each three- year period (which is 40 hours per year). The Continuing Professional Development is conducted in the form of individual and formal engagement-education organized by the Association. AACBiH and AAARS have also adopted rulebooks on validation of certificates, which enables for recognition of certificates based on

reciprocity agreements with PAOs and a statement of comparability.
AAARS developed and operates a high-quality professional accountancy education and certification program and will work to maintain and update this program to align the educational requirements with those of the revised IES of 2015 and continue to promote importance of IES and CPD in its dialogues with Government and relevant institutions.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Promotion of International Education Standards (SMO 2)</i>					
1.	Ongoing	Continue to promote the work of the IPAE to Universities, Regulators (including the Ministry of Finance, the Minister's Advisory Commission on Accounting and Auditing, the Bosnia and Herzegovina (BiH) Commission for Accounting and Auditing Standards) through organization of seminars and meetings with the key stakeholders, as well as internal dissemination events with AAARS staff. AACBiH has taken steps to establish cooperation with the BiH universities.	Ongoing	AAARS General Secretary	AAARS website, magazine and staff
2.	Ongoing	According to the World Bank 2017 Accountancy Education: Benchmarking Study, continue to monitor international standards for updates and ensure that these updates are adequately reflected in the accountancy education requirements.	Ongoing	Education, Qualification and Examination Committee/CPD Committee	Co-operation with professional institutes of Serbia and Montenegro
3.	Ongoing	Cooperation with other PAOs in the area of education as well as participation in the CFRR EduCop.	Ongoing	Education, Committee/CPD Committee	Staff
4.	Ongoing	Stronger collaborations and partnerships with the Faculties of Economics and support in implementation of revised IESs according to the World Bank 2017 Accountancy Education: Benchmarking Study. Faculty of Economics Banja Luka included IESs in syllabi for Principle of Accounting and Advanced Accounting, Management accounting and Audit.	Ongoing	Education, Qualification and Examination Committee/CPD Committee	Staff
5.	Ongoing	Promoting the accounting profession by supporting university students of economics (through participation in student-organized conferences, career days).	Ongoing	Education, Qualification and Examination	Staff
<i>Upgrading the Professional Education Program to Maintain Quality Accounting Education</i>					

6.	Ongoing	Provide expert support to the AACBiH, in all phases of Curriculum Management with focus on the necessary work – ready skills	Ongoing	Education, Committee/CPD Committee	Staff
7.	Q3 - 2011	Organization of team of academic and professional experts to review the possibility of international translation and adoption opportunities for upgraded educational materials to support implementation of a revised syllabus, or to recommend an equally effective solution utilizing the resources available within BiH. This matter depends on a previous one.	Ongoing	AAARS President	Proposal of Education and CPD Committees
8.	Q4 - 2011	Implementation regulations for new professional education program for accounting and audit professionals, together with supporting resources and appropriate teacher training presented to AAARS governing body and BiH Commission for Accounting and Auditing.	Ongoing	Education and CPD Committees	Team of academics/profess
9.	Ongoing	Ongoing review by AAARS Education Committee, in collaboration with Ministry of Finance (regulator), BiH Commission for Accounting and Auditing standards, as well as neighbor Associations in Federation of Bosnia and Herzegovina (FBiH) and within the region.	Ongoing	AAARS President	Education and CPD Committees
10.	Q3 - 2011	In collaboration with regulator (Ministry of Finance), develop and launch a survey to capture information that will ensure that CPD is demand-based, and includes opportunities for members to become updated with ongoing pronouncements issued by the independent standard setting boards supported by IFAC, International Financial Reporting Standard (IFRS) Foundation, implementation of EU <i>acquis communautaire</i> as well as broader skills required to maintain competence and integrity of accounting and audit professionals. Continuing education is focused on maintaining the integrity and competence of professional accountants to ensure the provision of services at the highest level. Planning continuing education involves constant monitoring of changes and developments in international regulations and professional standards, best practices and practical implementation of the legislation. In the planning of continuing education activities, great attention is paid to the obtaining and analysis of information submitted by professional accountants in order to	Ongoing	Head of Professional Education	Education and CPD committees

		ensure that continuing education activities are focused on the issues that are of importance for the proper implementation and enforcement of international regulations and professional standards in their daily work. This type of research of AAARS members' needs is conducted continuously throughout the year and is considered in the planning of continuing education activities for the coming period. The Education and Professional Development Board meets two times a year and creates the education programs (topics) for individual professional titles. These education programs and topics are shaped based on surveys, as well as questions and issues arising through practice and real-life situations.			
11.	Ongoing	Strengthening collaboration with regional PAOs that are Members of IFAC to exchange experiences and best practices with a view to full implementation of IESs.	Ongoing	AAARS General Secretary	Staff
12.	Ongoing	Conduct regular updates to the education, training, and CPD programs with regards to new and amended IESs and the revised requirements of SMO 2.	Ongoing	AAARS General Secretary	Staff
13.	Ongoing	Perform periodic reviews of AAARS's response to SMO 2	Ongoing	AAARS General Secretary	Staff

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Further the Translation and Implementation of IAASB International Audit Standards and other Pronouncements

Background:

In accordance with Article 2 of the Law on Accounting and Auditing of Republika Srpska and Law on Accounting and Auditing of Bosnia and Herzegovina, the auditing standards and principles of professional ethics to be applied in Republika Srpska are: (i) the International Standards on Auditing (ISAs), (ii) the Code of Ethics for Professional Accountants, and (iii) any related instructions, explanations and guidance issued by the independent standard setting boards operating under the auspices of IFAC.

The BiH Accounting and Auditing Commission, in accordance with these Laws, is the recognized authority for the translation and issuance of ISAs, Code of Ethics for Professional Accountants and any related instructions, explanations and guidance issued by IFAC. According to the Law, this authorization can be transferred to the PAOs. In-line with this legislation, the Commission authorized the AAARS to translate and publish ISAs in Serbian language. AAARS has entered into a formal agreement with the Serbian and Montenegrin PAOs for a common translation of IAASB/IFRS literature, in particular the “Clarified” ISAs.

As of 2015, the 2016-2017 edition of ISAs has been published and made available to the membership, incorporated into training materials translated by SAAA Serbia.

In addition to the translation and publication of ISAs, the AAARS has organized a number of CPD seminars on the implementation n of ISAs for professional accountants working in public practice and published audit manuals for auditors on how to perform audits in accordance with ISAs.

The AA Serbia has the rights to translate into Serbian language

The Guide to Using ISAs in the Audits of Small-and Medium-Sized Entities, Third Edition in accordance with the contract signed with IFAC has been published and made available to the membership, incorporated into training materials. Translated by AA Serbia.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Translation of ISAs and Other IAASB Pronouncements</i>					
1.	Q2 - 2010	Formal signature of a mutual agreement between AAARS, the Serbian and the Montenegrin institutes for a common translation of IFAC/IFRS literature, in particular the “clarified” ISAs.	Ongoing	AAARS General Secretary	AAARS website, magazine and staff
2.	Ongoing	Continuous publication of articles in the professional journals concerning newand amended ISAs, which have not been translated.	Ongoing	Accounting and Audit Standards Committee, Education Committees	Professional journals Experts

3.	Ongoing	Strengthening communication and exchanging experiences with practical application of IAASB standards through Accountancy Europe Audit and Assurance Policy Group.	Ongoing	Member of Policy Group	Expert group
4.	Q4 - 2011	Print Serbian last edition of ISA and/or provide it on electronic version on AAARS website. Notify members via website of its availability. The process of translation and review of the translation lasted longer than expected.	Ongoing	Accounting and Audit Standards Committee, Education Committees	Staff
5.	Q2 - 2010	Work with fellow professional bodies in the Federation of BiH, translation and adoption bodies in Serbia, Croatia as well as within FBiH to secure common approach within BiH to ensuring updated quality translations of IAASB standards and pronouncements in all of the official languages of BiH. In the framework of regional cooperation, the Association of Accountants and Auditors of the Republic of Srpska, Association of Accountants and Auditors of Serbia and the Institute of Certified Accountants of Montenegro formed a joint commission to translate IFRSs, IFRS for Small and Medium Enterprises (SMEs), the public sector, International Accounting Standards (IASs), ISAs, and ethical standards. Commission work is ongoing and is focused on providing an updated translation of the international professional regulation.	Ongoing	President	Staff and representatives on BiH Commission
Enforcement of IAASB Standards					
6.	Q4 - 2011	Incorporation of Clarified ISA into teaching materials for both Initial Professional Development (IPD) and CPD. This will support the effective implementation of ISAs and other IAASB pronouncements through organization of seminars and conferences. Organizing seminars on auditing. These seminars take place 2x / yr. and focus issues related to: <ul style="list-style-type: none"> • Adoption and implementation of international standards • Recent changes in standards • Application of standards in practice 	Ongoing	Accounting and Audit Standards Committee, Education Committees	Staff
7.	Q2 - 2012	Develop internal systems to monitor compliance with ISAs through complimentary actions to support the Quality Assurance Program (SMO1), for	Ongoing	Professional standards department staff	Staff

		example a sample review of published audited financial statements filed by business organizations with the business registry.			
<i>Monitoring Ongoing Processes</i>					
8.	Ongoing	Translation of new standards and guidance and updates of existing standards and guidance provided to the auditing community through publications, the website and incorporation into IPD and CPD programs.	Ongoing	AAARS General Secretary	Staff
<i>Review of AAARS Compliance Information</i>					
9.	Ongoing	Perform periodic review of AAARS' response to SMO 3 and update as necessary.	Ongoing	AAARS President	Staff

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Translation, promotion and implementation of the IESBA Code of Ethics

Background:

In accordance with the Law on Accounting and Auditing of Republika Srpska and Law on Accounting and Auditing of Bosnia and Herzegovina, beside the accounting and auditing standards and related instructions, explanations and guidance issued by the independent standard setting boards operating under the auspices of IFAC, application of the Code of Ethics for Professional Accountants is obligatory for all professional accountants. The BiH Accounting and Auditing Commission, in accordance with these Laws, is the recognized authority for the translation and issuance of ISAs, Code of Ethics for Professional Accountants and any related instructions, explanations and guidance issued by the independent standard setting boards operating under the auspices of IFAC. According to the Law, this authorization can be transferred to PAOs. In-line with this legislation, the Commission authorized the AAARS to translate and publish the IESBA Code of Ethics in Serbian language.

In cooperation with the Serbian and the Montenegrin PAOs for a common translation of IESBA/IFRS literature, the IESBA Code of Ethics (2015 edition) has been translated

AAARS does not have IFAC authority to translate, but only to post to website.

http://www.srrrs.org/dokumenti/Medjunarodni_racunovodstveni_standardi/Eticki_kodeks_za_profesionalne_racunovode_izdanje_2015.pdf

The printed version of the 2016 edition is available to our membership (translation by AAA Serbia).

UAAFWEBH translated and published the IESBA Code of Ethics (2018 version) into Bosnian language. The Code is available at the Union website <http://www.srr-fbih.org/File/Download?idFi=2136>.

Implementation of the Code of Ethics is included in CPD, seminars and other trainings.

While we waiting for the translation of the Code edition 2018, in the coming period AAARS will enhancing its activities to support its members with the implementation of the Code, through education and information.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Translation of Code of Ethics and other IESBA Pronouncements</i>					
1.	Q1 - 2022	Translation of IESBA Code of Ethics (edition 2018) in compliance with IFAC translation policies. In the framework of regional cooperation, the Association of Accountants and Auditors of the Republic of Srpska, Association of Accountants and Auditors of Serbia and the Institute of Certified Accountants of Montenegro formed a joint commission to translate IESBA Code of Ethics. The Association of	Ongoing	AAARS General Secretary	AAARS website, magazine and staff

		Accountants and Auditors of Serbia has the translation rights.			
2.	Q1 - 2011	Discussion with public authorities (Ministries of Finance and of Justice) on compliance with national legislation. Identification of possible conflict issues with the law, and development of the necessary safeguards to be implemented.	Ongoing	AAARS General Secretary	Staff
3.	Q1 - 2022	Obtain IFAC permission to use the translated Code (edition 2018) Inform Members of the Association of Accountants and Auditors of Republic of Srpska and professional public of all the new releases through continuing education, web sites, regular and periodical publications, congresses, symposiums and seminars.	Ongoing	Professional Education Staff	Staff
4.	2022	Enhancing its activities to support its members with the implementation of the Code (2018), through education and information.	Ongoing	Professional Education Staff	Staff
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Ensure continuity in the translation of new Code and amendments to existing ones published in a timely manner and make them available to students and members. Ensure publication of the Code on the AAAA RS website and accessibility to membership. Related relevant topics, regularly presented at CPD seminars.	Ongoing	AAARS General Secretary	Staff
6.	Q3 - 2011	Promote compliance with the IESBA Code and pronouncements amongst members, and highlight importance of ethics to all stakeholders. The RS AAA is actively observing any changes of the Code of Ethics and informs its' membership about these changes.	Ongoing	AAARS General Secretary	Staff
7.	Ongoing	The professionals for ethical issues' resolution should be provided to the membership.	Ongoing	AAARS General Secretary	Staff
<i>Review of AAARS Compliance Information</i>					
8.	Ongoing	Review AAARS' response to SMO 4 and update as necessary.	Ongoing	President	Staff

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

Background:					
<p>According to the laws of Republika Srpska, IPSAS are also applicable, and they have been translated into our language. IPSASs have been translated, adopted and implemented within the Entity since 2005. On the basis of bylaws accrual basis IPSASs is applied at all levels of government in the Republika Srpska IPSASs were last translated in 2013 edition. http://www.srrrs.org/?strana=ipsas. In the framework of regional cooperation, the Association of Accountants and Auditors of the Republic of Srpska, Association of Accountants and Auditors of Serbia and the Institute of Certified Accountants of Montenegro formed a joint commission to translate the latest version of IPSAS. The translation rights have been granted to the Association of Accountants and Auditors of Serbia. According to the Law on Budget System of Republika Srpska and the Law on Treasury of Republika Srpska, the Ministry of Finance is the institution responsible for legal adoption of IPSASs. When implementing IPSASs, Republika Srpska utilizes the accrual basis.</p> <p>CFRR is implementing PULSAR project, which includes Western Balkan countries too. One of the project activities is IPSAS ToT and some of our trainers have successfully completed the training in December 2019 in Sarajevo.</p> <p>Currently, 15% of AAARS membership consists of public sector accountancy professionals. To address the educational and professional needs of this demographic, the AAARS develops seminars to focus on issues of adoption and implementation of IPSASs and publishes a manual on seminar proceedings which not only addresses topics discussed but includes articles and examples of the practical application of IPSASs.</p>					
#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Translation of IPSASs</i>					
1.	Q3 - 2010	Formalize the duties of each stakeholder in the translation process (national professional bodies, national governments of Republika Srpska, Serbia and Montenegro).	Q4 - 2010 Completed Ongoing	President AAARS	AAARS General Secretary
2.	Q3 - 2010	Encourage the development of a sustainable approach to translation and supporting implementation of IPSASs and related guidance of the IPSAS Board.	Q4 - 2010 Completed Ongoing	President AAARS	AAARS General Secretary
<i>Supporting Members with the Implementation of IPSASs</i>					
3.	Q1 - 2011	Setting up specific training modules for accountants and auditors of the public sector that incorporates coverage of IPSASs. These seminars take place 2x / yr and focus on public sector issues related to:	Ongoing	Accounting and Audit Standards Committee, Education	Staff

		<ul style="list-style-type: none"> • Adoption and implementation of international standards • Recent changes in standards • Application of standards in practice • Disclosure of findings of audits of PS entities 		Committees	
4.	Q1 - 2005	<p>Publication of Public Sector Seminar Manuals. These manuals focus on a range of public sector issues which are typically discussed during the Public Sector Seminars. These include:</p> <ul style="list-style-type: none"> • Presentations and key findings from the seminars • Articles on the implementation of standards • Case examples of practical application issues 	Ongoing	Accounting and Audit Standards Committee, Education Committees	Staff
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Translation of new standards and amendments of existing ones timely published and incorporated in education programs.	Ongoing	Accounting and Audit Standards Committee, Education Committees	Staff
6.	Ongoing	Regular responses to IPSASB consultations on technical issues (principally exposure drafts).	Ongoing	Accounting and Audit Standards Committee	Staff
7.	Ongoing	The membership is being informed on international developments and latest news in this field through the magazines and periodical and annual meetings with the membership.	Ongoing	Accounting and Audit Standards Committee	Staff
<i>Review of AAARS Compliance Information</i>					
8.	Ongoing	Perform periodic review of SMO 5 section.	Ongoing	AAARS President	Staff

Action Plan Subject: SMO 6–Investigation & Discipline
Action Plan Objective: Upgrade Investigation and Disciplinary Procedures in Order to Meet the Requirements of SMO 6

Background:

The AAARS' system of disciplinary procedures and disciplinary liability has been adopted in year 2002 by means of the Rules on Disciplinary Procedures. It has been amended in year 2005 in order to adjust the system with the SMO6. The Ministry of Finance of Republika Srpska is not included in these investigation and disciplinary procedures. Based on the decisions of the Honor Court, the RS Ministry of Finance decides whether it will allow the RSAAA members to perform audit activities or not. Investigation and disciplinary procedures in this moment are compliant to the SMO 6 and current legal provisions of the Repulbika Srpska legislation. The AAARS continuously endeavors to timely bring their rulebooks and procedures in compliance with the legislative changes.

The AAARS system of investigation and discipline is housed in the organization's Honor Court. The Honor Court in its work applies following internal acts: AAARS Rules of Disciplinary procedures for the implementation of the Codex of ethics (No. 230/08 from June 2nd 2008) , AAARS Rules of Procedures of the Honor Court (from December 10th 2010), AAARS Statute (No. 130/12 from February 28th 2012). These internal regulations are in accordance with the regulations of RS Law on Accountancy and Audit ("Official Gazette of Republic of Srpska" , No 36/09, 52/11 and 94/15) and with the instructions which are at some point provided by IFAC (Statement of Membership Obligation 6 - Investigation and Disciplinary Procedures). The RS Law on Accountancy and Audit doesn't foresee a conduction of procedures for the delicts committed by the AAARS' members, but it does foresee AAARS' obligations if AAARS doesn't submit the annual reports to the Government of the Republic of Srpska. The fine, in accordance with the provisions of the Article 65 regarding of the Article 57 of the Accounting and Auditing Law of Republike Srpska.

Normative acts of the AAARS and the Honor Court are keeping up with current laws in the area of accounting. Adjustment happens every time when the legislator conducts some kind of a change or a new law associated with the accounting as an institute.

All members of the AAARS are made aware of the various infractions which may cause investigation and disciplinary procedures as well as the relevant sanctions through the AAARS' professional magazine. In the procedure of our members' responsibilities – all institutions that are in need of our members' services are de facto included. The Honor Court acts, based on the knowledge of any kind, as if the member of AAARS has committed a delict which is a direct violation of the codex. The Honor Court also acts if some of our members get labeled for committing a delict in the means of public information. The Honor Court, legally, in Bosnia and Herzegovina has no jurisdiction in conducting other procedures. Criminal Courts conduct procedures for criminal responsibilities and are not associated with decision of the Honor Court of the AAARS. On the basis of criminal convictions - the Court of Honor imposes the highest predicted sentence (sanction) onto the member. In that way, The Honor Court decides what are the violations of the Codex of Ethics, and it also uses the decisions of other institutions that work within their jurisdiction, but that does not mean that those decisions affect the verdict in its entirety. The Court has the entire membership's support, the conducted sanctions which are in interest of the Court's work have also affected the members' work, and the number of violated standards as well as the overall violations of business relationships within our membership - has dropped drastically. The AAARS itself does not withhold any assistance or help,

When it come to court's performances, there will be a full technical and material help in each phase of the procedure against the member. When it comes to

gathering information, proving the facts, or similar - the same relation/process is applied to anybody who initiates a procedure against the member.

Upon receipt of the objection regarding the professional or ethical behavior of a member, the Honor Court is convened. This Court is comprised of three independent individuals: 1 business community representative, 1 accountant representative, and 1 auditor representative. The Honor Court reviews the objection, makes the investigation and imposes offers a discipline when necessary. The appeals to these decisions are permitted and are submitted to a special body which is independent from the Court, the case and the individual.

The Court was in a continuous contact with the Committee for monitoring, implementation and control of the AAARS' regulation implementation, of which jurisdiction (the Committee's jurisdiction) includes initiation of the disciplinary procedures in front of the Honor Court in case there's a violation of the regulations from the field of accounting. Under the 2016 Standards Act on quality control in accounting and auditing profession in Republic of Srpska, the initiation of disciplinary proceedings shall be decided by the Committee's. With the decision that contains a description of facts, conduct or circumstances which led to the disciplinary proceedings, stating the evidence on which to initiate the procedure and grounds for the decision.

The Honor Court receives all the reports of the Commission, which the Commission sends during the calendar year. The Honor Court acts within its authority based on information and reports on breaches of the Code of Ethics by members of the Association during their professional activities. The Court will hold a trial and determine the member` responsibility in this infringement. An appeal is allowed against the Court's decision.

In this respect, the Honour Court in regular contact with the Committee for monitoring, implementation and control of the AAARS' regulation implementation. The Committee has undertaken education initiatives and raised awareness of the members about its activities. In accordance with the AAARS Rules on Disciplinary Procedures, notice of any disciplinary action that results in suspension and expulsion from AAARS shall be published in the current AAARS publications. There is a strong, and by law obligated, communication between the AAARS and the Ministry of Finance

It should be borne in mind that is determined by Law in Republic of Srpska that the Ministry of Finance exclusively controls the quality of the work of Accountants and Auditors of the Republic of Srpska to do so legitimately. In the last three years, the AAARS four times proposed that the Minister present to the National Assembly (which is the legislature) that the legal control be transferred to the Association. For now, we have no understanding for changing the Law, neither from the Ministry, not from the political parties that make up the Nation Assembly. AAARS is in the process of establishing and normative adjustment and selection of bodies in accordance with the membership obligations of SMO 6 in order to establish a process for independent review of complaints.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Review for Compliance with SMO 6</i>					
1.	Q4 - 2010	Review the current system of investigation and discipline for efficiency, effectiveness and for compliance with requirements of SMO 6 on Investigation and Discipline. Also, consider the requirements of the EC Statutory Audit Directive.	Q2 - 2011 Completed Ongoing	AAARS Board General Secretary	Staff

2.	Q2 - 2011	Create a report detailing the findings and recommendations stemming from this review and distribute to relevant parties.	Q2 - 2011 Completed Ongoing	President AAARS General Secretary	Staff
3.	Q2 - 2011	Develop and finalize a new system for AAARS investigation and discipline system that incorporates the findings and recommendations from the review. The current investigation and discipline system enables for: <ul style="list-style-type: none"> • Clearer mechanism for attracting complaints and detecting breaches of professional or ethical standards, • Speedy but effective scheme for investigations, • Fair but transparent disciplinary scheme, and Due process provision for appeals. 	Q4 - 2011 Completed Ongoing	President AAARS General Secretary	Staff
4.	Q4 - 2011	Present new finalized system to the Board and obtain Board approval.	Completed Ongoing	AAARS Board President AAARS General Secretary	Staff
5.	Q4 - 2012	Coordination of Court's work with the Committee for monitoring, implementation and control of implementation in the field of accounting and auditing.	Constantly	AAARS Board President AAARS General Secretary	Staff
6.	Q4 - 2012	Establish contact with similar institutions in the region for monitoring possible misuse by the Association's members. We cannot be sure in success of this initiative, but the Court will try with the circular letter to establish the cooperation with similar institutions. The Honor Court has given itself a task to establish a communication with similar institutions in neighboring countries, but for now there are no results. At this moment it is hard to predict what the response will be on this initiative. Concept of this cooperation is to exchange experiences, knowledge and if possible to harmonize them. This cooperation could minimize activities of misuse in members' work and have very good preventive effects which would be beneficial for every country in the region. The Court will be determined to organize a gathering, because the goal is for the volume of responsibility to be adjusted equally across the all neighboring countries. This	Constantly	AAARS Board President AAARS General Secretary	Staff

		is needed because there are certain, special, interstate agreements, and some of the members have dual citizenship, which in some cases may be the reason for avoiding the responsibility.			
<i>Maintaining Ongoing Processes</i>					
7.	Ongoing	Continue to promote the critical aspect of the need to comply with both IFAC/IESBA pronouncements and AAARS bylaws.	Constantly	President AAARS	AAARS General Secretary
8.	Ongoing	Update IPD and CPD programs for improvement of disciplinary scheme.	Constantly	Education Committee	Staff
9.	Ongoing	Communicate on activity in the annual report and on the AAARS website. The Rule Book on Investigation and Disciplinary Mechanisms has been made available at the AAARS web site.	Constantly	AAARS President	AAARS General Secretary
10.	Ongoing	AAARS will review the revised requirements of SMO 6 and take actions to ensure that the Investigation and Disciplinary mechanisms of AAARS meet these new requirements.	Ongoing	AAARS President	Staff
<i>Review of AAARS Compliance Information</i>					
11.	Ongoing	Review of AAARS' response to SMO 6 and update as necessary.	Ongoing	President	Staff

Main Requirements of SMO 6

Requirement s	Y	N	Partially	Comment s
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	x			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	x			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	x			
4. Link with the results of QA reviews has been established.	x			
Investigative Process				
5. A committee or similar body exists for performing investigations.		x		It is in the process of being established.
6. Members of a committee are independent of the subject of the investigation and other related parties.	x			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.		x		It is in the process of being established.
8. Members of the committee/entity include professional accountants as well as non-accountants.	x			

9. The tribunal exhibits independence of the subject of the investigation and other related parties.	x			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	x			
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	x			Decisions regarding any appeals are made by the AAARS' Management Board
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	x			Timeframe is defined by how difficult the case is and the need for proof.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	x			
14. Records of investigations and disciplinary processes are established.	x			There is a Protocol of the Honor Court.
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	x			The public is informed through the "Finrar" professional magazine.
16. A process for the independent review of complaints on which there was no follow-up established.		x		It is in the process of being established.

17. The results of the investigative and disciplinary proceedings are made available to the public.	x			
<p>Liaison with Outside Bodies</p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	x			Exchange of information with the Public Prosecution's Office and ordinary Courts.
<p>Regular Review of Implementation and Effectiveness</p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	x			Annual report for the AAARS' Management Board and per request of the RS Ministry of Finance

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Promoting the Adoption and Assisting with the Implementation of IFRS

Background:

In accordance with Article 2 of the [Law on Accounting and Auditing of Republika Srpska](#) and Law on Accounting and Auditing of Bosnia and Herzegovina, the accounting standards to be applied in all of the territory of BiH are: (i) the International Accounting Standards (IASs), that is, International Financial Reporting Standards (IFRSs), and (ii) related instructions, explanations and guidance issued by the International Accounting Standards Board. Application of IFRS for SMEs is permitted. Only the application of the translated editions is mandatory, while application of the English version can be prescribed exclusively by the regulatory bodies, such as the RS Banking Agency (for IFRS 9).

The BiH Accounting and Auditing Commission, in accordance with these Laws, is the recognized authority for the translation and issuance of IFRSs and any related instructions, explanations and guidance issued by the International Accounting Standards Board (IASB). According to the Law, this authorization can be transferred to the PAOs. In-line with this legislation, the Commission authorized the AAARS to translate and publish IFRSs into Serbian language. The 2019 version of IFRSs has been translated and is being applied. The Ministry of Finances of Serbia has been granted the rights to translate the latest edition into Serbian language and these activities are almost completed. According to our information, these activities are almost completed. IFRS for SMEs – edition 2015 has been translated and made available on the AAARS website at http://www.srrrs.org/?strana=mrs_za_sme. The IFRS Foundation has granted the rights to publish the translation to the AAARS. Given that this is a complex material that requires significant resources to translate, as an acceptable solution to this problem, we found through CPD program, through which accountants and auditors are trained and informed about the latest publications and developments regarding IAS / IFRSs.

In addition to the translation and publication of IFRSs, the AAARS has organized several seminars of CPD on the topic of implementation of latest IFRSs for professional accountants working in both the private and public sector. Additionally, they publish several manuals on the practical implementation of specific IFRSs.

#	Start Date	Action	Completion Date	Responsibility	Resource
<i>Translation of IFRSs</i>					
1.	Ongoing	Formalize the duties of each stakeholder in the translation process (national professional bodies, national governments of Republika Srpska, Serbia and Montenegro). The Ministry of Finances of Serbia has been granted the rights to translate the latest edition into Serbian language	Q4 - 2010 Completed Ongoing	Accounting and Auditing Standards Committee	Staff

#	Start Date	Action	CompletionDate	Responsibility	Resource
2.	Ongoing	The IFRS Foundation has granted the rights to publish the translation to the AAARS. Undertake steps to provide for financial funds necessary for these activities.	Ongoing	Accounting and Auditing Standards Committee	Staff
3.	Ongoing	Comment on new/amended standards/interpretation on the website and in professional magazines.	Ongoing	Accounting and Auditing Standards Committee	Staff
<i>Support with the Implementation of IFRS</i>					
4.	Ongoing	Organize seminars on IFRS adoption and implementation. These conferences traditionally focus on: <ul style="list-style-type: none"> • IFRSs, • Practical implementation issues, • Scope and limits of IFRSs, • Future of IFRSs. 	Ongoing	Accounting and Auditing Standards Committee	Staff
5.	Q3 - 2010	Develop responses to European Financial Reporting Advisory Group (EFRAG) and EC proposals and analysis on the difference between the Directive 2013/34/EU (previously EU 4th and 7th Directives) and the IFRSs and develop a position on same for BiH. Since 2020 the new curriculum (IPD) is applied, which also contains the requirements of the new IFRS.	Ongoing	General Secretary	Staff
<i>Promotion of IFRS for SMEs</i>					
6.	Q3 - 2010	Ensuring high quality CPD options on practical application of IAS/IFRS	Ongoing	AAARS President	Education Committees and Accounting and Auditing Standards Committee
7.		Facilitate the development of an adoption agreement between IASCF and the	Q3 - 2011	AAARS President	Education Committees and

	Q1 - 2011	Ministry of Finance, and a Translation Agreement between IFRS Foundation and an appropriate translation body for Serbian.	Completed Ongoing		Accounting and Auditing Standards
8.	Q4 - 2010	Recommend alternate models for the adoption of IFRSs and the IFRS for SMEs in BiH, including the definition of the scope of application of the IFRS for SME standard, in conjunction with the FBiH Entity and neighbor countries. Law permits SMEs to apply either IFRSs or IFRS for SMEs. During CPD all standards for SMEs have been presented and the differences between IFRS and IFRS for SMEs were emphasized.	Q4 - 2010 Completed Ongoing	Accounting and Auditing Standards Committee	Staff
<i>Teaching the Teachers</i>					
9.	Q4 - 2010	Arrange specific training sessions for the educators who will have the charge to teach the future users, both during initial formation and CPD (in collaboration with the IFRS Foundation regional approach to teacher training and utilizing the IFRS Foundation training materials for the IFRS for SMEs).	Ongoing	Education Committees and Accounting and Auditing Standards Committee	Staff
<i>Maintaining Ongoing Processes</i>					
10.	Ongoing	Continue to further implementation of IFRS through publications, seminars, workshops, etc. which focus on recent updates to IFRSs and their proper application	Ongoing	AAARS General Secretary	Staff
<i>Review of AAARS Compliance Information</i>					
11.	Ongoing	Perform periodic reviews of AAARS` responses to SMO 7.	Ongoing	President	Staff

Date: December 23, 2019

Kevin Dancey C.M., FCPA, FCA
Chief Executive Officer
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017 USA

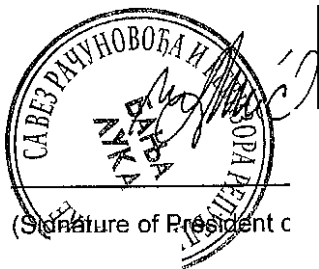
Dear Mr Dancey,

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

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

On behalf of the leadership of the Association of Accountants and Auditors of Republic of Srpska, 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,



The image shows a circular official stamp of the Association of Accountants and Auditors of Republic of Srpska. The stamp contains the text "САВЕЗ РАЧУНОВОЂА И АУДИТОРА РЕПУБЛИКЕ СРПСКЕ" around the perimeter. In the center, there is a signature and the text "ПРЕДСЕДНИК". Below the stamp, the text "(Signature of President c" is partially visible.