



August 5, 2021

Name: Boško Vidaković

Title: secretary general

Company: Chamber of authorized auditors

Address: Makedonska 30

Email: office@kor.org.rs

Attestation of Ongoing SMO Compliance

IFAC Statements of Membership Obligations (SMOs) require IFAC Members and Associates to support the adoption and implementation 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 Chamber of authorized auditors has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). We have reviewed the information contained within the SMO Action Plan and affirm that the Chamber of authorized auditors continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations.

On behalf of the leadership of the Chamber of authorized auditors , I endorse the 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.

Boško Vidaković,



secretary general

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

(Title)

Chamber of authorized auditors

(Name of PAO)

August 5, 2021

(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 Authorized Auditors (CAA)
Approved by Governing Body:	Chamber of Authorized Auditors Governing Council (GC)
Original Publish Date	January 2013
Last Update:	August 2021
Next Update:	August 2024

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

CAA	Chamber of Authorized Auditors (of Serbia)
CAC	Croatian Chamber of Auditors
CoE	Code of Ethics
CPD	Continuous Professional Development
EB	Ethical Board of CAA
GC	Governing Council of CAA
I&D	Investigation and Discipline
IAQ	Initial Assessment Questionnaire
IAR	Initial Assessment Review
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISQC1	International Standards on Quality Control 1
ISA	International Standards of Auditing
MoF	Ministry of Finance
NCA	National Commission for Accounting/Auditing (a MoF Working Party)
APOB	Audit Public Oversight Board
QA	Quality Assurance
QC	Quality Control
QAD	Quality Assurance Department of CAA
SAAA	Serbian Association of Accountants and Auditors
SMO	Statement of Membership Obligation (based on the revised SMOs, version November 2012)
SEC	Securities commission

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Development and implementation of Quality Assurance Review System

The Quality assurance (QA) review of audits of financial statements in Serbia was assigned by the law to the Chamber of authorized auditors (hereinafter CAA), since 2010. However, supervision over work of the audit firms rested, until recently, with Ministry of finance (M o F). The new Law on audit that was introduced in 2020 moved the QA from the CAA to the Securities commission (SEC). The entire QA team from the CAA was moved to the SEC including employees and documentation. The SEC adopted the CAA-s methodology for QA.

The new Audit Act concordant with EU directives set up in detailed the legal basis for the quality control of audits of financial statements, audit firms, independent auditor and licensed auditor that is to be performed by SEC. Pursuant to the Audit Act, the audit has to be conducted in accordance with Code of Ethics and ISAs and observance of other professional and legal/regulatory requirements. Audit firms are obliged to established and maintain quality control system that is in line with ISQC1. The CAA roll is to oversee the QA process, conduct QA for its members and report its findings to the SEC.

The new law kept the requirement that all audit firms are to submit to Chamber of Authorized Auditors (CAA) their Audit Methodologies for review and to obtain CAA opinion on their appropriateness (i.e.; accordance with Code of Ethic, ISQC1, ISA's and other professional rules). During the process of review and before issuing an opinion, CAA acted proactively and assists its member to improve audit manuals and standard documentation in line with requirement of the Code of Ethics, ISQC1, ISA's, AML, and other professional, regulatory and legal requirements.

The CAA plans to support the implementation of ISQM1 as it becomes effective on December 15th 2022. In addition, new Audit Act enacted Audit Public Oversight Board (APOB) which, together with SEC, is to perform supervision over the work of CAA. As one of its main functions CAA established the Rule Book on Methodology for performing quality control of audits of financial statements, audit firms, independent auditors and licensed auditors (SMO 1 paragraphs 26-79). Currently, no independent auditor has been registered with CAA.

The CAA Quality assurance system and activities are subject to supervision/ review of the APOB and SEC (SMO pa 80-81).

According to the Audit Act the audit firms with public interest audits are subject to a three-year visit cycle. All other audit firms carrying out statutory audits are subject to a six-year visit cycle. The audit firm may be subject of QA review more frequently, especially where SEC issued Decree ordering corrective and disciplinary measures. The criteria for selection of the audit firms for the first quality assurance visits was risk based. QA review plan and programme is adopted by SEC on a yearly basis. CAA has prepared - in accordance with SMO1 - a document for the publication of quality assurance regulations. During QA-activities, CAA's QAD discussed audit requirements with audit firms and provided advice to firms reviewed when issues were identified to strengthen audit quality.

However, pursuant to new Auditing Act, if during the QA activities CAD's reviewer determined that an audit firm (or independent auditor), failed to act in accordance with provisions of the Audit Act, or rules of the profession, SEC and CAA has the obligation to submit to the APOB report on QA review performed with proposition of the corrective and disciplinary measures. Subsequently, on proposition of the APOB, the SEC is to issue a Decree that may include the following Corrective and Disciplinary measures against:

I Audit firm:

1. Issue an order to eliminate irregularities;
2. Impose additional measures requiring:

<p>a) improvement in system of quality control of the audit firm</p> <p>b) improvement of the internal supervision system over confidential data,</p> <p>c) other measure in accordance with the Act, ISA and rule of the profession</p> <p>3. Conditional suspension of the working licence (six month to two years; condition: not to fail to act in accordance with law requirement in the period specified in the SEC Decree)</p> <p>4. Withdrawal of the working licence (Maximum withdrawal period is 5 years).</p> <p>II Licensed authorised auditor: In addition to the measures 1, 3 and 4 above, public warnings may be imposed</p> <p>The Decree issued by SEC are passed on to the CAA and are to be recorded in the Register of corrective and disciplinary measures that is kept by the CAA. From 2016 to 2020 the APOB and the Ministry of finance has approved 41 corrective and the disciplinary measures as the result of the QA program. The measures are posted on the CAA website. http://www.kor.rs/registar_mera.asp</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
Supporting members with the implementation of Quality Control Standards					
1.	2011	Prepare technical support for the CAA members about implementation of ISQC1 requirements. Through CPD course material (ref SMO 2). Note: SAAA has the translations rights for IAASB-pronouncements (ref SMO 3).	Ongoing - annually	CAA GC	CAA's QAD employees, SAAA translation
2.	2011	Prepare and conduct training modules for the CAA members relating to the quality control standards – ISQC 1 and ISA 220. The modules are to be updated with the most significant and the most frequent issues identified during the QA reviews of audit firms (ref SMO 2).	Executed 2011, October 2012, November 2013, November 2014 Ongoing - annually	CAA GC	Practitioners (CAA members) and CAA employees
Quality Assurance Review System					
3.	January 2013	Design the 2013 plan for IAR's and QA reviews and a detailed programme of QAD activities (inspections and education/training). Inspections are focused on the QC-system (tailor made design and compliance with ISQC1) and proper implementation of the QC-system through file review of assignments of the Assurance Framework: (assurance and related services).	March 2013 Completed	CAA's QAD	CAA's QAD employees

4.	Ongoing	Reporting to the CAA GC about IAR results and the summary of QA results.	Ongoing annually	CAA's QAD	CAA's QAD employees
5.	December 2012	Creation of the Annual Report for collection of data about QAD activities and QA results in 2012 and on.	Completed February 2013 and ongoing annually	CAA's QAD	CAA's QAD employees
6.	March 2012 and Ongoing	Execute full monitoring visits (full assessment reviews) according to legal framework and developed methodology manual (SMO 1, pa 43- 50)	First cycle completed Nov 2012, and ongoing	CAA's QAD	CAA's QAD employees
7.	November 2013	Reporting to the CAA GC regarding QA review results and processes, consider intermediate action (CPD, ref SMO 2 and 6).	Completed Ongoing	CAA's QAD and GC	CAA's QAD employees
8.	July 2013	Implement and execute requirements of the new Audit Act relating to the: a) Review of audit firms methodologies; during review process assist and provide guidance to the audit firms on the elements, policies and procedures for improvements needed, b) Assessment as to compliance with Code of Ethics, ISQC1, ISA's, AML and other professional and applicable regulatory and legal requirements; c) Issuing opinions as to appropriateness of the reviewed methodologies for the purpose of submitting it as a part of documentation needed for obtaining working licence from M o F.	July 2014 Completed	CAA's QAD and GC	CAA's QAD employees
9.	2014	Prepare the annual plan for 2014 QA review of the audit firms and authorized licenced auditors. Obtain a APOB consent.	Completed	CAA's QAD and GC	CAA's QAD employees
10.	2014	Perform a full QA review according to the 2014 plan (approved by CG on the basis of the APOB and M o F consent)	Completed December 2014	CAA's QAD and GC	CAA's QAD employees
11.	2014	Prepare Report on 2014 QA review's that incorporate proposal of corrective and disciplinary measures. Annual Report on the results of CA review is to be posted on CAA website immediately after receiving approval and final M o F's Decrees on the enacted measures.	Report Completed December 2014	1. For preparing Report on QA review results CAA's : QAD, QC Commission, GC; 2. APOB, M o F for approving Report and issuance of Decrees ordering execution of	1. CAA's QAD employees for preparation of Report 2. AOPB, MoF for approving Report and issuance of

				the corrective, disciplinary measures	Decrees ordering execution of the corrective, disciplinary measures
12.	2015	To create and keep in accordance with Audit Act Register of corrective and disciplinary measures ordered by MoF's Decrees	2015 as soon as MoF's Decrees are received Completed	CAA CAD employees	CAA CAD employees
13.	Ongoing	Monitoring the three-year and six-year cycles of QA reviews in every years plan.	Ongoing - Annually	CAA's QAD	CAA's QAD employees
14.	Ongoing	Tracking changes in business environments of audit firms for the purpose of risk analysis for programming CAA QA visits.	Ongoing - Annually	CAA's QAD	CAA's QAD employees
15.	Ongoing	QA staff are receiving training from the Dutch NBA	2014, 2015 Completed	CAA's QAD	Dutch consultants
16.	2015	Prepare Report on 2015 QA review's that incorporate proposal of corrective and disciplinary measures. Annual Report on the results of CA review is to be posted on CAA website immediately after receiving approval and final M o F's Decrees on the enacted measures. The reports on QA reviews are updated annually.	Ongoing	1. For preparing Report on QA review results CAA's : QAD, QC Commission, GC; 2. APOB, M o F for approving Report and issuance of Decrees ordering execution of the corrective, disciplinary measures	1. CAA's QAD employees for preparation of Report 2. AOPB, MoF for approving Report and issuance of Decrees ordering execution of the corrective, disciplinary measures
<i>Maintaining Ongoing Processes</i>					
17.	2010	Continue to ensure that CAA QA-activities are aligning with the Serbian Audit Act and feasible in the Serbian professional environment. Perform policy dialogues with MoF (directly and through APOB, NCA, a MOF working party) about proposed law amendments concerning membership, license, use of financial statements, required accounting standards (see SMO 7), future public oversight and related issues like inclusion of the internal auditors whenever this category will be part of CAA membership; a CAA representative participates in NCA.	Completed 2013 and ongoing	CAA GC	CAA GC and employees, MoF/NCA

		Perform policy dialogues with representatives of the profession/firms.			
18.	2013	Continue to ensure that CAA's QA reviews are operating effectively and continue 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's QAD	CAA's QAD employees
<i>Review of CAA's Compliance Information</i>					
19.	2014	Perform periodic review of SMO 1 Section of the SMO Action Plan.	Ongoing	CAA's QAD	CAA's QAD employees

Self-assessment against SMO 1 (2021)

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			
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			

Requirements	Y	N	Partially	Comments
Review cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	X			A cycle-based approach is used in Serbia.
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			The independence of the QA team is assessed as the team is employed by the SEC and approved by the APOB
8. QA Team possesses appropriate levels of expertise.	X			The QA team has more than 5 years working experience in big 4 companies.
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			
Corrective and disciplinary actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	X			The reviewed firms/partners have to make an action plan that is monitored by QA team.
12. QA review system is linked to the Investigation and Discipline system.	X			It is linked through the POB and SEC.

Requirements	Y	N	Partially	Comments
<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 issued by the IAESB

Action Plan Objective: To ensure that all IES requirements are incorporated into CAA's education requirements

Background

CAA is responsible for adoption and implementation of IESs in the Serbian profession. CAA has developed a credible independent professional examination system for authorized auditors and is working on further developing its capacity to safeguard the professional quality of its members who are (licensed statutory) auditors. Membership in the CAA is mandatory for all practicing auditors. The Licences are issued by the Ministry of finance.

In order to be admitted as a member of CAA, candidates must meet certain requirements. According to the Serbian Law, in order to begin a program of professional education, a candidate must obtain a university bachelor's degree and three years of work experience in an audit firm. CAA monitors prequalification requirements of candidates. These qualifications are mandatory for the issuing of a licence.

According to the European 8th Directive and the Accounting and Audit Act, after completing the CAA initial professional education program, candidates are required to pass an examination to be considered a authorized auditor. Examinations are set by CAA through its Commission for Exams. The process includes academic experts who recommend specific exam questions, the Commission for Exams then elects the questions and grades the exams. The assessment is uniform for all students. The CAA professional education programme and examination programme for authorized auditor has been bring in line with IES requirements and includes the following subjects: Grade I :

1. Accounting theory and principles; 2. Conceptual Framework for Financial Reporting (the IFRS Framework); 3. Financial analyses; 4. Management accounting; 5. Risks management and internal controls; 6. Audit theory; 7. Audit methodology;

Grade II:

1. Law for authorized auditors; 2. Tax system; 3. Business IT systems; 4. Micro economy, macro economy and financial economy; 5. Finance mathematics and statistics; 6. Financial managements of the companies. All the exams are set up on written basis.

The CAA develops cooperation with the Faculty of Economics University of Belgrade and other stakeholders to implement structures and programs for students in accordance with IESs and with proper linkages to the CAA professional education programme; this is to safeguard the CAA's entry level for students that wish to follow the CAA's education programme.

With regard to Continuing Professional Development (CPD), According to the changes in Internal Act on CPD (in effect of March 2014) authorized licenced auditors should have a 120 hours of CPD cumulatively for period of three years on all new information and developments in areas relevant to audit profession (QA-issues viable for improvement, changes in Audit Act, Accounting Law and other relevant Laws, changes in ISAs, IFRSs, IFRS for SME and other (inter)national developments).

According to the CAA Statute member who fails to take part in CPD without justified grounds, CAA can proceed with disciplinary measures such as: reminder, reprimand, temporary withdrawal of the right to carry out audits or permanent withdrawal of the right to carry out audits.

The legal framework for the CPD for auditors is the Law on audit article 11 and 57.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption and full implementation of the IES</i>					
20.	Ongoing	So far, the Translation of IES into Serbian language was not necessary because CAA designed the education program upon the original English version of IESs. Translation of IESs is upon consideration.	Ongoing	Education Committee	Education Committee CAA's employees
21.	Ongoing	Cooperation with the Faculty of Economics University of Belgrade and other education providers to implement structures and programs for students in accordance with IESs to safeguard sufficient entry level of candidates for the CAA programme, increasing the success rate of the accession exam to the CAA programme. The cooperation is ongoing in meetings and practical education provided by the CAA.	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee
22.	Ongoing	Implementation of IES 1-8 with particular attention for issues where compliance with IESs is not complete: monitoring work experience and CPD (40 hours per year)	completed December 2013	CAA GC – Education Committee	CAA GC – Education Committee
23.	Ongoing	Continue to monitor IESs for updates and ensure that these updates are adequately reflected in the CAA education programme and related regulation, monitoring and governance. The revised IES are adopted as soon as possible.	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee
<i>Maintaining Ongoing Processes</i>					
24.	Ongoing	Continue to ensure that CAA's education requirements continue to incorporate IES requirements. This includes periodic review of the existing requirements, the evaluation of the Education Committee and preparation of the Action Plan for future activities where necessary.	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee
25.	December 2013	Design and operate a monitoring system for prequalification requirements for candidates (entry level theoretical education assessment and work experience assessment), and CPD requirements of CAA members (certified auditors).	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
26.	Ongoing	Organizing a CPD courses for licensed auditors	Completed: October 2013, 2014, 2015, 2016, 2017...2020 Completed and ongoing annually	CAA GC – Education Committee	CAA GC – Education Committee
<i>Review of CAA's Compliance Information</i>					
27.	2014	Perform periodic review of SMO 2 Section of the SMO Action Plan.	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee

Action Plan Subject: SMO 3—International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to use best endeavours to maintain ongoing process to adopt and implement IAASB Pronouncements

Background

The Audit Act requires international audit standards for audits of financial statements in the Republic of Serbia, including any revisions as enacted by IAASB, without modifications including the effective date. The Audit Act also requires adoption and implementation of ISQC1 for audit firms. The formal translation is the 2016 version adopted by the Ministry of finance.

CAA promotes and enforces implementation through education activities and CPD courses. IAASB information is publicly available, but the overall responsibility of translating the ISAs is with the SAAA (IFAC translation rights).

The scope of mandatory audits is regulated by article 21 on the Law on audit “An audit shall be required for regular annual financial statements of large and medium legal entities classified in accordance with the law governing accounting, public companies in accordance with the law governing the capital market irrespective of their size, as well as all legal entities or sole proprietors whose business revenue for the previous financial year exceeded 4.4 million EUR in dinar counter value (statutory audit).

An audit of consolidated financial statements shall be required for parent legal entities that prepare consolidated financial statements in accordance with the law governing accounting (statutory audit).

For the conversion of the foreign currency amount referred to in paragraph 1 of this Article to dinar counter value, the official middle exchange rate of the dinar shall be applied that is determined by the National Bank of Serbia and valid on the last day of the financial year for which a financial statement is prepared.

An audit of financial statements of legal entities and other entities that are not listed in paragraphs 1 and 2 of this Article shall be considered voluntary audit.”

The current translated version is the 2016-2017 version of ISAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further improvements to process for adoption and implementation of IAASB pronouncements</i>					
28.	Ongoing	Informing CAA members on the latest version (translation) of the ISAs and other IAASB pronouncements; members have the opportunity the purchase the translated version at SAAA.	Ongoing annually	CAA GC	CAA's employees, translations: SAAA
29.		Informing CAA members on the translation of: Guide to Quality Control for Small and Medium-Sized Practices. Third Edition Members have opportunity to purchase translated version at SAAA.	Completed	CAA	CAA's employees, Translations: SAAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
30.		<p>Informing CAA members on the translation of:</p> <ul style="list-style-type: none"> - Guide to Using International Standards on Auditing in the Audits of Small- and Medium- Sized Entities, Volume 1 - Core Concepts, Third Edition, November 2011; - Guide to Using International Standards on Auditing in the Audits of Small- and Medium- Sized Entities, Volume 2 - Practical Guidance, Third Edition, November 2011. <p>Members have the opportunity the purchase the translated version at CAC (Croatian Chamber of Auditors).</p>	Completed and ongoing annually	CAA	CAA's employees
31.	Ongoing	<p>On annual basis, the CAA organises courses or workshops to educate certified auditors about</p> <ul style="list-style-type: none"> - ISAs implementation and new auditing requirements. - IAS/IFRS - IFRS for SME <p>AML and other relevant topics</p> <p>The CAAs annual CPD conference in 2014, 2015, 2016...2021</p>	Completed and ongoing annually	CAA GC – Education Committee	CAA GC – Education Committee, Practitioners and CAA employees
32.	May 2013	<p>On a continuous basis ensure that prequalification education and certification materials utilize most recent amendments and additions to ISAs and other IAASB pronouncements.</p>	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee and CAA employees
33.	October 2013	<p>Enhance and strengthen (ref SMO 2) IPD-programme (CAA Education Programme) and CPD program on amended IAASB pronouncements (among which ISAs and ISQC1)</p>	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee, Practitioners and CAA employees
34.	Jun 2014	<p>Provide auditors with the information on auditing issues connected with the actual global or national financial situation and trends through CPD and on website.</p>	December 2014 and ongoing	CAA GC	CAA GC, Practitioners and CAA employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
35.	2012	Implementation of ISAs is a subject of QA reviews (ref SMO 1). Feedback from QA activities about application issues is the basis for further planning and organizing CAA CPD activities (ref SMO 2).	Ongoing	CAA GC – Education Committee	CAA GC – Education Committee and CAA employees
<i>Maintaining Ongoing Processes</i>					
36.	2012	Perform policy dialogues with MoF and representatives of the internal auditors on the potential inclusion of the internal auditors in CAA membership. Internal auditors are voluntary members of the CAA	2014 Completed	CAA GC –	CAA GC –
37.	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	CAA	CAA employees
38.	Ongoing	IAASB pronouncements are distributed in English to CAA members	Ongoing	CAA	CAA employees
<i>Review of CAA's Compliance Information</i>					
39.	2014	Perform periodic review of SMO 3 Section of the SMO Action Plan.	Ongoing	CAA	CAA employees

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to use best endeavours to maintain ongoing process to adopt and implement IESBA Code of Ethics and other IESBA pronouncements

<i>Background</i>					
<p>The CAA has a statutory responsibility to promote quality, expertise and integrity in the profession of accountancy by its members and to promote, control and regulate the profession of accountancy by its members in the Republic of Serbia. The CAA adopted the IESBA Code of Ethics and other IESBA pronouncements without modifications. The Law authorizes the CAA to adopt the code.</p> <p>The SAAA has translated the IFAC Code of Ethics as the SAAA has IFAC translation approval.</p> <p>The CAA encourage and promote application of the Code of Ethics and other IESBA pronouncements to its members.</p> <p>The legal framework for the Ethical requirements for auditors is the Law on audit article 27.</p> <p>Statutory audits shall be performed in accordance with this Law, other laws governing mandatory auditing of financial statements of certain legal entities, the ISA, and the Code of Professional Ethics of auditors.</p> <p>The current translation of the Code of Ethics is 2018.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further ensure effective implementation of the Code of Ethics</i>					
40.	Ongoing	Informing CAA members on the latest version (translation) of the Code of Ethics and other IESBA pronouncements; members have the opportunity the purchase the translated version at SAAA or CAC (Croatian Chamber of Auditors).	Ongoing Annually	CAA GC	CAA's employees, translations: SAAA
41.	Ongoing	Monitor the changes made to the IESBA Code of Ethics and other IESBA pronouncements and adopt the changes following the existing due process. This includes updating the Action Plan as necessary. The members of the Ethical board have annual classes on revisions of the Code of Ethics. They have use time during our annual CPD course to update our members on revisions of the Code of Ethics.	Ongoing	CAA GC	CAA's Ethical Board CAA's employees
42.	Ongoing	Compliance with ethical requirements is a subject of QA reviews (ref SMO 1) and a consideration when investigating complaints (ref SMO 6).	Ongoing	CAA and CAA's QAD	CAA's employees CAA Ethical Board
43.	Ongoing	Provide auditors with the information on ethics issues connected with the actual global or national trends. Include relevant subjects in CPD program (ref SMO 2).	Ongoing- Annually	CAA GC – Education Committee	CAA GC, Practitioners and CAA employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
44.	Ongoing	Continue to support ongoing adoption and implementation of IESBA Code of Ethics and other IESBA pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CAA GC	CAA's Ethical Board CAA's employees
<i>Review of CAA's Compliance Information</i>					
45.	2014	Perform periodic review of SMO 4 Section of the SMO Action Plan.	Ongoing	CAA GC	CAA's employees CAA;s Ethical Board

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Promoting the use of IPSASs in Serbia

<i>Background</i>					
Public Sector accounting standards are not within the scope and function of the CAA.					
The CAA is promoting IPSASs through policy dialogues with MoF, State audit office and other stakeholders. At this time the CAA cannot do any further activities then promoting and raising awareness about IPSAS.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the Use of IPSASs</i>					
46.	September 2013	Perform policy dialogues and create awareness, promote the use of the IPSASs among the members and Government institutions through presentations and meetings with the MoF, NCA and the State Audit Office.	Ongoing	CAA GC	CAA GC Mof/NCA
<i>Maintaining Ongoing Processes</i>					
47.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary, this includes future consideration for including IPSASs in the education programmes (IPD and CPD).	Ongoing	CAA GC	CAA's employees
<i>Review of CAA's Compliance Information</i>					
48.	2014	Perform periodic review of SMO 5 Section of the SMO Action Plan.	Ongoing	CAA GC	CAA's employees

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Continue to use best endeavours and further improve CAA’s investigation and disciplinary system

<i>Background</i>					
<p>CAA is responsible for investigating and disciplining (I&D) audit firms and authorized licensed auditors carrying out the processes through CAA’s staff, committee for I&D and Ethical Board (EB). CAA developed and established I&D programme. Under the law CAA is required to report involvement of members in crimes and offenses to several official bodies: Audit Public Oversight Board, Ministry of Finance, Police, Public Prosecutor and Ministry of Justice. The I&D committee is acting complaints-based and also has the authority to investigate if it sees necessary. The I&D committee has full support of CAA staff, among which representation of the legal profession.</p> <p>Sanctions are ranked from warning, reprimand to withdrawal of the right to carry out audits (loss of professional title) as explained in detail in section SMO 6.</p> <p>The QA committee preforms investigations through QA staff. Also, the I&D committee preforms investigations through the CAA-s staff and with the QA committee. Disciplinary measures are proposed by the committees and adopted by the governing council.</p> <p>The legal framework for the I&D is the Law on audit article 57.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Development of I&D process</i>					
49.	January 2007	Introduction of I&D mechanism to CAA’s members and building members’ awareness of the existing I&D process.	Completed September 2007	CAA GC –DC	CAA employees
50.	September 2007	Commence I&D process. Begin implementation of sanctions process; this activity is currently in process. The first disciplinary actions undertaken and processed through Disciplinary Council and Courts, where relevant.	January 2013, and ongoing	CAA GC –DC	CAA employees
51.	January 2011	Considering for a more direct representation in of the legal profession in the DC and its processes. Considering the specifics for a design and implementation of a more independent appeal process.	2014	CAA GC –DC	CAA employees
52.	2015	We will be using the results of QA in the I&D process after finalizing the period of the learning process for QA and QC.	2015 and ongoing	CAA GC, QAD, DC	QAD and CAA employees
53.	2014	In accordance with new Auditing Act requirements, prepare (as a part of report on 2014 QA’s review results) proposal of corrective and disciplinary measures that is to be submitted to the APOB and M o F.	Completed and submitted and ongoing	CAA GC QAD	CAA’s QAD employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
54.	2013	Considering intermediate actions (publications, CPD) based on disciplinary cases and areas where improvement is needed or desired.	Intensified after 2013 and ongoing	CAA GC – DC, Education Committee	CAA employees
<i>Maintaining Ongoing Processes</i>					
55.	Ongoing	Continue to use best endeavours to ensure CAA's investigation and disciplinary mechanism continues to address all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CAA GC –DC	CAA employees
<i>Review of CAA's Compliance Information</i>					
56.	2014	Perform periodic review of SMO 6 Section of the SMO Action Plan.	Ongoing	CAA GC –DC	CAA employees

Main Requirements of SMO 6 (2021)

Requirements	Y	N	Partially	Comments
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			This information is considered privileged by the Law. There is a publicly available registry of firms/partners that have been sanctioned. Also, general Information about misconducts that are subject to investigative actions is publicly available.
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	X			

Requirements	Y	N	Partially	Comments
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			The CAA has I&D committee that preforms investigations of potential misconducts of CAA members. It has the power to sanction and inform the SEC and the POB on its findings.
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			If a committee member is not fully independent from the subject of investigation, he\she is removed from the committee until the investigation is over.
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			Disciplinary measures are proposed by the committees and adopted by the governing council.
8. Members of the committee/entity include professional accountants as well as non-accountants.		X		Members of the committee are members of the CAA; they are all licensed auditors.
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			This is done with the POB and the SEC.

Requirements	Y	N	Partially	Comments
Rights of representation and appeal				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	X			The governing council has that role. Also, third parties can appeal to the MoF. Also, legal action can be taken against the decision of the SEC.
Administrative Processes			X	
12. Timeframe targets for disposal of all cases are set.				Cases are reviewed one by one as they are put on the agenda.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			Regular reports are given to the Governing council and the general assembly.
14. Records of investigations and disciplinary processes are established.	X			
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			All the information is available on the CAA web site as well as regular reporting to the POB and SEC.
16. A process for the independent review of complaints on which there was no follow-up is established.	X			A process is established for an independent review of all cases.
17. The results of the investigative and disciplinary proceedings are made available to the public.	X			
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	X			The CAA is obligated to report any criminal activity seen in its I&D processes

Requirements	Y	N	Partially	Comments
<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			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to use best endeavours to maintain and continuously improve an ongoing program for adoption and implementation of IFRS

Background

The accounting framework of Serbia is driven by the EU Fourth and Seventh Directive and EU Commission Regulation 2002/1606 on IFRS. The MoF is responsible for enacting financial reporting standards in the Republic of Serbia. MoF is also responsible for translation of IFRSs issued by the International Accounting Standards Board (IASB)

CAA is not involved in the translation and publication process. However, CAA is represented (by one of its employee) in the MoF's Committee for review of IFRS and IFRS SME translations.

In accordance with new Accounting Law (enacted in 2020) the application of the IFRS is mandatory for the following:

- 1, Large legal entities (entities that meet 2 of the following criteria: a) Assets (average for the year) over 17,500.000 Eur, b) Revenue over 35,000,000 Eur, c) over 250 employees),
2. Legal entities that has obligation to prepare consolidated financial statements (parent companies),
3. Public interest entities (as specified at accounting law) or entities preparing to become PIE

Small and medium legal entities applied IFRS for SME (exceptionally, medium legal entities may elect to apply full MSFI)

Micro and other legal entities apply Rules provided by MoF (exceptionally may elect to apply IFRS for SME)

CAA has no legal responsibility for adoption and implementation of the IFRS, IFRS for SME or other accounting rules according to SMO 7. CAA enacts promulgation of IFRSs, IFRS for SME and other regulatory requirements through basic education activities and CPD.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to improve IFRS implementation</i>					
57.	Ongoing	Continue in an active participation in the meetings with the MoF for policy dialogues on the issue of accounting standards in Serbia (present issues: compliance with IFRS and availability, fit for purpose accounting standards and proportionate application for SMEs and micro's; the public use of financial statements and future role of IFRS for SMEs). Perform policy dialogues with representatives of the professional environment in Serbia: firms, individual professionals. Meetings with the MoF, Chamber of commerce, University of Belgrade etc.	Ongoing	CAA GC	CAA GC, MoF, NCA, SAAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
58.	Ongoing	Taking active part in the M o F's Committee for review of IFRS and IFRS SME translations aiming to regularly update and provide timely revised and new promulgated standards to the professional community.	2014 Completed review of translations of IAS/IFRS standards needed for updated applications by professional community. and Ongoing	MoF	MoF CAA's employee as a member of MoF's Review Committee
59.	Ongoing	Provide comments on the proposed changes in the accounting legislation.	Ongoing	CAA GC	CAA's employees
60.	Ongoing	Assist and support for CAA members with technical tools regarding public disclosure of audited financial statements.	Ongoing	CAA GC	CAA's employees
61.	Ongoing	Continue in the co-operation with the MoF, and in inclusion the IFRS in the curricula for the CPD and IPD (ref SMO 2).	Ongoing	CAA GC, Education Committee	Practitioners (CAA members) and CAA employees
62.	Ongoing	During our CPD courses we provide regular updates to the members about new and revised standards issued by the IASB. The CAA organises regular meetings with audit firm representatives on the subject of changes made by IASB.	Ongoing	CAA GC, Education Committee	Practitioners (CAA members) and CAA employees
<i>Maintaining Ongoing Processes</i>					
63.	Ongoing	Continue to identify opportunities to further assist in implementation of IFRSs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	CAA GC	CAA's employees
<i>Review of CAA's Compliance Information</i>					
64.	2014	Perform periodic review of SMO 7 Section of the SMO Action Plan.	Ongoing	CAA GC	CAA's employees