

## ASSOCIATION OF ACCOUNTANTS OF THE REPUBLIC OF LATVIA

Country: Latvia

Established: 1994

Membership: more than 400, including certified accountants and tax consultants, specialists in finance and internal and external audit

Website: [www.lrga.lv](http://www.lrga.lv)

The Association of Accountants of the Republic of Latvia (AARL) is a professional association of accountants founded in 1994. Currently, the association unites more than 400 participants, including certified accountants and tax consultants, specialists in finance and external and internal audit, and teaching staff of higher educational institutions, as well as accountants working in public practice. The association is an open association for all representatives of accounting profession, for whom quality of the provided services and prestige of the profession are important. Therefore, one of the main objectives of the association is to improve professional skills of accountants and carry out their certification that was initiated in 2000 in accordance with the criteria of professional qualification of accountants based on the International Education Standards and EU requirements.

### **Q1. *What is the state of cooperation between EU states in terms of the accountancy profession?***

The importance of accounting profession and problems of accounting qualification in Latvia thus far received too little attention. Currently, no regulation of accountants' professional activity exists in Latvia compared with the practice in other European countries. Being aware that one of the financial statements and tax returns assurance and quality criteria is accounting expertise, in accordance with EU countries best practices, AARL believes that the accounting profession needs to be included in the list of regulated professions by the amendments to relative regulation in Latvia.

In this context, AARL has prepared a draft Law on Certified Accountants, as well as offers to introduce and provide state oversight of accountants' professional regulation. AARL engages in a broad regulatory framework for accounting and financial reporting, its design and development process (including International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and International Public Sector Accounting Standards (IPSAS) application issues), participates in relevant working groups, and summarizing the association's members comments and expressing opinions to the Ministry of Finance, as well as in collaborating with other institutions and related associations in Latvia.

### **Q2. *What challenges did AARL face in creating your own certification requirements (based on the International Education Standards and EU requirements)?***

The association has a base of long-term cooperation with other institutions and organizations in Latvia, among which are higher schools and universities, the Ministry of Finance, the State Revenue Service, the Latvian Association of Certified Auditors (LACA, a full member of IFAC), and the Association of Tax Consultants. Close collaboration was formed with the associations of accountants in Lithuania and

Estonia, including on certification issues. The association is a member of the European Accounting Association (EAA), International Association for Accounting Education and Research (IAAER) and European Institute for Advanced Studies in Management (EIASM).

**Q3. What does joining IFAC mean or represent for your members?**

Entering IFAC, AARL gets an access to high-quality technical information, as well as the ability to participate in the creation and development of International Financial Reporting Standards (IFRSs) and International Standards on Auditing (ISAs) that are one of the priorities in the activities of IFAC. The association will also have an opportunity to communicate with accountants from other countries and participate in various committees and other types of professional activity. The aim of the association as a national association of representatives of the accounting profession, represented in IFAC, is to create highly professional experts, who do not only possess the fundamental knowledge of accounting, finance, and audit, but are also familiar with contemporary issues in these areas and, most importantly, constantly improve their educational and professional level.

As a member of audit public oversight (AARL has delegated one of eight representatives in Audit Advisory Council in accordance with laws and regulations), AARL also participates in the work of IFAC, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants (IESBA) on application issues of documents (respectively, ISAs and the *Code of Ethics for Professional Accountants*) and application of professional standards by certified auditors in Latvia. The AARL *Code of Ethics for Professional Accountants*, which was adopted on the General Meeting of the Association of Accountants of the Republic of Latvia in 2002, is based on IESBA Code. In 2011, AARL decided not to develop and amend further its code of ethics but to use the *Code of Ethics for Professional Accountants* from the IESBA. One of the most important AARL tasks is also accountant training and assisting on professional ethics issues.

AARL is interested in participating in IFAC activities that focus on development and expansion of regulatory issued by IFAC and the International Accounting Standards Board (IASB), with the participation of experts and delegated representatives in discussion groups by organizing the discussion of issues and relevant research among AARL members. AARL undertakes to provide information to their members on the activities of IFAC in the field of IFRS, IPSAS, ISA, ethics, and education standards adoption, if necessary, to provide translation of this information, to organize training on IFRS, IPSAS, and professional ethics issues, as well as to provide proposals in the relative fields to the Ministry of Finance. Similarly, the association plans to continue its cooperation with other institutions and related organizations in matters relating to the scope.