

## 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 Member's or Associate's activities to fulfill IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. 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.

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<sup>1</sup>*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.

<sup>2</sup>*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/Associate:** Institute of Accountants and Auditors of Montenegro (IAAM)  
**Approved by Governing Body:** Management Board  
**Last Updated:** December 2023

**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 Dashboard Reports and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of Statements of Membership Obligations (SMO) requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

	PAO Level of Responsibility for Adoption of Standards	Jurisdiction Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	No Direct	Partially Adopted 	 Review & Improve
IES / SMO 2	Shared	Partially Adopted 	 Execute
ISA / SMO 3	No Direct	Partially Adopted 	 Review & Improve
IESBA / SMO 4	Shared	Partially Adopted 	 Plan
IPSAS / SMO 5	No Direct	Partially Adopted 	 Review & Improve
I&D / SMO 6	Shared	Partially Adopted 	 Plan
IFRS / SMO 7	No Direct	Partially Adopted 	 Review & Improve

### **Attestation of SMO Compliance**

The **Institute of Accountants and Auditors of Montenegro (IAAM)** 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 **IAAM** 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 **IAAM** 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 **IAAM**, 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.

### **2020-2022 Update**

Institute of Accountants and Auditors of Montenegro has been working on development and implementation of previously adopted integrated membership strategy. In 2021, the Rulebook on the Continuous Professional Education was published with the official start of application on January 1, 2022. At the end of 2021, the Rulebook on organizing CPD seminars was adopted, which regulates the structure and obligations of organizing types of continuing education on an annual basis.

According to the Rulebook on the Continuous Professional Education, the following criteria for consideration of active voluntary membership of the IAAM are set:

1. IAAM's certificate of Accountant or Authorized Accountant;
2. Implementation of Code of Ethics for Professional Accountants
3. Compliance with obligatory CPD requirements
4. Regular payment of annual membership fee

The register of IAAM members is published on the official website and timely updated (link: <https://www.irrcg.co.me/registarclanova>). The members also have real-time access of previously acquired hours of CPD (link for 2022: <https://www.irrcg.co.me/copy-of-registar-%C4%8Dlanova>). The completed hours of annual CPD are supported by an officially issued electronic certificate of participation on the webinar, the data of which are in the IAAM's internal archive.

Since the redesigned website was published, all information about upcoming and past seminars/webinars with the indicated type is available on <https://www.irrcg.co.me/news-2>. In order to facilitate and provide accessibility to materials, novelties and consultations to its members, IAAM organizes all regular annual webinars free of charge, while for vocational and specialist seminars, a registration fee is required for participation.

Due to the COVID-19 pandemic and political instability in the state administration, in the previous period there were numerous law and by-laws amendments that directly affected the operations of companies in the public and real sector, which had to be supported by accountants. Accordingly, the IAAM provided expert assistance through the organization of webinars for easier overcoming of difficulties regarding the Government's package of economic assistance measures and the adopted changes in accounting and tax regulations (number of seminars/webinars: 2020-10; 2021-6; 2022-8; until 01.07.2023-5).

## **GLOSSARY**

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>CAT</b>	Certified Accounting Technician
<b>CPA</b>	Certified Professional Accountant
<b>CPD</b>	Continuous Professional Development
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IESs</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>ISAs</b>	International Standards on Auditing
<b>IAAM</b>	Institute of Accountants and Auditors of Montenegro
<b>ICAM</b>	Institute of Certified Accountants of Montenegro
<b>IPD</b>	Initial Professional Development
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISQC</b>	International Standards on Quality Control
<b>PAO</b>	Professional Accountancy Organization
<b>SAAA</b>	Serbian Association of Accountants and Auditors
<b>SME</b>	Small and Medium Enterprise
<b>SMOs</b>	Statements of Membership Obligations

**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** Promote and Support the Development of the Quality Assurance Review System in Accordance with SMO 1

**Background:**

On 29 December 2016, the Parliament of Montenegro adopted the Law on Auditing (Official Gazette of Montenegro, No. 01/17 of 09.01.2017). This Law established the framework for the oversight of the work of audit firms and certified auditors. Accordingly, two bodies were established. The first body is the Council for Audit. The second body is the Audit Oversight Directorate, which was established as an organizational unit in the Ministry of Finance. Audit Oversight Directorate consists of two inspectors and is responsible for the inspection oversight of the work of audit firms and certified auditors. The Government of Montenegro, at its session held on 30 June 2017, appointed the Council for Audit which consists of five members. The responsibilities of the Council for Audit are following: to analyze and take positions on the issues regarding development and improvement of the audit practice in Montenegro; monitor the process of application of the auditing standards; give initiatives for finding adequate and timely solutions with the aim of more effective application of auditing standards; provide advice to policy makers, regulators and state authorities; provide technical assistance for the improvement of quality of financial reporting; publish transparency reports of audit firms and certified auditors; give opinion on Ministry of Finance's annual plan for the control of audit firms and certified auditors; provide opinion on the program of continuous professional education of certified auditors and inspectors and perform other activities of the importance for enhancing audit practice in Montenegro.

With the aim of preparing the inspectors and audit firms for the implementation of the oversight, the Ministry of Finance through the Capacity Building for Effective Audit Oversight Project IDF Grant No. TF 013555, developed Manual and guidelines for minimum required audit methodology and working papers, and Methodology and manuals for inspectors who perform oversight.

The Ministry of Finance, in preparing for the adoption of the annual oversight plan, developed the Questionnaire for the audit firms and the certified auditors, which is composed of two parts: Questionnaire 1 - General information, and Questionnaire 2- Audit engagements (Anex 1; available on <http://www.gov.me/ResourceManager/FileDownload.aspx?rId=329515&rType=2>).

According to the Report on the Work of the Council for Audit (2018) and based on the information obtained from audit firms via the abovementioned questionnaires, it is reported that the International Standards on Auditing are being applied in Montenegro, but there is still a place for improvement, especially with regard to the application of the International Quality Control Standard. In accordance with Article 37 paragraph 1 item 6 of the Law on Auditing ("Official Gazette of Montenegro", No. 001/17), Council for Audit published on its website transparency reports of audit firms and certified auditors (available on <https://www.gov.me/szr>).

The latest information regarding work of the Council for Audit was the *Report on Work of Council for Audit* for the period January 2020-June 2021. Council's work in the above-mentioned period in the area of their responsibilities was explained in this report. Among other things, it presented Council's activities for supervising the work of audit firms and certified auditors. As part of the activities on the preparation of the control of the auditor's work, the Ministry submitted questionnaires for audit firms and auditors with the aim of collecting information on certified auditors and audit firms, internal organization of audit firms, their relationship with others auditors, individual audit engagements and risk analysis, which will be used as the basis for planning the following supervision of the work of audit firms and certified auditors.

In the Ministry's register of audit firms, 29 audit firms that have the license to perform audit were registered. 53 auditors with a license issued by the Ministry are engaged at the audit companies which responded to the questionnaire (27 of them). Two audit companies did not submit questionnaire for objective reasons. The Ministry processed the information collected from the questionnaire and prepared the Information on the key indicators of audit firms' activities in 2019 and 2020. The mentioned documents are submitted to the Council. In accordance with Article 42 of the Law on Audit, authorized officials from the

Ministry in the course of 2020 performed supervision of work of 6 audit firms, and in 2021 the supervision started with 4 audit firms. With few of them there were irregularities related to the way of implementation of ISA 230, 220, 700 and 705, and the Ministry ordered the removal of identified irregularities. The report can be accessed on <https://www.gov.me/clanak/244226--izvjestaj-o-radu-savjeta-za-reviziju-za-period>.

In the process of conducting education and providing national vocational qualification, IAAM does not offer the acquisition of the title of auditor neither has a real distribution of membership composition which includes auditors. IAAM's focus is on the accounting profession improvement in accordance with the responsibilities and obligations, based on the given authorizations according to the license of the Ministry of Education, for the implementation of adult education programs and vocational qualifications. However, many of IAAM members have one of the vocational qualifications and at the same time they have also obtained the title of authorized auditor from the Ministry of Finance and regularly participate in the activities of the Institute.

Since in the previous period the quality assurance system was dominantly focused on the auditing profession, the role of the IAAM regarding the QA Review System in Montenegro will be to encourage, through its planned activities, the responsible body to develop and enhance the mandatory QA review system in accordance with the requirements of SMO 1, and to raise awareness among professional accountants of the importance of quality control, the compliance with the ISQC1, ISAs, and other related standards, and the Code of Ethics for Professional Accountants.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting the Development of the Montenegrin QA review system</i>					
1.	July 2023	Make effort to appoint meetings with the Council for Audit and offer them technical assistance and recommendations in order to support them in their activities regarding improvement of implementation of International Auditing Standards.	Ongoing	Executive Director	Management Board
2.	July 2023	Encourage the responsible body to maintain the current QA review system and improve it to be in accordance with SMO 1 and by contacting and organizing meetings, telephone calls with the representatives from the Ministry of Finance.	Ongoing	Executive Director	Management Board
3.	July 2023	Contact the IFAC to obtain Bosnian translation (Bosnian language is similar to Montenegrin) of implementation guides of quality management standards: <i>ISQM 1 First-Time Implementation Guide</i> , <i>ISQM 2 First-Time Implementation Guide</i> , <i>ISA 220 (Revised) First-Time Implementation Guide</i> . These materials will be used at seminars, workshops and will be available to our members for educational purpose.	December 2023	Executive Director	IFAC

4.	July 2023	Encourage the responsible body to adopt and translate in Montenegrin new quality management standards International Standard on Quality Management (ISQM) 1, <i>ISA 220 (Revised)</i> , <i>Quality Management for an Audit of Financial Statements</i> in order to help audit firms and auditors to better perform their practices and in accordance with international standards and best practice. <i>ISQM 2 Engagement Quality Reviews</i> translation is published by ICAM this year.	Ongoing	Executive Director	Ministry of Finance, Council of Audit
5.	September 2023	Consider the possibility of introducing a voluntary (soft) quality assurance system for IAAM members and make an analysis of the technical and professional capacities for implementing the system. Make a detailed timeline in the meantime for the promotion of all updated materials related to the QA review system and organize hands-on workshops in order to distribute the content. Organize public discussions on the benefits and limitations that would affect the development of the QA system.	September 2024	Board of directors	Management Board
6.	September 2019	Encourage the responsible body to complete the Self-Assessment against the Main Requirements of SMO 1.	Ongoing, postponed due to instability in the state administration and changes in the government	Executive Director	Management Board
<i>Assisting with the Implementation of the Quality Assurance Review System and Quality Management Standards</i>					
7.	July 2023	Promote and raise IAAM's members awareness of the requirements of International Standard on Quality Management (ISQM) 1, <i>ISQM 2</i> , <i>ISA 220 (Revised)</i> , <i>Quality Management for an Audit of Financial Statements</i> , <i>Conforming Amendments to ISAs and Related Materials Arising from the Quality Management Projects and Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards</i> and ethical standards and other relevant standards by organizing seminars.	Ongoing	Executive Director	Management Board
8.	July 2023	Translate in Montenegrin or ask the Bosnian Federation to obtain their translation of the <i>Quality Management Series: Small Firm Implementation, Installment One</i> which will be helpful to auditors to gain knowledge and understand new quality management standards.	Ongoing	Executive Director	IFAC



9.	July 2023	Encourage auditors and audit firms to indicate the issues and areas in new standards that are unclear to them and give them needed explanations and clarifications.	Ongoing	Executive Director	Management Board
10.	Ongoing	IAAM regularly publishes articles in its professional journals relating to the relevant themes from SMO1. In July 2021 issue of <i>RRF magazine</i> , the article called <i>Getting Started on the New IAASB Quality Management Standards: An Overview</i> , translated into Montenegrin, was published with the permission of IFAC. In January 2022 issue of <i>RRF magazine</i> the information on the new <i>2020 IAASB Handbook</i> was published in the section dedicated to the developments and information from IFAC where it was explained which standards and amendments were included in this Handbook. Also, in the <i>RRF magazine</i> it was published that the <i>2021 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements</i> was issued on December 2, 2022.	Ongoing	Executive Director	Management Board, IFAC
11.	Ongoing	Continuous monitoring of updated standards and innovations in the field of QA, e.g., IAAM management participated in IAASB webinar in June 2021 " <i>The Quality Management Webinar Series: Applying the Standards in Practice - All You Need to Know about the Firm's Risk Assessment Process</i> ".	Ongoing	Executive Director	Management Board, IAAM expert consulting desk
12.	Ongoing	Effective collaboration with regional PAOs that are Members of IFAC to share knowledge with a view how to improve the QA system.	Ongoing	Executive Director	Management Board
13.	September 2023	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.	Ongoing	Executive Director	Management Board
<i>Review of IAAMs Compliance Information</i>					
14.	September 2023	Review and update sections relevant to SMO 1, as necessary.	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements

**Action Plan Objective:** Promote and Assist in Implementation of the International Education Standards for Professional Accountants

**Background:**

Legal framework for the accounting education in Montenegro consists of specific provisions of the Law on Accounting (related to the education), Montenegrin National Accounting Education Standard (CORS-1) which was published in the Official Gazette of RM No. 58/07 and national regulations concerning the education. The responsible body for the program of education (including accounting and auditing) is the Ministry of Education. CORS is based on the fundamental principles of International Education Standards (IESs). This standard regulates vocational training and acquiring of professional titles and knowledge of independent keeping of business books, preparation of financial statements of enterprises, banks, other financial organizations, other legal persons, institutions, and other entities which keep business books and prepare financial statements.

Law on Accounting did not specifically define the body responsible for initial professional development and continuous professional development of professional accountants. It is necessary that the organization obtains from the competent Ministry of Education the license for conducting the education program. In that sense, on 18 February 2014, IAAM obtained license by the Ministry of Education for conducting the education program for the vocational national qualification Accounting Technician, and on 12 July 2018 (renewed on 30th October 2020) the license for conducting the education program for the vocational national qualification of Authorized Accountant. The IAAM's educational program is in compliance with CORS-1, but the CORS-1 is not in full compliance with IESs. The implementation of the program for national vocational qualifications, testing and taking exams is regulated by the Law on National Vocational Qualifications (Official Gazette of RM No. 080/08., 056/18) and related by-laws.

**Initial Professional Development (IPD)**

The IAAM currently maintains a two-tiered certification scheme which offers recognition of progress and achievement at two different levels: Accountant and Authorized Accountant.

'Accountant' certification recognizes persons who have achieved the knowledge and competency of an accounting technician. The right to take the exam for the Accountant certification has a candidate who has completed at least secondary school. If a candidate who applied for the Accountant certification completed University studies, there is the exemption procedure regarding passing the exams, which needs to be verified by the Education Board. The IAAM Accountant examination scheme consists of five exams: Company Law, Public Finances, Financial Management, Financial Accounting, and Preparation of Financial Statements. The complete program for Accountant certification is based on training the candidates in order to make them able to provide accounting services to small and medium-sized enterprises.

'Authorized Accountant' Certification – This recognition is meant to certify the knowledge and experience of persons who will be acting as professional accountants in business. This program, administered by the IAAM typically lasts six months. The right to take the exam for the certification of Authorized Accountant has a candidate who meets the following conditions:

1) has completed four year university degree study (240 ECTS) and has at least three years of work experience in the field of keeping business books and preparation of financial statements;

2) has completed three year University degree study (180 ECTS) and has at least four years of work experience in the field of keeping of business books and preparation of financial statements;

3) has completed two year college degree study (120 ECTS) and has at least five years of work experience in the field of keeping business books and preparation of financial statements.

All the candidates need to submit the confirmation of the practical experience according to CORS-1 requirements. The confirmation can be submitted as the copy of the work book or the written verification signed by executive director or responsible person of the entity.

Authorized Accountant candidates who have IAAM's Accountant certificate are obliged to pass five additional exams which are as follows: Advanced Management Accounting, Auditing and Assurance, Financial Reporting, Information Systems, Human Resources Management. The candidates who did not obtain the IAAM's Accountant certification, are obliged to pass the differential exams. The persons who obtained the Authorized Accountant certification typically work for the larger, listed entities and deal with a more advanced application of IASs/IFRSs.

IAAM is in ongoing process of reviewing the education requirements to ensure that they comply with the International Education Standards, and to improve the delivery of accountancy education and CPD trainings. Based on review of IFAC-issued [An Illustrative Competency Framework for Accounting Technicians](#), revised IESs, *IES Checklist and the Accountancy Education E-Tool*, IAAM completed the **IES Self-assessment** to better identify gaps and areas for improvement in national accountancy education. IAAM strives the identified gaps to be overcome and managed in order to reach the highest possible level, i.e. complete compliance with IESs in the following period. In accordance with the above, IAAM will try to submit proposals for changes to the exam catalogues and CORS-1, in order to influence on the addition in the area of learning and development for information and communications technologies (ICT) and professional skepticism. COVID-19 pandemic and conditions on labor market required an advanced level of ICT skills and development in Montenegro and abroad. Therefore, within the organized practical workshops IAAM worked with the training participants on the basic digital skills they need in order to provide accounting services using the latest version of accounting software for up-to-date legal regulations, as well as improving the use of basic technical tools.

### **Continuous Professional Development (CPD)**

In 2021, the Rulebook on the Continuous Professional Education was published with the official start of application on January 1, 2022. At the end of 2021, the Rulebook on organizing CPD seminars was adopted, which regulates the structure and obligations of organizing types of continuing education on an annual basis.

According to the Rulebook on the Continuous Professional Education, it is set the following criteria for consideration of active voluntary membership of the IAAM:

1. IAAM's certificate of Accountant or Authorized Accountant (directly acquired or verified through recognition);
2. Implementation of Code of Ethics for Professional Accountants
3. Compliance with obligatory CPD requirements
4. Regular payment of annual membership fee

All IAAM's members, both Accountants and Authorized Accountants, are subject to the Continuous Professional Development (CPD) requirements.

According to the Rulebook on the Continuous Professional Education, continuous professional education is carried out using a combined approach - through verifiable and non-verifiable forms of education. Verifiable and non-verifiable forms of CPD are covered with evidence/certification of:

- participation in professional seminars, conferences, trainings;
- participating in the role of speaker at conferences, information sessions or assemblies for discussion;
- participation in the work or membership of working groups in professional services or bodies;
- preparing or conducting training or lectures within the framework of continuous professional development in the area related to professional responsibilities;
- formal training or studies related to professional responsibilities;
- independent education;
- writing expert, professional and academic articles, works or books;
- subscription to vocational magazines (i.e. IAAM's journals) or other professional publications

Both Accountants and Authorized Accountants are obliged to complete 40 hours of education annually through the above-mentioned forms of CPD, that is, 120 hours in the observed period of three years. A minimum of 20 hours must be acquired through verifiable forms of CPD. In order to facilitate the implementation of continuous professional development, the Institute has adopted the Rulebook on organizing CPD seminars at the end of 2021, which regulates the structure and obligations of organizing types of continuing education on an annual basis. According to it, IAAM has the obligation to organize four regular professional seminars on topics per year:

- Preparation of financial statements in accordance with IASs/IFRSs
- Compiling the corporate income tax return
- Compilation of personal income tax returns
- Inventory of assets and preparatory actions for drawing up financial statements

For all members who have met the criteria for active membership, participation in regular annual professional seminars is free of charge and in this way each member can meet the annual minimum of CPD hours without additional burden costs. In addition to these seminars, the Institute is obliged to organize two additional professional seminars on annual basis and, if necessary, specialist seminars.

IAAM conducts continuous professional development for its members also through publishing two magazines, the first one called *Računovodstvo, revizija i finansije* (Accounting, Auditing and Finance), and the second one called *Poreski savjetnik* (Tax Advisor). *Računovodstvo, revizija i finansije* is a professional journal which deals with the application of legal and professional regulations related to accounting, tax system, finance, labor relations, company law, as well as other areas of importance for accountants, management of companies, etc. This journal also deals with the application of International Financial Reporting Standards and other topics in the field of accounting, auditing, tax system, financial operations, trade in goods and services, applying the regulations on salaries, benefits and other personal income, labor law and other current economic issues. *Poreski savjetnik* is a professional journal which primarily deals with topics in the area of tax system, and also gives answers to questions regarding tax and customs system, accounting and other issues of relevance to members and other interested audience.

IAAM also provides to its members expert assistance and support via its helpdesk and helpline by which it gives answers to their particular questions regarding their day-to-day activities, e.g., application of International Accounting Standards/International Financial Reporting Standards in particular situations.

Each IAAM's member is obliged to undertake 120 hours of CPD during three consecutive years. Compliance with CPD requirements is monitored by IAAM.

The register of IAAM members is published on the official website and timely updated (link: <https://www.irrcg.co.me/registarclanova>). The members also have real-time access of previously acquired hours of CPD (link for 2022: <https://www.irrcg.co.me/copy-of-registar-%C4%8Dlanova>). The completed hours of annual CPD are supported by an officially issued electronic certificate of participation on the webinar, the data of which are in the IAAM's internal archive. Since the redesigned website was published, all information about upcoming and past seminars/webinars with the indicated type are available on <https://www.irrcg.co.me/news-2>.

According to the article 6 of the Rulebook of CPD, non-compliance with CPD requirements can result in a three-level process: 1. a member gets admonishment 2. pre-expulsion 3. expulsion from the IAAM membership.

All members who during one calendar year do not fulfill the stipulated norm of 40 hours of professional continuing education (of which 20 hours must be verifiable), will be notified by telephone and electronically with a warning about not fulfilling the mandatory number of hours of continuous professional development based on the acquired professional qualification. If the same member does not undertake any activity in the course of the following year for the purpose of professional development and does not fulfill the obligation of 40 hours of annual CPD obligation, the Institute issues a warning before exclusion and termination of membership status.

If, after the end of the third year of the observed period, the member does not carry out any activity for the purpose of professional development and after being served with a Warning before exclusion, and at the same time does not carry out any form of communication with the Institute, the member will be excluded from the Register of Members.

#### **Additional trainings and workshops**

IAAM collaborated with the Administration for Prevention of Money Laundering and Terrorism Financing with regard to educating IAAM's members in the areas of anti-money laundering and combating the financing of terrorism by organizing seminars where they explain the fundamentals of the phenomenon of money laundering and terrorism financing, and of the applicable Montenegrin laws and regulations in this area. IAAM engages at these seminars lecturers (inspectors) who work in the Administration for Prevention of Money Laundering and Terrorism Financing and have experience and expertise in this area. Based on that, they offered theoretical and practical knowledge and also the advice how to detect red flags of money laundering and impact and consequences thereof. This practice was temporarily paused during the pandemic and the change in the organizational form of independent *Administration for Prevention of Money Laundering and Terrorism Financing* to the *Anti-Money Laundering and Terrorist Financing Sector* as organizational unit under Police Administration, and from March 2021 renamed to the *Financial Intelligence Sector*. IAAM plans to continue the cooperation with this institution on annual basis and make it the integral part of continuous professional development of its members, as well as with representatives of FATFA and other international partners in this area.

IAAM is actively working on the establishment and improvement of knowledge and skills of its members in the area of tax consultancy and the profession of

tax advisers. As an associate member of the CFE Tax Advisers Europe until the establishment of the national Chamber of Tax Advisors, committee representatives from IAAM were involved in all activities regarding the topicality of tax regulations and innovations in the field of taxes at the global and European level.

The education program for training of tax advisers was prepared in collaboration with the Croatian Chamber of Tax Advisers and Slovenian Chamber of Tax Advisers, and based on required literature cited in *Rulebook on the program and method of taking the exam for a tax advisor* (Official Gazette of RM, No. 073/19,..., 106/22). Since November 2019, IAAM has been holding the trainings in the form of theoretical and practical workshops once a week for four months. The exams were organized by the Ministry of Finance in cooperation with the Human Resources Management Authority, independently of the Institute. Seminars are held for all those interested and it is possible to register for individual topics.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IAAM Educational Materials for Compliance with IESs</i>					
15.	September 2019	Review „An Illustrative Competency Framework for Accounting Technicians” in order to enhance the education material for the title of Accountant.	July 2020 completed	Executive Director	Education Board
16.	September 2019	<p>The cooperation with the Faculty of Economics and University of Mediteran professors to innovate and implement education programs for Authorized Accountants in two cycles: March-June and September-December in accordance with new and revised IASs/IFRSs, ISAs, IESs.</p> <p>The subjects taught in IAAM's trainings by the professors from the Faculty of Economics, University of Montenegro and University of Mediteran are following: Company Law, Public Finances, Financial Management, Information Systems, Human Resources Management, Audit and Assurance.</p> <p>Some of the mentioned activities that have been implemented:</p> <ul style="list-style-type: none"> <li>• inclusion of theoretical treatment and application of the IFRS 16 Leasing standard within practical workshops for the subject Financial Reporting, as practical application began from the beginning of 2021;</li> <li>• supplementing practical exercises in the field of digital readiness and improving the skills of the program within the subject Information Systems;</li> <li>• it is planned that from September 2023, as part of the regular implementation of the program in the subject Financial reporting, the theoretical processing and application of the IFRS 15 and IFRS</li> </ul>	Ongoing	Executive Director	Education Board

		<p>9 standards will be included, the official implementation of which will begin at the start of 2024 in Montenegro.</p> <ul style="list-style-type: none"> <li>• program harmonization resulting from changes in legal and international provisions in the field of Company Law and Public Finance (e.g. progressive taxation of wages and corporate income tax, obligation to prepare studies on transfer pricing, etc.)</li> </ul>			
17.	September 2019	Promote the incorporation of the 2015 revised IESs requirements to all relevant stakeholders in Montenegro in order to contribute to the application of IESs.	September 2020 completed	Executive Director	Education Board
18.	September 2019	<p>Implement activities for strengthening education, examination and CPD programs and requirements.</p> <p>Require from each examiner who controls 9 learning outcomes with regard to IES 2 to compare the adopted education program with the changes in IESs. The Rulebook on CPD was created in compliance with IES 7, but active monitoring is sought for possible adjustments.</p>	Ongoing	Executive Director	Education Board
19.	September 2019	Maintain dialogue with university professors in departments of economics and experts regarding changes in IESs, changes to international accountancy standards and implementation guides, during meetings, seminars, conferences.	Due to pandemic postponed until further notice, expected to be completed by the end of 2024 in cooperation with the Center for Vocational Education	Executive Director	Education Board
20.	September 2020	Review of the 2019 IESs requirements, the IES Checklist and the Accountancy Education E-Tool developed by IFAC in order to provide an adequate plan of future activities for the improvement of initial and professional education	Completed	Executive Director	Education Board
21.	January 2022	Preparation of IES Self-assessment for ascertaining compliance with IES and identification of gaps in order to prepare upcoming activities for the development and improvement of educational programs	Completed	Executive Director	Education Board



22.	Ongoing	Active monitoring of standards in order to ensure a high level of education and development of professional skills and technical competence among educational process, aiming to protect the public interest in accordance to IES 2 i IES 3	Ongoing	Executive Director	Education Board
23.	Ongoing	Constantly encouraging candidates to develop skills of professional skepticism, professional judgment and ethical principles according to IES 4 at workshops through practical examples	Ongoing	Executive Director	Education Board
24.	Ongoing	Make efforts to organize additional types of education for constant improvement of ICT skills in accordance with innovative IESs and labor market requirements	Ongoing	Executive Director	Education Board
<i>Promoting and Assisting in Implementation of International Education Standards and Other Pronouncements Issued by the IAESB</i>					
25.	September 2019	Continue to promote IESs to the Ministry of Finance of Montenegro and Ministry of Education and recommend these standards to be applied to all professional accountants and auditors.	Ongoing	Executive Director	Education Board
26.	Ongoing	Notify IAAM's members of all new, proposed and revised International Standards and other pronouncements through IAAM's magazine quarterly, via website when the changes occur, and by e-mail.	Ongoing	Executive Director	Education Board
27.	Ongoing	Discuss new, proposed and revised international standards and other pronouncements in the IAAM's magazine and at the IAAM's seminars.	Ongoing	Executive Director	Education Board
<i>Enhancing the capacity of IAAM and IAAM's members with regard to prevention of money laundering and terrorism financing</i>					
28.	December 2019	<p>IAAM plans to organize with the representatives of the CFE Tax Advisers Europe a conference on the theme related to the prevention of money laundering and terrorism financing. Continue cooperation with CFE in the future with regard to this activity.</p> <p>The last conferences were organized in 2018 and 2019 – in 2019, the lecturers covered both national and international aspects of the application of this field:</p> <ul style="list-style-type: none"> <li>• Wim Gohres, Chair of CFE's Professional Affairs Committee with the topic <i>“EU directives on the prevention of money laundering”</i></li> <li>• Milan Radulović, chief inspector of the Directorate for Prevention of Money Laundering and Financing of Terrorism with the topic <i>“Concept, characteristics, issues and national legislation”</i></li> <li>• Sava Lukić, Partner and authorized auditor in Finexpertiza with the topic <i>“Risk management and case study for practical application”</i></li> </ul>	Last quarter of 2023	Executive Director	Education Board CFE
29.	Ongoing	Establish continuity regarding organization of annual continuous	Ongoing	Executive	Board of Directors



		education in the field of prevention of money laundering and financing of terrorism, with adequate notification of members about current events and available materials Consider the introduction of a mandatory seminar within the regular set of types of continuing professional education regarding this area.		Director	
<i>Launching education program in the field of tax consultancy</i>					
30.	November 2019	IAAM has developed education program for educating persons interested in gaining the title of tax advisor in Montenegro. IAAM applied for the CFE Tax Advisers Europe membership and obtained the status of Observer member in order to get best practices in this area and to enhance the capacities of its members and all interested people in the area of tax consultancy.  IAAM conducted three cycles of education „Tax advisor“ in the period 2019-2022, on the principle of one all-day seminar per week for a total duration of four months. In June 2023, a Chamber of Tax advisers was formed, which is expected to assume all obligations in the coming period based on the regulation of the profession of tax advisers, education and membership in international bodies (link: <a href="https://www.gov.me/clanak/osnovana-komora-poreskih-savjetnika">https://www.gov.me/clanak/osnovana-komora-poreskih-savjetnika</a> ).	Ongoing	Executive Director	Education Board, Alexandra Heinzer, CFE as guest lecturer, Tax Administration
31.	Ongoing	Continue to actively participate in CFE Tax Advisers committees and exchange experiences with other experts in the field of taxes, as well as share experiences. Some of the actual topics recently commented are: <ul style="list-style-type: none"> <li>Seville event (September 2022) – <i>Crypto assets, CARF &amp; Developments; Making tax digital; discussion with crypto specialist and law regulation related in the European countries.</i></li> <li>Regular webinars among the committee with the accent on tax digitalization</li> </ul>	Ongoing	Executive Director	Member of the Committees, CFE Tax Advisers
<i>Maintaining Ongoing Processes</i>					
32.	Ongoing	Ensure through periodic reviews, that the Entry Requirements, Professional Education, Final Assessments, and Practical Experience, and Continuing Education currently developed and designed, are updated with the new requirements.	Ongoing	Executive Director	Education Board
<i>Review of IAAMs Compliance Information</i>					
33.	Ongoing	Review and update sections relevant to SMO 2, as necessary.	Ongoing	Executive Director	Education Board

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Support the Adoption and Implementation of International Standards on Auditing (ISAs)

**Background:**

According to the *Decree on amendments to the decree on entrusting of affairs of the public administration bodies competent for accounting and auditing* and the *Law on Auditing*, it is stipulated that the audits are performed in accordance with International Standards on Auditing (ISAs), issued by the IAASB. It is also stated in the Decree that ICAM is the competent body for translating, publishing and adopting new and updated ISAs.

Audits are mandatory for public interest entities, medium-sized entities, parent legal entities, which together with subsidiaries are eligible for inclusion in the group of medium or large entities, investment companies, investment funds, companies for managing investment funds, voluntary pension funds, companies for managing the voluntary investment funds, and other investment schemes.

Banks, insurance companies and listed entities apart from the requirements of the Law on Accounting and Law on Auditing, must comply with requirements of the Law on Banks, Law on Insurance Companies, and Law on Capital Market respectively.

Since there is no translation in Montenegrin language, and due to similarity of Montenegrin and Serbian language, the translation of ISAs in Serbian is currently in use in Montenegro. This translation of ISAs was published based on the agreement between AAAS, ICAM and AAARS. Currently in Montenegro, 2016-2017 edition of ISAs is in use, while ISAs of the group 700/800 are in use from 2019, according to the *Notice on the application of IASs/IFRSs/ISAs*.

Despite the fact there is no recognition of auditors in the IAAM's member composition, IAAM strives to timely inform its members about all updates regarding changes and ISAs amendments. IAAM will encourage the responsible body to adopt and translate the latest version of ISAs and *2021 IAASB Handbook of International Quality Control, Auditing, Review, Other Assurance, And Related Services Pronouncements* and keep informing and educating its members and all public interested in audit about latest standards and amendments to standards.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Support the Adoption and Implementation of IAASB Pronouncements</i>					
34.	July 2023	Arrange meetings or telephone calls with the responsible body to encourage it to adopt and provide timely, accurate and complete translation of updated International Standards and other IAASB pronouncements and to make them available to all interested auditors in the country.	Ongoing	Executive Director	Management Board
35.	Ongoing	Encourage the responsible body to adopt and translate the updated version of ISA standards <i>2021 Handbook of International Quality Control, Auditing, Review, Other Assurance, And Related Services Pronouncements</i>	Ongoing	Ministry of Finance	IFAC, IAASB

36.	Ongoing	<p>Notify IAAM's members of new, proposed and revised International Standards and other pronouncements issued by IAASB via IAAM's magazine, website, by e-mail, quarterly and when the changes occur. Some of the information which were published in the RRF magazine and explained in short articles are as follows:</p> <ul style="list-style-type: none"> <li>• IFAC modernizes its standard for group audits</li> <li>• IAASB published new edition of the 2021 IAASB Handbook</li> <li>• IFAC released new implementation tool for auditors on identifying and assessing risks of material misstatement.</li> <li>• IAASB public consultation opens for proposed new standard for audits of financial statements of less complex entities</li> <li>• New IAASB guidelines contribute to improving assurance engagements for non-financial reporting</li> </ul>	Ongoing	Executive Director	Management Board, IAASB materials, IFAC permission for translation and publication
37.	July 2023	<p>Notify IAAM's members of all exposure drafts and consultations issued by the IAASB and encourage them to comment on behalf of those members that have an interest in quality control, auditing, review, other assurance or related service standards.</p> <p>IAAM informed IAAM's members on consultations on a new standard for audits of less complex entities, proposed International standard on auditing 570 (revised) Going concern and proposed conforming and consequential amendments to other ISAs.</p>	Ongoing	Executive Director	Management Board
38.	Ongoing	Make translations of standards and materials publicly available on the website after the initial initiation of procedures for obtaining permission from IFAC, related to SMO 1, SMO 3 and SMO 4	Ongoing	Executive Director	IFAC
<b>Maintaining Ongoing Processes</b>					
39.	July 2023	<p>Continue to promote IAASB pronouncements by holding various IAAM workshops, conferences, magazines.</p> <p>In January 2022 issue of RRF magazine, it was published in the section dedicated to the developments and information from IFAC, that the new IAASB Handbook was issued on 19 December 2021 where it was explained which standards and amendments were included in the Handbook.</p>	Ongoing	Executive Director	Management Board
40.	September 2019	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the IAAM Members. Support members with implementation of IAASB pronouncements and of the latest ISAs by holding seminars, focused trainings and disseminating information on the developments in the area through different communication means.	Ongoing	Executive Director	Management Board

41.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in implementation of ISAs.	Ongoing	Executive Director	Management Board
42.	Ongoing	Strengthening collaboration with regional PAOs that are Members of IFAC in order to exchange experiences and best practices.	Ongoing	Executive Director	Management Board
<i>Review of IAAMs Compliance Information</i>					
43.	Ongoing	Review and update sections relevant to SMO 3, as necessary.	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants

**Action Plan Objective:** Continuous improvement to raise awareness and embrace good practice in ethics learning, development and ethical behaviors amongst IAAM members and professional accountants

**Background:**

The Law on Accounting and Law on Auditing stipulate that the certified accountants and certified auditors respectively are obliged to comply with the Code of Ethics for Professional Accountants. The 2016 version of IESBA Code of Ethics has been translated in Serbian language according to the formal agreement between AAAS, AAARS and ICAM.

Although the Law on Accounting does not prescribe the mandatory use of the Code of Ethics for other accountants, IAAM obliges its members to use and comply with the IESBA Code of Ethics as integral part of membership requirements. The 2016 version of IESBA Code of Ethics has been directly adopted, and delivered to all members and all candidates for professional education of IAAM in printed version. It is also delivered to our members at the seminar right upon the publication and available for delivery free of charge.

IAAM is planning by the end of Q4 2023 to submit a permission request and publish upon approval up-to-date version 2018 version of Handbook translated in Serbian, until 2022 version of Handbook is translated in Serbian language and becomes available (Serbian language is similar to Montenegrin). While waiting for the translation of the Code edition 2018, in the coming period IAAM will be enhancing its activities to support members with the implementation of the Code, through education and information. IAAM will be focused on organization of seminars and publication of supporting materials which cover topics from Code of Ethics and its implementation in practice.

Through active monitoring of developments on the market and in the accounting sector, the Investigation committee considers potential cases of violation of ethical principles and conduct and implements cases if there are justified reasons for the same. At this moment, no disciplinary proceedings have been initiated against IAAM members for violation of ethical principles or professional abuse.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Focus on the Adoption and Promotion of the IESBA Code of Ethics</i>					
44.	September 2019	Continue cooperation with <i>Financial Intelligence Sector</i> regarding professional ethics and the IESBA Code of Ethics through organizing joint seminars and make it part of IAAM's continuous annual program of CPD.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
45.	October 2019	On 22 October 2019 IAAM submitted the request to the IFAC for obtaining the permission to use the Serbian translation of Code of Ethics for Professional Accountants 2016 edition in order to make it accessible for its members and to be the integral part of IAAM's education program.	Finished	Executive Director	Professional Ethics and Disciplinary Procedure Board
46.	Finished	IAAM received from IFAC to sign the Agreement for Permission to Reproduce, Publish and Distribute Copyrighted Materials regarding the use of Serbian language translation of Handbook of the Code of Ethics for	Signed on 11 November	Executive Director	Professional Ethics and Disciplinary Procedure Board

		Professional Accountants 2016 edition. After signing the Agreement and after all conditions are met, IAAM provided its members with the translation of the Code of Ethics.	2019		
47.	Ongoing	Submit the request to the IFAC for obtaining the permission to use the Serbian translation of Code of Ethics for Professional Accountants 2018 edition in order to make it accessible for its members and to be an integral part of IAAM's education program.	Q4 2023	Executive Director	Professional Ethics and Disciplinary Procedure Board
<i>Assisting IAAM Members with the Implementation of the IESBA Code of Ethics</i>					
49.	November 2019	Institute of Accountants and Auditors of Montenegro published the Serbian translation of the Code of Ethics (2016 edition). The promotion and implementation of the Code of Ethics was provided by distribution of the printed edition of the Code of Ethics to all IAAM members on the seminars for Tax Advisor, by providing information via e-mail and website and sharing the printed edition to all new certified members on the certification ceremony.	Finished	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
50.	Ongoing	IESBA published 2022 Handbook of the International Code of Ethics for professional accountants, whereas Bosnian translation is in published in Bosnian-Croatian language. Despite the fact of similarity of regional languages, IAAM plans to submit the request for publication of the Serbian translation of 2022 Handbook of the International Code of Ethics for Professional Accountants when it becomes available, so that IAAM members and all candidates get free insight and implement properly the indicated statements. Until then, the CPD trainings and initial educational will cover the updated revisions in December 2022 of non-assurance services, fees, and quality engagement reviewers.	December 2024	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
51.	September 2019	Review contents of the <i>Ethics Education Toolkit</i> and disseminate among Professional Ethics and Disciplinary Procedure Board as well as Education Board.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
52.	December 2019	Consider how Ethics Education Toolkit elements such as sample course outlines, teaching notes, case studies, video clips of ethical dilemmas, and the database of ethics education resource materials may be used to enhance current ethics education. Identify key areas for strengthening ethics education programs.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board

53.	July 2023	Work to implement key areas for strengthening ethics education programs. Initial development covers the practical examples of ethical dilemmas and adequate professional behavior according to Code of Ethics. Further strengthening of the program is expected to be proposed and adopted by the Ministry of Education and applicable at the national level.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
54.	Ongoing	Active monitoring and participation in the activities of CFE Tax advisors in the process of setting a quality bar for ethical judgment in relation to tax advising.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
55.	September 2023	Organize practical workshops with the emphasis on ethical principles in the time of rapid technological advancements and accelerating digitalization and resulting changes.	September 2024	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
56.	Ongoing	Notify IAAM's members of new, proposed and revised provisions of the IESBA Code of Ethics and other pronouncements issued by the IESBA via e-mail, IAAM's website, through IAAM's magazine quarterly and when the changes occur. In issues of RRF magazine IAAM published among other information regarding developments and activities of IESBA.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board Education Board
<b>Maintaining Ongoing Processes</b>					
57.	Ongoing	Monitor the changes in Code of Ethics and when there are changes ensure that the changes are communicated to the IAAM Members. Additionally, ensure that IAAM training programs are updated to reflect changes in the Code of Ethics.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
58.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of the Code of Ethics.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
59.	Ongoing	Proceed with the activities of monitoring the compliance of the work engagement of IAAM members with the Code of Ethics requirements and setting the framework for investigation and discipline procedures for potential disrespect of the Code of Ethics.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board
60.	Ongoing	Review and update sections relevant to SMO 4, as necessary.	Ongoing	Executive Director	Professional Ethics and Disciplinary Procedure Board

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Promote IPSASs to the Government and Other Counterparts

**Background:**

According to the *Rulebook on the method of preparing and submitting financial statements of the budget, state funds and units of local self-government* ("Official Gazette of Montenegro", No. 023/14 of 05/30/2014,..., No. 071/19 of 25.12.2019) and *Rulebook on the uniform classification of accounts for the budget of Montenegro and the budgets of municipalities* ("Official Gazette of Montenegro", No. 072/16 of 18.11.2016... br. 080/21 od 23.07.2021) Budget of Montenegro, consumer units, state funds and municipalities prepare financial statements in the forms defined in this Rulebook and in accordance with the International Public Sector Accounting Standards (IPSASs) using modified cash basis of cash flow reporting. The standards themselves are neither published nor adopted by any entity.

In process of further strengthening the European integration, Montenegro defined the adoption and activities undertaking for the transition to the accrual concept through the *Public Sector Strategy for the Transition to Accrual Accounting*, based on the principles derived from the *Public Finance Management Reform Program 2016-2020*. Since 2015, with the adoption of the Strategy, efforts have been made to establish reform activities through the *Action Plan*, which was published in 2018. Medium-term reform approach started with adoption of the Law on Accounting in Public Sector, at the end of 2019, which was initially supposed to enter into force in 2022 and assumed the initial implementation of accrual accounting in public sector.

Currently, 2013 version of IPSASs translation is in use, but there is no significant progress on the transparency and up-to-date of the competent organization regarding their translation of amendments and publication. According to the Strategy, the development of national accounting standards for public sector is planned, which will be based on IPSAS, but there has been no progress in this field either. Perceived gaps in the IT system which supports only cash-based accounting with additional tracking function obligation, are one of the main elements of the reform that represent a dominant cause of potential delay. The main progress was made in the establishment of the title of *Accountant in the public sector*, for which the Ministry of Finance is fully responsible for implementing the program and issuing certificates. *Rulebook on the Method of Training conduct and Examination for obtaining the certificate of Accountant in the public sector* provides for the completion of three modules:

1. National- legal framework related to taxes and budget
2. Financial reporting
3. Management accounting

Despite that in public sector accounting we have a lower level of preparatory activities for implementation and transition to accrual accounting, significant reform progress has been achieved in the segment of internal controls and internal audit. For several years now, the Ministry of Finance has been actively working on changes to the law concerning internal audit and implementing educational program of initial and continuous professional education.

At the same time, it is important to note that in the meantime, the application of the Law on Accounting has been postponed for the beginning of 2024 and, accordingly, to point out that the public sector of Montenegro has not yet applied the accrual accounting in the public sector.

With no direct responsibility for adoption and implementation of IPSASs, IAAM sees its role in raising awareness, educating its membership and promoting the ongoing adoption and implementation of IPSASs by the government through magazines, seminars and CPD. In the previous period, the main type of support was provided at the request of members through expert consultations for certain dilemmas for the application of IPSAS in practice and webinars related to legal changes in accounting and tax regulations. In previous years, the expert associate of the Institute conducted research that was shaped by the master's thesis "Montenegro public sector readiness analysis for implementation of accrual accounting based on Basic Requirements model", which is expected to be promoted and refined in the coming period.



<p>IAAM and Montenegro State Audit Institution signed the Memorandum of Understanding on 22 February 2016. As the result of the Memorandum, IAAM responds to their ongoing demand for specialized in-house education in order to prepare their employees for the upcoming reform, by organizing seminars. Since Montenegro is in the process of the implementation of FATF recommendations, IAAM contributes to this process by organizing continuous seminars in cooperation with <i>Financial Intelligence Sector</i> for its members on annual basis. This cooperation will be upgraded to international level through organizing seminars and conferences with international lecturers.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing Dialogue on Subject of IPSASs</i>					
61.	Ongoing	<p>As significant changes are expected for the public sector in the coming period regarding the introduction of the accrual accounting, which will notably affect financial reporting and bookkeeping, IAAM sees an opportunity to help interested members and entities of interest in improving the quality of public sector accounting.</p> <p>On 22 February 2016, the Institute of Accountants and Auditors of Montenegro and Montenegro State Audit Institution signed the Memorandum on the business cooperation between these two organizations. The Memorandum defined the whole range of activities which will contribute to the improvement of the area of accounting and auditing in Montenegro.</p> <p>The cooperation is based on in-house education and by organizing seminars. Accordingly, the following seminars were organized:</p> <p>On 12 April 2016, a seminar was organized on the theme "Application of the Law on Salaries of Public Sector Employees" in which representatives of the State Audit Institution participated.</p> <p>IAAM and the State Audit Institution organized on 4 December 2018 conference on ISQC 1 and ISQC 2, and new IFRS 15 and IFRS 16, with notable international lecturers from JPA International, France and JPA International, Georgia.</p> <p>The seminar on the topic: "Application of IASs/IFRSs" was held in the State Audit Institution in November 2016.</p> <p>Montenegrin State Audit Institution organized on 21-22 December 2017 a two day training for state auditors and other employees from the State</p>	Ongoing	Executive Director	Management Board

		<p>Audit Institution with the lecturers from the IAAM on the theme: "Treatment of assets, liabilities, revenues and expenditures in accrual accounting through application of international accounting standards"  <a href="http://www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=460:održan-a-obuka-„tretman-imovine-obaveza-prihoda-i-rashoda-u-obračunskom-računovodstvu-kroz-primjenu-međunarodnih-računovodstvenih-standarda“&amp;Itemid=231&amp;lang=sr">www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=460:održan-a-obuka-„tretman-imovine-obaveza-prihoda-i-rashoda-u-obračunskom-računovodstvu-kroz-primjenu-međunarodnih-računovodstvenih-standarda“&amp;Itemid=231&amp;lang=sr</a></p> <p>On 21 February 2019, IAAM held in Montenegrin State Audit Institution a three-day seminar for state auditors on the topic: "Accrual accounting with specific examples of recording of particular transactions"  <a href="http://www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=609:održan-a-obuka-na-temu-„obračunsko-računovodstvo-sa-konkretnim-primjerima-knjiženja-poedin">www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=609:održan-a-obuka-na-temu-„obračunsko-računovodstvo-sa-konkretnim-primjerima-knjiženja-poedin</a></p> <p>On 26 February 2019, IAAM held in Montenegrin State Audit Institution a seminar for state auditors on the theme: "Making and submitting of annual financial statements and corporate income tax return".  <a href="http://www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=612:državni-revizori-na-seminaru-„sastavljanje-i-dostavljanje-godišnjih-finansijskih-iskaza-i-prijava-poreza-na-dobit-pravnih-lica“&amp;Itemid=231&amp;lang=sr">http://www.dri.co.me/1/index.php?option=com_k2&amp;view=item&amp;id=612:državni-revizori-na-seminaru-„sastavljanje-i-dostavljanje-godišnjih-finansijskih-iskaza-i-prijava-poreza-na-dobit-pravnih-lica“&amp;Itemid=231&amp;lang=sr</a></p> <p>In 2022, the mutual cooperation was achieved through the organization of the following seminars on the following topics:</p> <ul style="list-style-type: none"> <li>• 15-16 January: IAS 2 Inventories, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 15 Revenue from Contracts with Customers.</li> <li>• 17-18 January:</li> <li>• "Basics of accrual accounting in the public sector",</li> <li>• IPSAS 3 Accounting policies, changes in accounting estimates and errors,</li> <li>• IPSAS 6 Consolidated and separate financial statements</li> <li>• IPSAS 12 Inventories</li> <li>• Management Accounting and analysis of financial indicators</li> </ul>			
62.	Ongoing	Publish key topics and issues of implementation of IPSASs in magazine.	Ongoing	Executive Director	Management Board

<i>Maintaining Ongoing Processes</i>					
63.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in the adoption of the IPSASs.	Ongoing	Executive Director	Management Board
64.	Ongoing	Continue with an ongoing specialized in-house trainings and seminars for the employees from the Montenegrin State Audit Institution.	Ongoing	Executive Director	Management Board
<i>Review of IAAMs Compliance Information</i>					
65.	Ongoing	Review and update sections relevant to SMO 5, as necessary.	Ongoing	Executive Director	Management Board

**Action Plan Subject:** SMO 6—Investigation and Discipline

**Action Plan Objective:** Review the Current IAAM's Investigation and Disciplinary System for Alignment with the Revised SMO 6

**Background:**

IAAM maintains a complaint-based system of investigation and discipline which is maintained and overseen by the Investigation Committee, Discipline Committee and Appeals Committee of IAAM.

Upon receipt of a complaint, the Investigation Committee assembles a three-person panel which includes persons who are independent of both the situation and the individual(s) in question. The Investigation Committee receives the complaint, analyses it, determines the complexity of the complaint, asks for the additional information from the member regarding the complaint, and if the Investigation Committee finds that there is a case to pursue it refers it to the Discipline Committee. The Discipline Committee imposes the following measures: 1) rejecting the complaint if there is no breach of ethical and professional rules; 2) state the admonishment in the case the breach did not produced serious consequences; 3) admonishment before the expulsion from the membership in the case of more serious breach of the professional and ethical rules where the member admits that he breached the professional and ethical rules; 4) the expulsion from membership and the loss of professional designation without the possibility of becoming again the member of the IAAM. In the case the member is not satisfied with the decision, he can submit the request to the Appeals Committee which can confirm or annul the reached decision or return the case to the Discipline Committee to the further consideration.

IAAM does not have the responsibility regarding I&D system for auditors. It is delegated to the ICAM. In period of 2020-2022 there were no appeals or leading cases involving IAAM members.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Developing the Investigation and Discipline System and Using Best Endeavors to Implement it</i>					
66.	September 2022	Conduct a review and analysis of the IAAM system of investigation and discipline for alignment with SMO 6.	December 2024	Executive Director	Investigation, Discipline and Appels Committees
67.	September 2023	Begin dialogue with other Montenegrin PAOs regarding key components of SMO 6 as well as the need for coordination and communication in the area of investigation and discipline. IAAM plans to organise round table inviting the representatives of Ministry of Finance and ICAM, as well as the professors and relevant people from accounting and auditing area in order to discuss the improvement in accounting activities, among other things, the implementation of the disciplinary procedures for violation of the professional and ethical rules.	December 2024	Executive Director	Investigation, Discipline and Appels Committees
68.	September 2022	Raise awareness among IAAM members through continuous education, regarding IFAC SMO 6 – specifically the role and responsibility of a PAO to investigate and discipline breaches of professional and ethical standards committed by its members.	Ongoing	Executive Director	Investigation, Discipline and Appels Committees

69.	September 2022	Raise the public's awareness, at the seminars, continuous education, of the functioning of the I&D mechanisms so that complaints it wishes to raise can be forwarded to the relevant body.	Ongoing	Executive Director	Investigation, Discipline and Appels Committees
70.	December 2022	Establish communication with the regional PAOs to exchange experience in the field of investigating and disciplining the members for misconduct and failure to comply with professional and ethics rules.	November 2024	Executive Director	Investigation, Discipline and Appels Committees
71.	Ongoing	Continue promoting compliance with Code of Ethics at IAAM's seminars and encourage IAAM's members to report any breaches and violation of professional and ethics rules.	Ongoing	Executive Director	Investigation, Discipline and Appels Committees
<i>Maintaining Ongoing Processes</i>					
72.	Ongoing	Continue to use best endeavors to ensure the IAAM's investigation and disciplinary mechanism encompasses addressing all revised requirements of SMO 6. This includes review of the existing mechanism, consider implementing information-based system in addition to complaint-based system and updating the Action Plan for future activities where necessary.	Ongoing	Executive Director	Investigation, Discipline and Appels Committees
<i>Review of IAAM's Compliance Information</i>					
73.	Ongoing	Review and update sections relevant to SMO 6, as necessary	Ongoing	Executive Director	Investigation, Discipline and Appels Committees

**Main Requirements of SMO 6 [Self-assessment completed in 2022]**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	x			IAAM established the I&D system for its members.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	x			Book of Regulation on Disciplinary Liability will be updated and published on IAAM website after approval by the Board of Directors at the next session.

Requirements	Y	N	Partially	Comments
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	x			Will investigate cases from the news; audit reports, etc.
4. Link with the results of QA reviews has been established.				There is no QA review system for accountants in place
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.	x			Investigative body is operational.
6. Members of a committee are independent of the subject of the investigation and other related parties.	x			In the investigation, it is stated that the focus should be placed on the independence of all involved experts and the conflict of interest should be left out.
<b>Disciplinary process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	x			Discipline Committee is operational.
8. Members of the committee/entity include professional accountants as well as non-accountants.		x		Only professional accountants.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	x			In the discipline process, it is stated that the focus should be placed on the independence of all involved experts and the conflict of interest should be left out.

Requirements	Y	N	Partially	Comments
<b>Sanctions</b> 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.	<b>x</b>			The Discipline Committee imposes the following measures: 1) rejecting the complaint if there is no breach of ethical and professional rules; 2) state the admonishment in the case the breach did not produced serious consequences; 3) admonishment before the expulsion from the membership in the case of more serious breach of the professional and ethical rules where the member admits that he breached the professional and ethical rules; 4) the expulsion from membership and the loss of professional designation without the possibility of becoming again the member of the IAAM.
<b>Rights of representation and appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	<b>x</b>			
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.	<b>x</b>			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	<b>x</b>			
14. Records of investigations and disciplinary processes are established.	<b>x</b>			
<b>Public Interest Considerations</b> 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	<b>x</b>			

Requirements	Y	N	Partially	Comments
16. A process for the independent review of complaints on which there was no follow-up is established.	x			
17. The results of the investigative and disciplinary proceedings are made available to the public.			x	
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	x			
<b>Regular review of implementation and effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	x			We have identified necessity to improve effectiveness of above system. It is planned with the approval of updated Book of Regulation on Disciplinary Liability to redesign the existing I&D system and strive to increase members' awareness of the need for ethical behavior and the maximum reduction of inappropriate behavior.



**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB

**Action Plan Objective:** Continue Assisting in Implementation of IFRS

**Background:**

National legislation (article 3 and 5 of Montenegrin Law on Accounting) requires the application of the IAS/IFRSs as issued by the IASB for all legal entities, without making distinctions between SMEs and others. The Law on Accounting envisages that the competent body (ICAM) is obliged to translate and publish in the Official Gazette IASs/IFRSs passed by the IASB which are valid for each reporting year. Despite the acquisition of the right for translation and publication under the 2007 Decree, in 2023, ICAM published first translation of IFRS 15 - *Revenue from Contracts with Customers* on their website, without publishing other standards that are also mandatory for application. As such, Montenegro utilizes Serbian 2019 edition IAS/ IFRS translation that was conducted by SAAA as well as IFRS 10, 11, 12, 13 from 2013.

With no direct responsibility for translation, IAAM for the purposes of initial and continuous professional development is using the Serbian or Bosnian translation of IAS/IFRS, due to language similarity. Regardless of the official start of application, early application of the amended standards is encouraged through all forms of education (listed below). IFRS is involved in IPD and CPD programs and programs are updated according to 2019 latest versions of standards.

In cooperation with the company Privredni savetnik, Serbia, IAAM made available their two editions related to the application of amendments and new IFRSs, published by the IASB, namely:

- Manual for the application of the chart of accounts for companies, cooperatives and entrepreneurs in accordance with IAS/IFRS
- Manual for the application of IFRS 9, IFRS 15 and IFRS 16

Due to changes in the Law on Accounting and the establishment of the obligation to submit simplified notes for micro and small enterprises, the Institute has made a presentation of the application for its members for easier mastering, in accordance with EU directives and IFRS guidelines.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue Efforts to Facilitate the Implementation of IFRSs</i>					
74.	September 2023	Establish cooperation with UAAFWFBH regarding exchanging of experts at seminars and exchanging of professional articles on IASs/IFRSs.	Ongoing	Executive Director	Technical Council
75.	September 2023	Cooperation with Chamber of Auditors of Azerbaijan and Privredni savetnik (Serbia) to exchange articles from journals regarding implementation of IASs/IFRSs.	Ongoing	Executive Director	Technical Council

76.	Ongoing	Continue to provide information on the latest developments in IFRSs quarterly through magazine <i>Računovodstvo, revizija i finansije</i> and other publications which are targeted to the IAAM membership and other accountancy and finance professionals, and via website when the changes happen.	Ongoing	Executive Director	Technical Council
77.	Ongoing	Encourage responsible body to provide translation of all IFRSs and IFRIC Interpretations intended for mandatory use and make them available to all interested accountants in the country.	Ongoing	Executive Director	Technical Council
78.	Ongoing	Provide comments on new and amended standards and interpretations in IAAM's magazine, publish articles where the contents of the particular IASs/IFRSs are presented, the examples of the practical application of these standards and possible difficulties that may appear in their application.	Ongoing	Executive Director	Technical Council
79.	Ongoing	<p>Conduct seminars, presentations, and workshops on new or amended IFRSs and IFRIC Interpretations.</p> <p>IAAM in collaboration with Tax Administration of Montenegro organized seminar on 9 October 2017 on the topic: "Accounting and tax regulations". <a href="http://www.irrcg.co.me/seminari/28">http://www.irrcg.co.me/seminari/28</a></p> <p>IAAM together with Tax Administration of Montenegro organized on 7 March 2017 the seminar on the theme: "Making and submitting the annual financial statements and corporate income tax return and legal entity property tax return" <a href="http://www.irrcg.co.me/seminari/25">http://www.irrcg.co.me/seminari/25</a></p> <p>IAAM organized together with the Tax Administration of Montenegro the seminar on the theme: "Application of Law on rescheduling of tax debt of taxpayers and latest amendments of accounting and tax regulations". <a href="http://www.irrcg.co.me/seminari/25">http://www.irrcg.co.me/seminari/25</a></p> <p>IAAM organized a seminar in Podgorica on 19 February 2018, and in Tivat on 22 February 2019 on the topic: "Making and submitting of annual financial statements and VAT return for legal entities for 2017". <a href="http://www.irrcg.co.me/seminari/35">http://www.irrcg.co.me/seminari/35</a></p> <p>On 26 February 2019 IAAM held seminar in Podgorica on the topic: „Making and submitting annual financial statements and VAT return for legal entities“. One of the themes at the seminars was the application of new and amended IAS/IFRS for the 2018 financial statements, with the</p>	Ongoing	Executive Director	Technical Council

		<p>accent on the first application of two new standards – IFRS 9 and IFRS 15 for the 2018 financial statements <a href="http://www.irrcg.co.me/seminari/40">http://www.irrcg.co.me/seminari/40</a>.</p> <p>On 4 December 2019 IAAM in cooperation with State Audit Institution of Montenegro organized the professional conference in Podgorica where the renowned international lecturers presented two international financial reporting standards IFRS 15 and IFRS 16 <a href="http://www.irrcg.co.me/seminari/38">http://www.irrcg.co.me/seminari/38</a>.</p> <p>In 15-16 January 2022 IAAM organized with State Audit Institution CPD education with the following topics:</p> <ul style="list-style-type: none"> <li>• IAS 2 Inventories,</li> <li>• IAS 16 Property, Plant and Equipment,</li> <li>• IAS 37 Provisions, Contingent Liabilities and Contingent Assets,</li> <li>• IFRS 15 Revenue from Contracts with Customers.</li> </ul> <p>In 17-18 January 2022, the extended group of state auditors participated in seminars on the topic:</p> <ul style="list-style-type: none"> <li>• Amendments to the Law on Accounting</li> <li>• Amendments of IAS/IFRS</li> <li>• Conceptual Framework for Financial Reporting</li> </ul> <p>In 20-21 January 2022 the following topics were covered with auditor of State Audit Institution:</p> <ul style="list-style-type: none"> <li>• Financial reporting in Montenegro (with indications on reporting in accordance with IFRS)</li> <li>• Individual processing of each statement, provided for by the Law on Accounting and IAS/IFRS</li> </ul> <p>For IAAM members among CPD trainings, the following seminars/webinars were organized:</p> <ul style="list-style-type: none"> <li>• On 24<sup>th</sup> February 2022: Preparation and compilation of financial statements of 2021 with the latest IAS/IFRS amendments</li> <li>• On 10<sup>th</sup> March 2022: “Application of the IFRS 16 – Leasing (accounting approach: Identification of the Leasing Agreement; Determining the duration of the lease; Measurement of the asset with the right of use and the obligation for leasing; First application of IFRS 16; The tax aspect of applying IFRS 16)”</li> <li>• On 29<sup>th</sup> November 2022: Inventory of assets and liabilities and</li> </ul>			
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		<p>preparatory actions as an element of quality of financial report</p> <ul style="list-style-type: none"> <li>On 12<sup>th</sup> December 2022: “ 1) Simplified notes for micro and small legal entities; 2) Application of IFRS-16-Leasing when compiling the annual financial statements for 2021: subsequent measurement and lease modification.”</li> <li>On 3<sup>th</sup> February 2023: Presentation of the model for preparation of simplified notes for micro and small enterprises;</li> <li>On 28<sup>th</sup> February 2023: Preparation and compilation of financial statements of 2021 with the latest IAS/IFRS amendments</li> </ul> <p>The organization of a seminar for the practical application of IFRS 9 and IFRS 15 standards is currently being prepared. It is expected to be held in September/October 2023.</p>			
80.	September 2022	Promote and indicate the need for implementation of IFRS for SMEs.	Ongoing	Executive Director	Technical Council
<b>Maintaining Ongoing Processes</b>					
81.	Ongoing	<p>Monitor the changes in IFRSs and when there are changes ensure that the changes are communicated to the IAAM Members through IAAM's magazine and website.</p> <p>In May 2020 IAAM published in the magazine <i>Racunovodstvo, revizija i finansije</i>, Montenegrin translation of IFAC article <i>The Financial Reporting Implications of COVID-19</i> with the permission of IFAC.</p> <p>IAAM published in February 2021 in the magazine <i>Racunovodstvo, revizija i finansije</i> the article <i>Going concern—a focus on disclosure</i> taken from IFRS website.</p> <p>In July 2021 IAAM published the article <i>Enhancing Corporate Reporting</i> from IFAC website.</p> <p>IAAM published in October 2022 in the magazine <i>Racunovodstvo, revizija i finansije</i> the article related to Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards corporate sustainability reporting.</p>	Ongoing	Executive Director	Technical Council

82.	Ongoing	Ensure that IAAM training programs are updated to reflect changes in the IFRSs. The study and practical application of IAS/IFRS is covered within the subject Financial Reporting. In period 2020-2022 within the program, the scope of the study of IFRS 16 - Leasing was expanded, as well as all previous standards were updated in accordance with the amendments adopted by IASB. From September 2023, IFRS 9 and IFRS 15 will be expanded with practical use, among theoretical study.	Ongoing	Executive Director	Educational Board, Ministry of Education
83.	Ongoing	Continue to use 'best endeavors' by identifying opportunities to further assist in implementation of the IFRS.	Ongoing	Executive Director	Technical Council
<i>Review of IAAM's Compliance Information</i>					
84.	Ongoing	Perform periodic review and update sections relevant to SMO 7, as necessary.	Ongoing	Executive Director	Technical Council

## Self-Assessment Against Main Requirements of International Education Standards (IESs)

The approach for establishing requirements for and provision of accountancy education varies between jurisdictions, with multiple stakeholders involved in the process. These stakeholders may include Universities, Ministries of Education, National Education Accreditation Bodies, Government, Regulators, Professional Accountancy Organizations, among others.

Although not all IFAC member organizations are directly involved in all stages of educating accountancy professionals, as member organizations of IFAC, they must **fulfill or demonstrate plans** to fulfill **IFAC Statement of Membership Obligation 2**, which requires PAOs to adopt or support the adoption and implementation of **International Education Standards (IESs)** and be the main driving force behind the ongoing, sustainable adoption of IESs in their jurisdictions.

Where the IFAC member body has no authority or shared authority for establishing and/or provision of education for a category of professional accountant<sup>1</sup>, the IFAC member body should identify those IES that are appropriate to the professional accountant roles performed by their members and assume the appropriate set of actions to incorporate the requirements of IESs.

For other IESs, IFAC member organization should encourage those responsible to implement the requirements of the IESs into relevant laws, regulations, or other legal instruments.

This checklist is intended to assist PAOs, in:

- ✓ **facilitating a high-level assessment** of the educational requirements for professional accountants in their jurisdictions against the IESs, with a view to further develop roadmaps for IES adoption, thus bringing the quality of professional education in their jurisdiction to an internationally recognized benchmark;
- ✓ **raising awareness about IESs and their requirements** among stakeholders as a set of high quality, internationally accepted standards that establish accountancy education principles for life-long learning of professional accountants, and assisting the stakeholders in understanding how the IES requirements should be incorporated; and
- ✓ **assisting** private- and public-sector stakeholders to collaborate on roadmaps to implement IESs.

**This checklist supplements the detailed requirements, guidance materials and good practice advice for IES practical implementation contained in the **Accountancy Education E-Tool** developed by IFAC.**

<sup>1</sup> A professional accountant as an individual who achieves, demonstrates, and further develops professional competence to perform a role in the accountancy profession and who is required to comply with a code of ethics as directed by a professional accountancy organization or a licensing authority. Professional accountants may play a variety of roles such as a public sector role, an accounting technician role, professional accountants in business (PAIB) role, taxation specialist, management accountant, auditor, or other.

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<b>IES 1, Entry Requirements to Professional Accounting Education Programs</b> <b>Effective:</b> January 1, 2021 <b>Objective:</b> To establish educational entry requirements to professional accounting education programs that are fair, proportionate, and protect the public interest.						
Educational entry requirements for professional accounting education programs that will allow entrance only to those with a reasonable chance of successfully completing the professional accounting education program, while not representing excessive barriers to entry, are specified.	Accounting Technician	Vocational education center	X			According to the adopted Examination framework for the national vocational qualification Accounting technician, the education program can only be accessed by persons who have completed secondary school, i.e. IV-1 level of vocational education.
	Authorized Accountant	Vocational education center	X			According to the adopted Examination framework for the national vocational qualification Authorized Accountant, entry requirements are: <ul style="list-style-type: none"> <li>• has completed four-year university degree study (240 ECTS) and has at least three years of work experience in the field of keeping business books and preparation of financial statements;</li> <li>• has completed three-year University degree study (180 ECTS) and has at least four years of work experience in the field of keeping of business books and</li> </ul>

						<p>preparation of financial statements;</p> <ul style="list-style-type: none"> <li>has completed two-year college degree study (120 ECTS) and has at least five years of work experience in the field of keeping business books and preparation of financial statements</li> </ul>
<p>The rationale for the principles to be used when setting educational entry requirements to stakeholders, including relevant education providers and individuals considering a career as a professional accountant is explained.</p>	Accounting Technician	Vocational education center			X	<p>Multiple awareness sessions with members, students, accounting tutors and public institutions are held continuously and implemented through project with the e.g. Employment Agency and Association of paraplegics.</p>
	Authorized Accountant	Vocational education center			X	<p>Multiple awareness sessions with members, students, accounting tutors and public institutions are held continuously.</p>
<p>Relevant information is publicly available to help individuals assess their own chances of successfully completing a professional accounting education program.</p>	Accounting Technician	IAAM	X			<p>On IAAM's website are available all information and updated optionally. The Ministry of Education and all relevant institutions for regulating the field of adult education publish relevant statistics in their periodic reports. IAAM as a licensed provider of adult education, is obliged to keep up-to-date records in the official electronic register of the Ministry of Education about education participants, for statistical purposes.</p> <p>Link: <a href="https://www.irrcg.co.me/courses/ra%C4%8Dunovo%C4%91a">https://www.irrcg.co.me/courses/ra%C4%8Dunovo%C4%91a</a>.</p>



	Authorized Accountant	IAAM	X			<p>On IAAM's website are available all information and updated optionally. The Ministry of Education and all relevant institutions for regulating the field of adult education publish relevant statistics in their periodic reports. IAAM as a licensed provider of adult education, is obliged to keep up-to-date records in the official electronic register of the Ministry of Education about education participants, for statistical purposes.</p> <p>Link: <a href="https://www.irrcg.co.me/courses/ovla%C5%A1%C4%87eni-ra%C4%8Dunovo%C4%91a">https://www.irrcg.co.me/courses/ovla%C5%A1%C4%87eni-ra%C4%8Dunovo%C4%91a</a></p>
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<sup>2</sup> Please complete for those categories of professional accountants that your members represent. For other categories, please work with other stakeholders in your jurisdiction to complete or to raise their awareness about the IES requirements. If gaps exist, please consider developing a plan to close the gaps within the context of the IFAC Member Compliance Program SMO Action Plan.

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<b>IES 2, Initial Professional Development – Technical Competence</b> <b>Effective:</b> January 1, 2021 <b>Objective:</b> To establish the technical competence that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.						
<b>Learning Outcomes for Technical Competence</b> Learning outcomes for technical competence to be achieved by aspiring professional accountants by the end of IPD is prescribed. These learning outcomes shall include those listed in <a href="#">IES 2</a> , Table A.	Accounting Technician	Vocational education center			X	The adopted Examination framework for the national vocational qualification Accounting Technician indicates the learning outcomes for each subject unit, which are based on the guidelines of international education standards.  Link: <a href="https://www.irrcg.co.me/courses/ra%C4%8Dunovo%C4%91a">https://www.irrcg.co.me/courses/ra%C4%8Dunovo%C4%91a</a>
	Authorized Accountant	Vocational education center			X	The adopted Examination framework for the national vocational qualification Authorized Accountant indicates the learning outcomes for each subject unit, which are based on the guidelines of international education standards.  Link: <a href="https://www.irrcg.co.me/courses/ola%C5%A1%C4%87eni-ra%C4%8Dunovo%C4%91a">https://www.irrcg.co.me/courses/ola%C5%A1%C4%87eni-ra%C4%8Dunovo%C4%91a</a>

<p><i>Review of Professional Accounting Education Programs</i></p> <p>Professional accounting education programs that are designed to achieve the learning outcomes in IES 2 are regularly reviewed and updated.</p>	Accounting Technician	National Council for Education, Vocational education center, IAAM			X	<p>The adopted <i>Examination framework for the national vocational qualification Accounting Technician and Authorized Accountant</i> emphasizes that the provider of the education program can realize up to 10% of the lessons as an open part of the program. The program provider can design contents with current topics from the given profession (topics can be related to the needs of the local community, the interests of the participants, the needs of the target group, etc.)</p> <p>Major updates of the framework at the national level must be agreed and published by National Council for Education upon proposal of the Center for Vocational Education and mandatory for all licensed education providers.</p> <p>IAAM strives to process within the given framework the novelties regarding the amendments of IAS/IFRS and provisions of the Code of Ethics. e.g. The mandatory application of IFRS 16 for all entities in Montenegro was officially announced from 01.01.2021 and IAAM included a detailed treatment of this standard as part of the education program.</p>
	Authorized Accountant	National Council for Education, Vocational education center, IAAM			X	
<p><i>Assessment of Technical Competence</i></p> <p>Appropriate assessment activities to assess the technical competence of aspiring professional accountants are established.</p>	Accounting Technician	Examination center	X			<p>According to Article 20 of the Law on National Vocational Qualifications, the verification of knowledge, skills and competences for the acquisition of a vocational qualification is carried out by the Examination</p>
	Authorized Accountant	Examination center	X			



						<p>Commission, which is consisted of licensed examiners.</p> <p>Proficiency levels, exam grid and model papers are contained and available within the framework for students' preparation and reference. They are regularly updated.</p>
<p><b>IES 3, Initial Professional Development – Professional Skills</b></p> <p><b>Effective:</b> January 1, 2021</p> <p><b>Objective:</b> To establish the professional skills that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.</p>						

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<p><i>Learning Outcomes for Professional Skills</i></p> <p>Learning outcomes for professional skills to be achieved by aspiring professional accountants by the end of IPD are prescribed. These learning outcomes shall include those listed in <a href="#">IES 3</a>: Table B.</p>	Accounting Technician	Vocational education center	X			<p>The relevant skills are included in the syllabus of each subject as well as integrated within training regulations.</p> <p>Chapter 10 and 12 of the adopted <i>Examination framework for the national vocational qualification Accounting Technician</i> cover the range of knowledge and professional skills that the trainee is expected to acquire by the end of the IPD.</p> <p>Chapter 3.2. Special assignments of the adopted <i>Examination framework for the national vocational qualification Accounting Technician</i> includes interpersonal skills on the development of which is done within the program.</p> <p>Minimum proficiency under this head shall be of intermediate level.</p>
	Authorized Accountant	Vocational education center	X			<p>The relevant skills are included in the syllabus of each subject as well as integrated within training regulations.</p> <p>Chapter 5.2 Specific outcomes of the adopted <i>Examination framework for the national vocational qualification Authorized Accountant</i> cover the range of specific knowledge and professional skills that the trainee is expected to acquire by the end</p>

						<p>of the IPD and representing the base to enable professional accountants to develop specializations in different accounting roles.</p> <p>Chapter 4.2. Special assignments of the adopted <i>Examination framework for the national vocational qualification Authorized accountant</i> includes interpersonal skills on the development of which is done within the program.</p> <p>Minimum proficiency under this head shall be of intermediate level.</p>
<p><i>Review of Professional Accounting Education Programs</i></p> <p>Professional accounting education programs that are designed to achieve the learning outcomes in IES 3 are regularly reviewed and updated.</p>	Accounting Technician	Vocational education center, National Council for Education			X	<p>The examination catalog is a document made on the basis of qualification standards, in accordance with the established methodology adopted by the National Council for Education and is responsible for periodic updates. The specific revision period is not legally prescribed.</p>
	Authorized Accountant	Vocational education center, National Council for Education			X	
<p><i>Assessment of Professional Skills</i></p> <p>Appropriate assessment activities to assess the professional skills of aspiring professional accountants are established.</p>	Accounting Technician	Examination center	X			<p>According to Article 20 of the Law on National Vocational Qualifications, the verification of knowledge, skills and competences for the acquisition of a vocational qualification is carried out by the Examination Commission, which is consisted of licensed examiners.</p> <p>The method and procedure for testing knowledge, skills and competencies in the process of</p>
	Authorized Accountant	Examination center	X			

						obtaining a vocational qualification, as well as the composition, method of work and other issues of importance for the Commission's work are prescribed by the Ministry of Education.
<b>IES 4, Initial Professional Development – Professional Values, Ethics, and Attitudes</b> <b>Effective:</b> January 1, 2021 <b>Objective:</b> To establish the professional values, ethics, and attitudes that aspiring professional accountants need to develop and demonstrate by the end of IPD, in order to perform a role as a professional accountant.						
<i>Framework of Professional Values, Ethics, and Attitudes</i>  Through professional accounting education programs, a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) apply professional skepticism and exercise	Accounting Technician	IAAM			X	The educational program are based on the study of ethical principles through relevant literature and practical examples. Learning Outcomes are integrated within respective examination as well as in the practical training experience. A separate program regarding the study of ethical principles is not foreseen, but each candidate receives a free version of the Code of Ethics during the course of the program, for advanced study and application during work in the public interest.
	Authorized Accountant	IAAM			X	

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
professional judgment, and (b) act in an ethical manner that is in the public interest is provided.						
<b>Relevant Ethical Requirements</b> Relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants are integrated.	Accounting Technician	IAAM			X	
	Authorized Accountant	IAAM			X	
<b>Learning Outcomes for Professional Values, Ethics, and Attitudes</b> Learning outcomes for professional values, ethics, and attitudes to be achieved by aspiring professional accountants by the end of IPD are prescribed. These learning outcomes shall include those listed in <a href="#">IES 4</a> , Table C.	Accounting Technician	IAAM			X	Each candidate must acquire the competence to apply the principles of <i>Professional skepticism and professional judgment, Ethical principles and Commitment to the public interest</i> and demonstrate them through exam questions and practical workshops.  Minimum proficiency under this head shall be of intermediate level.
	Authorized Accountant	IAAM			X	
<b>Review of Professional Accounting Education Programs</b> Professional accounting education programs that are designed to achieve the learning outcomes in IES 4 are regularly reviewed and updated.	Accounting Technician	IAAM		X		IAAM tries to indicate all important changes and guidelines with the new versions of the Code of Ethics. Changing the education programs must be carried out at the national level.
	Authorized Accountant	IAAM		X		
<b>Reflective Activity</b> Learning and development activities on professional	Accounting Technician	IAAM			X	Examples from practice and potential dilemmas are the subject of discussion within the study of





Self-Assessment Against Main Requirements of International Education Standards (IESs)

values, ethics, and attitudes for aspiring professional accountants are designed to include reflective activity that is formalized and documented.	Authorized Accountant	IAAM			X	individual accounting units.
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IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<i>Assessment of Professional Values, Ethics, and Attitudes</i>	Accounting Technician	IAAM			x	PVEA is assessed through different assessment activities, including multiple choice questions, multiple response questions and reflective activities.
Appropriate assessment activities to assess the professional values, ethics, and attitudes of aspiring professional accountants are established.	Authorized Accountant	IAAM			x	
<b>IES 5, Initial Professional Development – Practical Experience</b>						
<b>Effective:</b> July 1, 2015						
<b>Objective:</b> To establish the practical experience that is sufficient for aspiring professional accountants and needs to be completed by the end of IPD, in order to perform a role as a professional accountant.						
<i>Practical Experience</i>	Accounting Technician	Vocational education center		x		There is no practical experience required for the education program of Accounting Technician.  According to the adopted Examination framework for the national vocational qualification Authorized Accountant and in accordance with CORS-1, practical experience verification requirements depends on previously acquired education, ie: <ul style="list-style-type: none"><li>completed four-year university degree study (240 ECTS) - at least three years of work experience in the field of keeping business books and preparation of financial statements;</li><li>completed three-year University degree study (180 ECTS) - at least four years of work experience in the field</li></ul>
Aspiring professional accountants are required to complete practical experience by the end of IPD.	Authorized Accountant	Vocational education center	x			
Sufficient practical experience is required to enable aspiring professional accountants to demonstrate that they have gained the (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes necessary for performing a role of a professional accountant.	Accounting Technician	Vocational education center		x		
	Authorized Accountant	Vocational education center	x			

						<p>of keeping of business books and preparation of financial statements;</p> <ul style="list-style-type: none"> <li>completed two-year college degree study (120 ECTS) - at least five years of work experience in the field of keeping business books and preparation of financial statements</li> </ul> <p>Each candidate is obliged to submit a confirmation of previous work experience at the time of enrollment.</p>
<p>Preferred approach is established to measure practical experience using one of the following three approaches:</p> <ul style="list-style-type: none"> <li>✓ output-based;</li> <li>✓ input-based; or</li> <li>✓ a combination approach.</li> </ul>	Accounting Technician	IAAM		X		
	Authorized Accountant	IAAM	X			IAAM uses a combination approach

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<b>Output-Based Approach</b> For an output-based approach, aspiring professional accountants are required to demonstrate, using output measures, that they have obtained practical experience.	Accounting Technician					
	Authorized Accountant					
<b>Input-Based Approach</b> For an input-based approach aspiring professional accountants are required to demonstrate, using input measures, that they have obtained practical experience.	Accounting Technician					
	Authorized Accountant					
<b>Combination Approach</b> A combination of output- and input-based approaches complies with the output-based approach requirement and the input-based approach requirement, as applicable.	Accounting Technician	IAAM		X		The development of technical competencies is trained through practical workshops on the demo version of the accounting software for each program area that is covered on a weekly basis and through real examples from practice.
	Authorized Accountant	IAAM			X	The examination catalog provides for a formal mechanism for submitting a verification of previously acquired of technical competencies through on-the-job training. Additional competencies are acquired through practical examples training simulations.
<b>Practical Experience Supervision and Monitoring</b> Practical experience of aspiring professional accountants is required to be conducted under the direction of a practical experience supervisor.	Accounting Technician	IAAM		X		A trainer for practical workshops is pre-determined for all candidates.
	Authorized Accountant	IAAM			X	A trainer for practical workshops is pre-determined for all candidates. All supervisors are licensed

						lecturers by the Center for Vocational Education, which verifies all competencies.
Practical experience of aspiring professional accountants is required to be recorded in a consistent form prescribed by the responsible body or, where applicable, a regulatory body, and is supported by verifiable evidence.	Accounting Technician	Vocational Educational Centre		x		IAAM keep records of all theoretical and practical final exams, but there is no technical capacity for recording all workshop exercises for all candidates has not been established (because candidates can work online on their computers or the IAAMS' computers), but it is subject to verification.
	Authorized Accountant	Vocational Educational Centre			x	

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
The practical experience supervisor is required to undertake a periodic review of the records of practical experience of aspiring professional accountants.	Accounting Technician	IAAM			X	Practical workshops trainers are required to discuss the records with the trainees within in the moment of lecture or organized consultation time.
	Authorized Accountant	IAAM			X	Practical workshops trainers are required to discuss the records with the trainees within in the moment of lecture or organized consultation time. Consultations for advanced assignments, reports, studies, etc. are integrated within time for trainings.
Appropriate assessment activities are established to assess that sufficient practical experience has been completed by aspiring professional accountants.	Accounting Technician	IAAM			X	The examination catalogue requires that the assessments shall be done after completion of the subject training in two terms in a span of 15 days.
	Authorized Accountant	IAAM			X	The Institute also assess professional skills, values, ethics and attitude through prescribed examinations.
<b>IES 6, Initial Professional Development – Assessment of Professional Competence</b> <b>Effective:</b> July 1, 2015 <b>Objective:</b> To establish whether aspiring professional accountants have demonstrated an appropriate level of professional competence by the end of IPD in order to perform a role as a professional accountant.						
<i>Formal Assessment of Professional Competence</i> Whether aspiring professional accountants have	Accounting Technician	Examination centre	X			Assessments are formal through written, online (during pandemic) as well as periodic training

achieved an appropriate level of professional competence by the end of IPD, drawing on the outcomes of a range of assessment activities that are undertaken during IPD, is formally assessed.	Authorized Accountant	Examination centre	X			assessments conducted throughout IPD. In the case of providing technical and environmental conditions, preference is always given to a live written or oral assessment.
<p><i>Principles of Assessment</i></p> <p>Assessment activities that have high levels of reliability, validity, equity, transparency, and sufficiency within professional accounting education programs are designed.</p>	Accounting Technician	Examination centre	X			<p>The exams are highly reliable and valid as the assessors' act independently and the same consistent standards are used for all the candidates and they measure what is intended to be measured.</p> <p>All procedures for examination conduction, the secrecy of the examination and the selection of examiners are prescribed by the Examination Catalog and the Law on National Vocational Qualifications.</p>
	Authorized Accountant	Examination centre	X			

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<i>Verifiable Evidence</i>  The assessment of the professional competence of aspiring professional accountants is based on verifiable evidence.	Accounting Technician	Examination centre, IAAM			X	The details of the assessment activity, the competence areas to be assessed and the timing of the activity are disclosed within the group of candidates. IAAM is responsible to maintain proper training records of the candidates in the specified form. Upon the completion of the training period and passed exams, a completion certificate is issued by the IAAM to the candidate which is taken as a verifiable evidence and data entered in the official electronic database of the Ministry of Education.
	Authorized Accountant	Examination centre, IAAM			X	
<b>IES 7, Continuing Professional Development</b> <b>Effective:</b> January 1, 2020 <b>Objective:</b> To establish that professional accountants undertake relevant CPD to develop and maintain professional competence necessary to perform their role as a professional accountant.						
<i>CPD for Professional Accountants</i>  Professional accountants are required to undertake and record relevant CPD that develops and maintains professional competence necessary to perform their role as a professional accountant.	Accounting Technician	IAAM	X			CPD is integral part of post-qualification requirement for all IAAM members, who provide accounting services and have previously met all the requirements for the status of an active member.  More: <a href="https://www.irrcg.co.me/kontinuiranaedukacija">https://www.irrcg.co.me/kontinuiranaedukacija</a>
	Authorized Accountant	IAAM	X			
<i>Promotion of, and Access to, CPD</i>  The importance of, and a commitment to, CPD and	Accounting Technician	IAAM	X			In the process of establishing the institute of continuous professional education, all members were presented with the principles, importance and development of



the development and maintenance of professional competence is promoted.						the CPD. The documents governing the CPD are publicly available to all members na <a href="https://www.irrcg.co.me/kontinuiranaedukacija">https://www.irrcg.co.me/kontinuiranaedukacija</a> < Povezani dokumenti.
	Authorized Accountant	IAAM	X			
Access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility to undertake CPD that develops and maintains professional competence is facilitated.	Accounting Technician	IAAM	X			IAAM adopted the Rulebook on the seminars' organization, which regulates the types structure of continuous professional education. IAAM publicly publishes on its website and social networks all trainings, seminars, webinars and publications related to this field. Link: <a href="https://www.irrcg.co.me/news-2">https://www.irrcg.co.me/news-2</a>
	Authorized Accountant	IAAM	X			

IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
<b>Measurement of CPD</b> An approach to measurement of professional accountants' CPD using the output-based approach, input-based approach, or both is established.	Accounting Technician	IAAM	X			IAAM uses the combination approach
	Authorized Accountant	IAAM	X			
<b>Output-Based Approach</b> Under an output-based approach, professional accountants are required to develop and maintain professional competence that is demonstrated by achieving learning outcomes relevant to performing their role as a professional accountant.	Accounting Technician	IAAM	X			IAAM uses the combination approach
	Authorized Accountant	IAAM	X			
<b>Input-Based Approach</b> Under an input-based approach, professional accountants are required to develop and maintain professional competence that is demonstrated by completing a specified amount of learning and development activity relevant to performing their role as a professional accountant.	Accounting Technician	IAAM	X			IAAM uses the combination approach
	Authorized Accountant	IAAM	X			
<b>Monitoring and Enforcement of CPD</b> The nature and extent of verifiable evidence that professional accountants are required to maintain for CPD that has been undertaken is specified.	Accounting Technician	IAAM	X			The details are precisely defined in the Rulebook on continuing education (link: <a href="https://www.irrcg.co.me/files/ugd/5c195a_59ad552a278c4a178ec78791e08629d8.pdf">https://www.irrcg.co.me/files/ugd/5c195a_59ad552a278c4a178ec78791e08629d8.pdf</a> )
	Authorized Accountant	IAAM	X			
A systematic process to (a) monitor whether professional accountants meet the IFAC member body's CPD requirements, and (b) provide appropriate	Accounting Technician	IAAM	X			IAAM also maintains an online CPD portal for the convenience of its members. The web link for the CPD Portal is as follows: <a href="https://www.irrcg.co.me/registarclanova">https://www.irrcg.co.me/registarclanova</a>
	Authorized Accountant	IAAM	X			

						<p>According to the article 6 of The <i>Rulebook on CPD</i> all members who during one calendar year do not fulfill the stipulated norm of 40 hours of professional continuing education (of which 20 hours must be verifiable), will be notified by telephone and electronically with a warning about not fulfilling the mandatory number of hours of continuous professional development based on the acquired vocational qualification. If the member does not undertake any activity in the course of the following year for the purpose of professional development and does not fulfill the obligation of 40 hours of annual CPD obligation, the Institute issues a warning before exclusion and termination of membership status.</p> <p>If, after the end of the third year of the observed period, the member does not carry out any activity for the purpose of professional development and after being served with a Warning before exclusion, and at the same time does not carry out any form of communication with the Institute, the member loses the rights of the holder of the vocational qualification and is deleted from the Register of Members.</p>
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IES Requirements	Category of Professional Accountant <sup>2</sup>	Authorized Entity	Yes	No	Partially	Comments
sanctions for failure to meet those requirements is established.						
<b>IES 8, Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</b> <b>Effective:</b> January 1, 2021 <b>Objective:</b> To establish the professional competence that professional accountants develop and maintain when performing the role of an Engagement Partner.						
Professional accountants performing the role of an Engagement Partner are required to develop and maintain professional competence that is demonstrated by the achievement of learning outcomes including, but not limited to, those listed in <a href="#">IES 7</a> , Table D.	Accounting Technician	IAAM		X		Not applicable for IAAM membership
	Authorized Accountant	IAAM		X		
Professional accountants performing the role of an Engagement Partner are required to undertake CPD that develops and maintains the professional competence required for this role.	Accounting Technician	IAAM		X		
	Authorized Accountant	IAAM		X		