



Date 05 February 2021

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Title: President of the Board

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Dear IFAC representative,

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

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

On behalf of the leadership of the Society of Certified Accountants and Auditors of Kosovo, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

Shpresa Mustafa
President of the Board

Society of Certified Accountants and Auditors of Kosovo

BACKGROUND NOTE ON ACTION PLANS

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

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

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

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

Use of Information

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

ACTION PLAN

IFAC Member:	Society of Certified Accountants and Auditors of Kosovo (SCAAK)
Approved by Governing Body:	SCAAK Board (elected by Assembly) on November 27, 2015
Original Publish Date:	April 2009
Last Update:	February 2021
Next Update:	February 2024

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

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

GLOSSARY:

AICPA	American Institute of Certified Public Accountants
CBK	Central Bank of Kosovo
CPD	Continuing Professional Development
EU	European Union
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IES	International Education Standard
IEKA	Institute of Authorized Chartered Auditors of Albania
IFRSs	International Financial Reporting Standards
IFRS for SME	International Financial Reporting Standard for Small and Medium-Sized Enterprises
IDC	Investigation and Disciplinary Committee
IPSASB	International Public Sector Accounting Standards Board
ISAs	International Standard on Auditing
ISQC 1	International Standard on Quality Control 1
KAS	Kosovo Accounting Standards
KBSFR	Kosovo Board for Standards in Financial Reporting
KCFR	Kosovo Council for Financial Reporting (successor to KBSFR since 2011)
MF	Ministry of Finance
NQA	National Qualifications Authority
OAG	Office of the Auditor General
PAOs	Professional Accounting Organizations
POB	Professional Oversight Body
QA	Quality Assurance
QMCSC	Quality Management in Compliance with Standards Committee
QMCSD	Quality Management in Compliance with Standards Department
QC	Quality Control
SCAAK	Society of Certified Accountants and Auditors of Kosovo
SMO	Statement of Membership Obligations
SMPs	Small and Medium Practices
EPSC	Education and Professional Standards Committee
EPSD	Education and Professional Standards Department
ABC	Accountant in Business Committee
CPAC	Certified Public Accountant Committee

Action Plan Subject: SMO 1—Quality Assurance

Action Plan Objective: To use SCAAK’s best endeavors to promote the adoption of a Quality Assurance Review scheme for the audits of public interest entities in the Republic of Kosovo among Kosovo Council for Financial Reporting (KCFR), the Central Bank of Kosovo (CBK), and the Ministry of Finance (MF), and assist in its implementation.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The regulatory framework for the Statutory Audit in Kosovo is based on the Law No.06/L-032 on Accounting, Financial Reporting and Audit (effective from 1 January 2019), which supersedes the Law No. 04/ L-014 on Accounting, Financial Reporting and Audit promulgated in 2011. The Law No.06/L-032 approximates national legislation with the <i>EU acquis communautaire</i> in accounting and auditing, and provides a legal basis for the implementation of SMO 1.</p> <p>The Law No.06/L-032 defines the role of the certified accountant, and requires SMEs, large entities and PIEs financial statements to be signed by a certified accountant. Within the Law No.06/L-032 SMEs with an annual turnover of less than or equal to 4 million EUR are required to review the financial statements by a statutory auditor.</p> <p>According to the law, the responsible body for implementation of Quality Assurance system for statutory auditors and audit firms is Public Oversight Board (POB), which functions as the executive branch of the KCFR, but until today POB have not conducted quality assurance of statutory auditors.</p> <p>Given the lack of a Quality Assurance by the regulator, SCAAK in its 2015-2019 Strategic Plan has put great focus on developing a QA system to ensure that its member provides high quality services, as well as meet the requirements deriving from SMO 1. In achieving this purpose SCAAK has established the Committee for Quality Management in Compliance with Standards (QMCS Committee) (formerly named as Committee for Quality Control), Department for Quality Management in Compliance with Standards (QMCS Department) (formerly named as Department for Quality Control) and the regulations and working papers under which the activity of Quality Management in Compliance with Standards is conducted. After ongoing discussions with KCFR, SCAAK has changed QA activity named from Quality Control to Quality Management in Compliance with Standards to avoid any misunderstandings regarding the roles and responsibilities of Public Oversight and PAOs in respect of Quality Assurance.</p> <p>SCAAK conducted a site visit to statutory auditors, members of SCAAK, and reviewed audit files to ensure proper implementation of ISAs and ISQC1. Based on findings encountered during site visits SCAAK organized Continuous Professional Development (CPD) trainings for all statutory auditors regarding proper implementation of ISAs requirements. To improve the quality of financial reporting in Kosovo SCAAK Committee for Quality Management in Compliance with Standards and QMCSD have conducted and published the second research for compliance of audit reports with ISAs and compliance of financial statements with IAS/IFRS. These reports have been brought to the attention of Kosovo decision makers, and Ministry of Finance has requested SCAAK to be part of the working group on drafting amendments of the law.</p> <p>SCAAK has continuously lobbied with Kosovo Government, related parties and donor community to promote amendments to the 2011 Law to better harmonize it with the EU requirements, consistent with its obligation to use its best endeavors to promote SMO 1.</p> <p>In 2019 SCAAK has put a great effort on the awareness of Auditors, Accountants and businesses on helping them to properly implement legal requirements within the new law. A fair and true financial reporting and auditing in an informal economy can only be achieved through a transparent financial reporting system.</p> <p><i>Assist KCFR and CBK in the development, design and implementation of a Quality Assurance Review System for the audits of public interest entities in Kosovo.</i></p>					

*Action Plan Developed by
Society of Certified Accountants and Auditors of Kosovo (SCAAK)*

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	Ongoing	Actively contribute to the ongoing dialog with the MF of Kosovo and other stakeholders, organize CPDs regarding the disseminating of the EU <i>Acquis Communautaire</i> and the establishment of a Stock Exchange with a view to ensuring that enabling laws and requirements will mandate QA obligations that are in accordance with SMO 1 and EU directives.	Ongoing with regard to CPDs on dissemination of EU <i>acquis</i> , but completion not expected before second half of this decade (re: establishment of capital market)	Executive Director, SCAAK	SCAAK Board Members, ad-hoc working groups established by Board as deemed necessary or requested by Ministry of Finance (MF).
2.	Ongoing	Assist CBK in assuring compliance with ISAs of Statutory Auditors through reporting on findings from Quality Management in Compliance with Standards activity conducted by PAO.	Ongoing	QMCS QMCS	QMCS QMCS
3.	2017	Actively promote adoption of the Corporate Financial Reporting Law through participation in amendment of the Law no.04/-014 Draft Working Group and meetings with MF officials (which envisages an Oversight Board modeled on the EU 8 th Company Law Directive requirements, requiring independent public oversight mechanism that will monitor the quality of auditing of public interest entities). SCAAK prepared proposals for amendments on the Draft Law no.06/ I-032 for developing the QA System in Kosovo that was submitted to the government.	Completed The new Law No.06/L-032 on Accounting, Financial Reporting and Audit has passed and published in the official gazette in March 2018.	Executive director and QMCS QMCS	SCAAK Board Members.
4.	Ongoing	Cooperate with KCFR to: establish Public Oversight Board, develop QA system, determine the approach to QA system in Kosovo; propose an exposure draft for the QA review system and communicate on exposure draft through SCAAK- KCFR seminars and SCAAK's website.	Ongoing	Public Oversight Board, QMCS, QMCS	Public Oversight Board, QMCS QMCS, SCAAK Board Members
5.	Ongoing	Support KCFR on establishment of QA review system in accordance with mandatory requirements established in SMO 1.	Ongoing	KCFR, QMCS, QMCS	KCFR QMCS, QMCS
6.	Ongoing	Promote the QA review system to SCAAK Members.	Ongoing annually.	QMCS, Members services department	SCAAK, KCFR, MF, CBK to participate in accordance with requirements of agreed published scheme

<i>Promotion of SMO 1 principles and requirements, and ISQC 1 for audit firms</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	Ongoing	Assist Statutory Auditors, SCAAK members, in implementing and maintaining an appropriate system of quality management in compliance with standards, through reporting of annual activities, site visits, QA reviews and CPDs.	Ongoing annually	QMCSC QMCS D	QMCSC QMCS D
8.	Ongoing	<p>Conduct QA reviews, assists its members on the appropriate implementation of ISQC1 and ISAs, and prepare them for QA review of Public Oversight.</p> <p>Selection of Statutory Auditors/ Audit Partners for QA review is a mix-based approach and every partner performing audits is considered in selection process.</p> <p>Every Statutory Auditor is subject of QA review within a three-year cycle.</p> <p>If after a QA review, findings indicated non-satisfactory compliance with ISQC 1 and ISAs, Statutory Auditor would be subject of QA review semi-annually or annually.</p> <p>Quality Assurance is implemented fully by PAO.</p>	Ongoing annually	QMCSC QMCS D	QMCSC QMCS D
9.	2017	Prepare and provide CPD based on findings from QA review, to support embedding a culture of compliance and proper enforcement of SMO 1. This includes relevant support, like public outreach and field coaching to assist members in the practice of implementing ISQC 1.	Ongoing CPDs and QMSC reviews	QMCS D	EPSD, EPSC and Members Service department
10.	2020	<p>The Law No.06/L-032 requires SME, Large Entities and Public Entities financial statements to be signed by a certified Accountant.</p> <p>SCAAK on its 2020-2024 Strategy, has foreseen the establishment of QA system (policies and procedures) for certified accountants, members of SCAAK. QMCSC and QMCS D will conduct the QMCS activity. The primary task will be the education of SCAAK members and cooperation with related parties for improvement of QA system in Kosovo, and to ensure fair and true financial reporting.</p>	To be completed in 2021	QMCSC QMCS D	SCAAK resources.

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11.	2018	<p>Conduct <i>'Quality Research of Audited Financial Statements of Entities in Kosovo'</i> to examine compliance of financial statements with IFRS/ IASs and audit reports with ISAs. The research is conducted for two financial years, and is published in SCAAK web site and submitted to KCFR.</p> <p>The second <i>'Quality Research of Audited Financial Statements of Entities in Kosovo - reporting year 2017 and 2018'</i> was published in SCAAK web site and submitted to KCFR.</p> <p>The third research will be published in 2021.</p>	Ongoing	QMCS D	QMCS C QMCS D
12.	Ongoing	SCAAK on its 2020-2024 Strategy has foreseen digitalization of QA system regarding annual reporting of activities of members.	2021	QMCS C, QMCS D, IT	SCAAK Resources
13.	Ongoing	Continue to actively participate in World Bank Center for Financial Reporting Reform, Auditing Community of Practice and exchange the experience with other PAOs of the region, regarding the implementation of SMO 1.	Ongoing	SCAAK Executive Director Head of QMCS D	QMCS D

<i>Maintaining Ongoing Processes</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	2021	Continue to support KCFR to establish QA system. SCAAK is working closely with KCFR and Public Oversight Board to define the role and responsibilities of Public Oversight and PAOs in respect of Quality Assurance.	N/A	QMCS QMCS	SCAAK, KCFR
15.	Ongoing	SCAAK continuously reviews the requirements of SMO 1, and takes actions to ensure that the QMCS review system is developed in line with the revised requirements.	Ongoing.	Executive Director SCAAK	QMCS
16.	Ongoing	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	Members services department	SCAAK member's services department.
<i>Review of SCAAk's Compliance Information</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
17.	Ongoing	Perform periodic review of SCAAk response to SMO 1 part of the Action Plan.	October 2020	Executive Director SCAAK	EPSD with information provided by the other stakeholders (KCFR, CBK, MF)
18.	2019	KCFR continuously monitors implementation of SMO1 by SCAAk through their Public Oversight Board, and annual reporting of PAOs. According to the <i>Law No. 06/I-032, Article 33 paragraph 2</i> PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. The new review is being performed by AICPA and is expected to be completed in 2021.	Ongoing	Executive Director SCAAK	QMCS, QMCS and Board members

Appendix II—Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the System</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	Y			Every audit of financial statements, whether they are statutory or not, are subject of QA review. SCAAK conducts QA review for every Statutory Auditor member of SCAAK. Usually two audits per Auditor are selected for QA review.
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	Y			Statutory auditors and audit firms are required to apply International Standards of Quality Control 1 (ISQC 1) adopted by the KCFR in relation to audit and assurance services in Kosovo. <i>Law No. 06/L-032 article 10, paragraph 7.</i>
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	Y			SCAAK timely inform its members via e-mail with the latest updates of ISAs and ISQC 1.
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	Y			SCAAK organized a meeting with Auditor to assist in understanding the objectives of ISQC 1 and implementing and maintaining appropriate systems of quality control.
<p>Review Cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	Y			Selection of Statutory Auditors/ Audit Partners for QA review is mix-based approach and every partner performing audits is considered in selection process.
<p>6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).</p>	Y			Every Statutory Auditor is subject of QA review within a three-year cycle. If after a QA review, findings indicated non-satisfactory compliance with ISQC 1 and ISAs, Statutory Auditor would be subject of QA review semi-annually or annually.
<p>7. QA Team possesses appropriate levels of expertise.</p>	Y			QA team possesses appropriate level of expertise and continually participates in CPS (audit and financial reporting) to be updated.

Requirements	Y	N	Partially	Comments
Reporting				
8. Documentation of evidence supporting the quality control review report is required.	Y			For every QA review, QA team prepares working papers and documents the evidence that support findings of non-compliance.
9. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			After every QA review, QA team prepares an assessment report with findings and recommendations for compliance with ISAs requirements. First, the Review Report is sent to the Auditor that was subject of QA review. If the Auditor agrees with the findings and has no further evidence to submit, the Report is sent to QMCSC for approval. After QMCSC has approved the Report, the Auditor is notified and can obtain the approved report.
Corrective and Disciplinary Actions				
10. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			QMCSC prior to the approval of Review Report gives recommendations on the frequency of QA reviews to ensure that recommendations from the review report are being implemented. If after a QA review, findings are indicated non-satisfactory in compliance with ISQC 1 and ISAs, Statutory Auditor would be subject of QA review semi-annually or annually.
11. QA review system is linked to the Investigation and Discipline system.	Y			QMCSC works closely with Investigation and IDC. To this day, no case of QA was subject of Investigation and Discipline.
Consideration of Public Oversight				
12. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Y			Head of QMCSC and Head of Department work closely with Kosovo Council for Financial Reporting (KCFR) and Public Oversight Board in respect of QA.
Regular Review of Implementation and Effectiveness				
13. Regular reviews of implementation and effectiveness of the system are performed.	Y			QMCSD in cooperation with QMCSC conducts an annual assessment of the QA system with requirements of SMO 1. This assessment includes:

Requirements	Y	N	Partially	Comments
				<ul style="list-style-type: none">• Selection approach used for QA review;• Working papers used to document findings of QA review;• Appropriateness of Review Report issued;• CPD offers are in line with findings from QA review.

Action Plan Subject: SMO 2 – International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

Action Plan Objective: Full incorporation of International Education Standards (IESs) issued by the International Accounting Education Standards Board (IAESB) and guidance into SCAAK program, and use of best endeavors to promote and assist in adoption of IESs in the Republic of Kosovo

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>SCAAK is responsible for developing an educational program for certified accountants and auditors in line with IESs as required by Article 29 of the LAW No. 06/L –032 ON ACCOUNTING, FINANCIAL REPORTING AND AUDITING, which states that “Professional education for certified accountant should be in compliance with International Education Standards as issued by IFAC”. Based on the requirements of this Law, KCFR is responsible for the supervision of implementation of the Initial Professional Development (IPD) and CPD. At the same time, according to the Law No.03/L-060 on National Qualifications, all SCAAK Certification Programs are accredited by National Qualification Authority in Kosovo, as part of the European Qualification Framework.</p> <p>SCAAK’s professional education program was fundamentally redesigned in 2008, and continually updated since then, to ensure both the quality and relevance of IPD and CPD in accordance with the standards, Handbook of IESs (2019 Edition) and other supporting materials of IESs as issued by the IAESB, are translated and disseminated. In this regard, since 2008 SCAAK has an agreement with a leading global provider of professional accounting education textbooks BPP Learning Media, under which SCAAK has exclusivity to use and translate educational materials into Albanian, in the core subjects including accounting and financial reporting (in accordance with IFRSs), Auditing (in accordance with ISAs), financial management and management accounting. The publisher updates its textbooks annually. Based on this agreement, SCAAK updates its educational materials and syllabus for accounting and auditing regularly in order to reflect the latest changes and updates to IESs as well.</p> <p>SCAAK has incorporated all the approved revisions of IESs 2, 3, 4, and 8 in 2019, which enhance the Information and Communications Technologies (ICT) and Professional Skepticism learning outcomes.</p> <p>Implementation of IES 1 requirements:</p> <p>SCAAKs entry requirements to the program of professional education for accountants and auditors are in compliance with IES 1. From 2008 SCAAK permitted persons without a University Degree to complete the Certified Accounting Technician (CAT) program, but the requirement for a University Degree is enshrined in the law so candidates who chose to qualify through the CAT route, and do not have a degree, are required to complete a recognized degree as an exit requirement (rather than as a pre-condition to gaining access to the further education and subjects needed to qualify as accountants).</p> <p>The professional training program is designed to meet the requirements of IESs 1-7, and in respect of Auditors, the relevant sections of Statutory Audit Directive, and the complementary requirements of IES 8.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
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Implementation of IES 2 and 3 requirements:

SCAAK Certification Program for Private Sector Auditors is comprised of three stages, which covers in total 12 subjects as presented in the following table:

SCAAK's program:

Certified Accounting Technician	Certified Accountant	Certified Auditor
P1-Financial Accounting	P5-Financial Reporting	P9-Advanced Financial Reporting
P2-Cost & Management Accounting	P6-Auditing	P10-Advanced Auditing & Assurance
P3-Accountant in business	P7-Financial Management	P11-Business Analysis
P4-Kosovo Tax & Law	P8-Management Accounting Applications	P12-Professional Practice

From 2016 SCAAK has developed a certification program for Internal Auditors, based on the materials and syllabus of Institute of Internal Auditors, which is comprised of the papers as described below:

Certified Internal Auditor
B1/Internal Audit Knowledge Elements
B2/Internal Audit Basics
B3/Internal Audit Practice

Beside the 2 mentioned programs above, SCAAK also offers specialized programs in specific area related to accounting and auditing. From 2017, SCAAK has created a program for licensed forensic experts and tax experts.

All of the SCAAK programs cover 4 main competence areas: Intellectual, Interpersonal, Communication and Organizational, as such learning outcomes establish the content and the depth of knowledge, understanding, and applying that are required for each specified competence area.

Implementation of IES 4 requirements:

SCAAK through professional accounting education programs provides a framework of professional values, ethics, and attitudes for aspiring professional accountants to (a) apply professional skepticism and exercise professional judgment, and (b) act in an ethical manner that is in the public interest.

SCAAK has integrated all the relevant ethical requirements throughout professional accounting education programs for aspiring professional accountants, for example in every class of new candidates, SCAAK organizes an introductory module, lectured by a chair of IDC.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Implementation of IES 5 and 8 requirements:</p> <p>SCAAK’s practical experience requirements require a balance of assist and perform levels. At CAT level, we expect a candidate to have at least 12 months’ experience in accounting, finance, implementation of internal control, or in audit positions in order to be certified. For Certified Accountants, SCAAK expects applicants to fulfill the following criteria in order to gain membership: to have at least at least 36 months within the last 5 years until the moment they apply for the designation, experience in accounting, finance, internal control implementation, or in auditor position. Candidates must fulfill at least 7 competences, 6 from competences in specific key areas and 1 competence from optional specific areas. Key specific areas are: Ethics and professional behavior, Business managing, Personal development, Accounting and Financial Reporting, Taxes.</p> <p>Optional specific areas are Financial Management and Managerial Accounting.</p> <p>Experience gained as a Certified Accounting Technician counts towards the 3-year requirement. Candidates for Certified Auditor must have at least 12 months (out of 36 months) of experience undertaken in an audit practice under supervision of certified auditor and fulfill 3 competences in Specific Area –Audit and Assurance. After receiving a Certified Auditor designation, a candidate is required by the Law to fulfill 3-year work experience under the supervision of a licensed Auditor, in order to become a licensed auditor (statutory auditor).</p> <p>Implementation of IES 6 requirements:</p> <p>SCAAK examination process is based on IES 6 and comprises of independent and capable examiners, confidentiality of exams and safeguarding genuine diplomas.</p> <p>Implementation of IES 7 requirements:</p> <p>SCAAK has incorporated the requirements of IES 7 as revised in 2020. SCAAK implements a Combination Approach regarding CPDs, which allows members to combine the traditional structure of a specified number of hours being spent on CPD activities, with the new system of focusing on the output or benefit of CPD activities based on the development of skills, and ability to perform competently in a current role. During 2017-2020 period, SCAAK has offered its members relevant sessions of CPDs closely aligned with the responsibilities of a professional accountant’s role, which help them develop and maintain the professional competence necessary to perform their roles. Our members need to ensure that the combination of the number of hours attributed to CPD combined with other CPD activities satisfy training and development needs and result in having the necessary knowledge and expertise to fulfill member’s roles and responsibilities.</p> <p>SCAAK implements a 40-hour minimum requirement of CPD hours for accountants and auditors. The policy distinguishes between structured and unstructured CPD, and verifiable and unverifiable CPD. Auditors are required to complete at least 24 hours of verifiable CPD and not less than 40 hours of CPD in total. Accountants have a minimum of 18 verifiable hours and annual total hours of 40.</p> <p>Other background information:</p> <p>SCAAK is working closely with the University sector to implement complementary programs of IPD, and define the relationships between University and the professional body program using accreditation/exemption strategies. By assisting the University and higher education sector to incorporate a greater focus on accounting, SCAAK will attract a greater number of quality graduates, and thus help to contribute to expanding opportunity in university and professional education in Kosovo.</p> <p>SCAAK cooperates with regional and global PAOs in regard to implementation of IESs.</p>					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Align entry requirements to the program of professional education to meet the requirements of IES 1</i>					
1.	Ongoing	Review revised IES 1 and align SCAAK entry requirements with the revised standard.	Ongoing	EPSC and EPSD	SCAAK Education and training staff
2.	Ongoing	SCAAK is developing a strategic marketing plan to attract and promote the accountancy and auditing profession within new generation of students.	Ongoing	EPSC and EPSD	SCAAK Student Department, EPSD
<i>Complete implementation of SCAAK professional education program that meets the requirements of IESs</i>					
3.	2018- Ongoing annually	SCAAK has revised and implemented new materials and examination process according to the content requirements of IES 2, IES 4, IES 8 and the relevant sections of IES 6. Continued review and update through examination processes, feedback from students and trainers.	Completed Ongoing annually.	Head of EPSD	EPSC and SCAAK staff.
4.	2020	SCAAK plans to change its curriculum for the Certified Auditor stage and is in the process of adopting and translating 2 new courses.	2022	Head of EPSD	EPSC and SCAAK staff.
5.	2015- Ongoing	Review, translate and incorporate the updated educational material provided under SCAAK – BPP royalty agreement and translation/incorporation of the updated sections relating to updated standards and guidance. The publisher updates its textbooks annually to reflect changes in the framework of accounting and auditing, including new/changed standards and guidance. Renew exclusivity for using text books and materials from publisher. Update materials based on BPP 2020-2021 updates. (Note: SCAAK has an MOU with Deloitte Kosovo, to update the Tax and Law book, in order to reflect the necessary changes and updates of laws in Kosovo.)	Completed Ongoing 2021 2022	Head of EPSD	EPSC and SCAAK staff. Updated translations – SCAAK funds.
6.	Ongoing	Ensure that IAASB (audit standards) and IESBA (ethics) pronouncements are incorporated into education programs and training programs on a timely basis.	Ongoing	Head of EPSD	EPSC and SCAAK staff.

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7.	Ongoing	Engage professionals in Kosovo as SCAAK Trainers and develop capacities through the SCAAK training of trainers' program for those who meet the requirements under the SCAAK procedures.	Ongoing	Head of EPSD	EPSC and consultants
8.	Ongoing	Develop tools and methods to help students and members throughout the certification programme to better serve the needs for professional development of its members, SCAAK has put a great focus and effort on the information technology.	Ongoing	Head of EPSD	Student Department and EPSD
9.	2019- Ongoing	SCAAK is working on investing in digitalization of the whole system of delivering education for members and put a great effort on the technological developments, as a result of the pandemic situation created from Covid 19	Ongoing	IT consultants	EPSD and Consultants
10.	2019	Equip members with knowledge and skills needed to be adapted to the new digital reality.	2020-2022	Member service department	EPSD and Consultants
11.	2020	Develop an informative campaign for E-learning	2021	EPSD	EPSC, EPSD and SCAAK staff
12.	2010	Continue to actively participate in World Bank Center for Financial Reporting Reform, Education Community of Practice and exchange the experience with other PAOs of the region, regarding the implementation of SMO 2.	Ongoing. SCAAK is part of World Bank Workshops since 2006 and on.	Executive Director and Head of EPSD	EPSD
13.	2016	Working closely with regional and international PAO for mutual recognition	Further cooperation ongoing	Head of EPSD	EPSD and EPSC

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#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	2019	<p>Based on SCAAKs' strategic plan 2019-2024, SCAAK is planning to create a center of excellence in the profession. SCAAK aims to serve as a Center for Research, Support and Advocate and strengthening regional and international cooperation.</p> <p>As a Center for Research and Consulting, SCAAK plans to develop capacities within public institutions and other organizations in Kosovo; Assist in the development of organizations in other countries in transition; Provide consultancy on good governance and capacity building;</p>	2024	Executive director	SCAAK Consultants
<i>Assist University sector in adoption of new curriculum</i>					
15.	Ongoing	Continue intensive efforts with Public University of Pristina, University of Prizren and University of Peja, Government and other stakeholders to implement revised structures and programs for University students in accordance with IESs and with proper linkages to the SCAAK professional education program. Provide assistance in the development of an Accounting Department at University of Pristina with the support of special MSc Accounting programs at Arizona State University (US and EU donor facilities).	<p>MOUs signed with universities public and private in Kosovo</p> <p>Further developments ongoing</p>	Executive Director	EPSC, Board members
16.	2013	Publish procedures for recognition of university accounting and auditing curricula for accreditation purposes within SCAAK qualification program.	<p>Completed.</p> <p>Updates ongoing</p>	EPSC and EPSD	EPSC and SCAAK staff.
17.	Ongoing	Performing policy dialogues on SMO 2 requirements with the universities and other education stakeholders in Kosovo. SCAAK will continuously promote the need for universities in Kosovo to implement the framework for education in accounting and auditing with international standards. This framework would serve as a benchmark for improving education in the accountancy field in Kosovo.	Ongoing	Executive Director and Head of EPSD	EPSC and SCAAK staff.
18.	Ongoing	SCAAK will continue to work with all the universities and related parties, to develop and enhance the accounting and auditing profession in Kosovo.	Ongoing annually	Executive Director and Head of EPSD	EPSC and SCAAK staff.

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#	Start Date	Actions	Completion Date	Responsibility	Resource
19.	2021	Incorporate the requirements of IES 2, 3 and 4, as implemented from 2021	2022	Executive Director and Head of EPSC	EPSC and SCAAK staff.
<i>Implementation of revised practical experience requirements</i>					
20.	2018	Review practical experience requirements for accounting technicians, certified accountants and certified auditors designed to meet the minimum requirements of the 2015 IES 5. SCAAK liaises with employers in all sectors, and the KCFR to implement the requirements for licensed auditors.	Ongoing review	Head of EPSC, member Service department	EPSC, QMSC, SCAAK Staff
21.	2018-Ongoing	Assist KCFR in implementing the new practical experience requirements for auditors as KCFR has a specific responsibility for licensing auditors (only). This action specifically relates to assisting the KCFR to implement new requirements for audit license renewal and this includes providing assistance in building KCFR capacity.	Ongoing	SCAAK member representative in KCFR	EPSC, SCAAK staff and KCFR.
<i>Implementation of new 2020 mandatory continuing professional education (CPE) requirements</i>					
22.	Ongoing	Expand the range of CPD programs to be available for the members, and work in collaboration with other stakeholders. (CPD programs on IFRSs, ISAs, SMO 1 and ISQC1 are provided annually). CPD will also be focused on topics which are relevant for statutory auditors / engagement partners as required by IES 8.	Further developments ongoing	Head of EPSC	SCAAK organizes CPD sessions with the assistance of international experts, Big-4 firms and Kosovo experts, as well as SCAAK's own resources.)
23.	Ongoing	Review compliance by SCAAK members with CPD requirements, and in particular, work with KCFR to monitor compliance on the part of licensed auditors, making any adjustments to the scheme, as needed, to encourage and mandate participation. SCAAK's information system updates member's records when they attend a SCAAK organized CPD event. Members are required to complete an annual return, either online or via a form, for their compliance with	Ongoing monitoring annually.	Members services department	SCAAK and KCFR co-operate in enforcing CPD as part of audit licensing and renewal.

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		the CPD requirements.			
24.	2018-Ongoing	SCAAK as a member of Chambers of Commerce in Kosovo, will work intensively with education employers in introducing a greater outcome based CPD delivery mechanism, consistent with the proposed revised IES 7.	Ongoing	Executive Director and Head of EPSD	SCAAK Staff
<i>Promotion of International Accountancy Education Standards (SMO 2)</i>					
25.	Ongoing	Continue to actively promote IAESB standards through participation in different working groups within the government, Central Bank, Supreme Audit Institution, and other stakeholders.	Ongoing	Executive Director	SCAAK Board Members, EPSC and staff.
26.	Ongoing	Continue translation and dissemination of IAESB pronouncements. SCAAK provides information and translations to KCFR, University and Governmental sectors	Ongoing	Head of EPSD	SCAAK translation unit
27.	Ongoing	Publish news of IESs, IEPSs and IEIPs in SCAAK's monthly journal. (SCAAK informs members through social media, website and emails)	Ongoing	Executive Director	Member Service Department
<i>Maintaining Ongoing Processes</i>					
28.	Ongoing	As a part of the 5 year strategy 2019-2024, SCAAK continues to implement the requirements of SMOs to the fullest extent, and to use best endeavors to promote national recognition. In addition, continue to support the implementation of the international education requirements with regards to SCAAK's pre-qualification and CPD programs. The new updated strategy 2019-2024 includes all of the above actions. These activities also include the ongoing monitoring of standard-setting activities of the International Accounting Education Standards Board and updating the Action Plan for further activities where necessary.	Ongoing	Executive Director	SCAAK staff, SCAAK committees and Board members

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#	Start Date	Actions	Completion Date	Responsibility	Resource
29.	Ongoing	SCAAK will review the requirements of revised IESs, and take actions to ensure that the Education System is updated in line with the revised requirements.	Ongoing.	Executive Director	EPSC, EPSD
30.	Ongoing	SCAAK will review the requirements of SMO 2, and take actions to ensure that SCAAK systems to be established are developed in line with the revised requirements.	Ongoing	Head of EPSD, Executive Director	SCAAK Board, EPSC
31.	Ongoing	Timely information for members on the latest pronouncements, standards and exposure drafts.	Ongoing	Members Services department	SCAAK member's services department.
Review of SCAAK' Compliance Information					
32.	Ongoing	Perform periodic review of SCAAK response to SMO 2 part of the Action Plan	October 2020 and ongoing	Executive Director	EPSC
33.	2019	KCFR continuously monitors implementation of SMO2 by SCAAK through their Public Oversight Board, and annual reporting of PAOs.	Ongoing	Executive Director	SCAAK staff and Board members
34.	2019	According to the <i>Law No. 06/I-032, Article 33 paragraph 2</i> PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. New review is being performed by AICPA and is expected to complete in 2021.	2020-2021	Executive Director	SCAAK Staff, AICPA Representatives. Additional Information on SCAAK's work and development was provided by IFAC, World Bank CFRR, OAG, etc.
35.	2019	Re-accreditation of certification programs from National Qualification Authority, which is authority that accredits all professional designations in Kosovo. Meet and implement requirements of the NQA. Reviewing and monitoring process from NQA to SCAAK is performed every three years.	2020-2021 Monitoring process ongoing	Executive Director and Head of EPSD	EPSC and SCAAK staff.

Action Plan Subject:

SMO 3 – International Standards and other Pronouncements of the IAASB Society of Certified Accountants and Auditors of Kosovo (SCAAK)

Action Plan Objective:

Full adoption, dissemination, and compliance of IAASB standards, guidance and other pronouncements in Kosovo

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>Based on the Law No.06/L-032 on Accounting, Financial Reporting and Audit, it is the responsibility of the KCFR to adopt all standards and pronouncements issued by the IAASB relating to audits of historical financial information (financial statements) and SCAAK has taken an initiative to translate standards to help the work of our members. Business Organizations for the purposes of financial reporting and auditing according to the Law No.06/L-032 are classified as follows:</p> <p>1. Micro-enterprises are enterprises that do not exceed the limits of at least two (2) of the following criteria:</p> <p>(a) statement of financial position of three hundred and fifty thousand euro (350,000.00 €);</p> <p>(b) net turnover of seven hundred thousand euro (700,000.00 €) Euro; and</p> <p>(c) average number of employees during the financial year: ten (10).</p> <p>2. Small enterprises are enterprises which are not micro-enterprises but shall not exceed more than two (2) of the following criteria:</p> <p>(a) statement of financial position of four million euro (4,000,000.00 €);</p> <p>(b) net turnover of eight million euro (8,000,000.00 €); and</p> <p>(c) average number of employees during the financial year: fifty (50).</p> <p>3. Medium-sized enterprises are enterprises that are neither micro-enterprises nor small enterprises, but shall not exceed two (2) of the following criteria:</p> <p>(a). statement of financial position of twenty million euro (20,000,000.00 €);</p> <p>(b). net turnover of forty million euro (40,000,000.00 €); and</p> <p>(c). average number of employees during the financial year: two hundred and fifty (250).</p> <p>4. Large enterprises are those enterprises which at their balance sheet dates exceed at least two (2) of the following three (3) criteria:</p> <p>(a). statement of financial position of twenty million euro (20,000,000.00 €);</p> <p>(b). net turnover of forty million euro (40,000,000.00 €); and</p> <p>(c). average number of employees during the financial year: two hundred and fifty (250).</p> <p>All Small & Medium enterprises with annual turnover over 4,000,000€, and all large entities, are obliged to have their financial statements audited by Statutory Auditors, in accordance with ISAs.</p> <p>SCAAK has responsibility for ensuring that its members are informed of the latest pronouncements of the IAASB.</p> <p><i>Link of the LAW: https://qzk.rks-gov.net/ActDetail.aspx?ActID=16268</i></p> <p>SCAAK liaises with IEKA (Institute of Authorized Chartered Auditors of Albania) to ensure that updated approved translations of IAASB standards continue to be made available to SCAAK members and other stakeholders in Kosovo. SCAAK in cooperation with IEKA has disseminated to its members the Albanian version of Handbook of International Quality Control, Auditing, Review, Other assurance and related services pronouncements (2018 version).</p> <p>Though the standards, guidance and pronouncements of the IAASB are implemented on a de-facto basis in Kosovo, the climate of enforcement and clarity of scope of application will improve with the adoption of the law, referred to in the notes to SMO 1. During 2014 and 2015, SCAAK in cooperation with IEKA translated and disseminated to its members the Albanian Version of the IFAC Small and Medium Practices Committee's "Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities, Third Edition (both volumes)" (ISA Guide). In this regard, SCAAK, IEKA and IFAC have signed triple agreement on translation and publication of IFAC Guide.</p> <p>SCAAK in cooperation with IEKA plans to further develop the ongoing process for review, translation, and adoption of the revised ISAs and other IFAC pronouncements. A joint committee is set up between IEKA Albania and SCAAK Kosovo will work actively with the main objective to oversee the translation process, as new or subsequent revisions of ISAs are adopted by IAASB.</p>					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Translation and Dissemination</i>					
1.	2008	Formalize Agreement with IEKA (IFAC member in Albania) and Government of Kosovo on co-operation to ensure timely availability of translated pronouncements of the IAASB to SCAAK members, KCFR, MF, University, and other stakeholders in Kosovo.	Completed in 2012	Executive Director	SCAAK staff, KCFR staff
2.	Current	Publish IFAC "Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities" – volume 1 & 2 (in cooperation with IEKA Albania), in Albanian language.	Completed 2014	Head of EPSD and Head of QMCSD	SCAAK Board, EPSC and CPAC
3.	Current	Initiate working group with IEKA, KCFR, CBK, University, to produce an official common vocabulary for accounting and audit terminology which will be published and used in Kosovo.	Ongoing	Executive Director	Expert group include all stakeholders.
4.	Current	Work with KCFR to ensure that translations carried out in Kosovo are set in accordance with the IFAC translation policy.	Ongoing	SCAAK translation unit.	SCAAK and KCFR
5.	Ongoing	Provide translated IAASB pronouncements to SCAAK members and incorporate them into IPD certification program. (clarified ISAs incorporated into education program 2017 through BPP Learning Media license) During 2016 SCAAK and IEKA have translated and disseminated to its members the latest revised ISAs related to audit opinion (ISA 700, 701, 705, 706, 720) 2015 version.	Completed. Further development ongoing.	Head of EPSD and EPSC	SCAAK staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption and Enforcement of IAASB Standards</i>					
6.	Current	Continue active input to the development of the amendments of Corporate Financial Law regarding the Audit and Assurance standards framework that is applicable in Kosovo, thus providing a legal basis and a national authority for improved enforcement.	Ongoing	Executive Director	EPSD, EPSC, QMCSC, QMCSD, SCAAK Board members
7.	Current	Ensure that updated approved translations of IAASB standards continue to be made available to SCAAK members and other stakeholders in Kosovo.	Ongoing	Head of EPSD and Members services Department	SCAAK staff
8.	Current	Review CPD program to ensure sufficient ongoing coverage of IAASB updates, pronouncements and developments.	Ongoing	Head of EPSD, QMCSD	EPSD, EPSC, SCAAK Board members and KCFR board members
9.	Current	Disseminate new Exposure Drafts to SCAAK members and take into account their input & provide comments on new Exposure Drafts to the IAASB.	Ongoing	Members services Department	SCAAK Board, EPSD and CPAC and SCAAK staff
10.	Current	Continue to participate in World Bank CFRR EU-REPARIS Audit Train of Trainers (Audit ToT) in order to develop capacities of SCAAK trainers regarding IAASB pronouncements.	Ongoing	Executive Director	SCAAK Trainers
<i>Maintaining Ongoing Processes</i>					
11.	Current	Include updates in IAASB pronouncements in SCAAK continuing professional education and pre-qualification programs, largely through the use of annual updates of education programs in collaboration with BPP by agreement.	Ongoing	Head of EPSD, QMCSD	SCAAK Board, EPSC and QMCSC

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#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	Current	SCAAK will review the revised requirements of SMO 3, and take actions to ensure that the revised requirements are adopted and complied with.	Ongoing	Executive Director, SCAAK departments	EPSC, CPAC and EPSD.
<i>Review of SCAAK's Compliance Information</i>					
13.	Current	Perform periodic review of SCAAK response to SMO 3 part of Action Plan	October 2020 and ongoing	Executive Director SCAAK Departments	SCAAK Board and Committees
14.	2014 & 2020	AICPA has reviewed the work of SCAAK on the implementation of IFAC SMOs, according to the paragraph 2 of Article 22 of the Law for monitoring the work of PAOs. (2014 report from AICPA was sent to Kosovo Council for Financial Reporting - KCFR) <i>*New review is being performed by AICPA during 2020-2021. Expected completion of the review from AICPA is during 2021.</i>	Completed 2014 Expected 2021	Executive Director	SCAAK Executive staff, AICPA representatives. Additional information on SCAAK's work and development was provided by IFAC, World Bank CFRR, OAG etc.
15.	2019	KCFR continuously monitors implementation of SMO3 by SCAAK through their Public Oversight Board, and annual reporting of PAOs. According to the Law No. 06/I-032, Article 33 paragraph 2 PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. New review is being performed by AICPA and is expected to complete in 2021.	Ongoing	Executive Director	SCAAK staff and Board members

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Further improve compliance on part of all members with IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>From its establishment, SCAAK has been fully committed in promoting and implementing the Code of Ethics and making all its members and stakeholders aware that the Code of Ethics is one of main pillars in developing professions, and providing quality services for the public interest. The Law No. 06/L-032 on Accounting, Financial Reporting and Auditing clearly defines the role of PAO and Oversight body regarding the implementation of Code of Ethics. SCAAK is responsible for adopting and disseminating IFAC Code of Ethics to its members’ and is responsible to supervise whether SCAAK members are in compliance with IFAC Code of Ethics.</p> <p>SCAAK and IEKA have translated 2018 Handbook of Code of Ethics and disseminated to its members and stakeholders.</p> <p>Relevant sections of the teaching material are updated with the revised Code of Ethics, and also CPD were delivered to members.</p> <p>SCAAK is organizing an awareness campaign for appropriation of the Code of Ethics as a part of its mission and advocating on the importance of ethics for the higher professional integrity.</p>					

<i>Translation and dissemination of the IESBA Code of Ethics</i>					
1.	2018	Translate and disseminate the 2018 Handbook of the Code of Ethics for Professional Accountants	Completed 2019	Executive Director	SCAAK staff
2.	Current	Promote the IESBA Code with KCFR and other parties to establish the Code as the basis for a national code of ethics.	Ongoing	SCAAK Board	SCAAK staff and Board
3.	Current	Public outreach activities (seminars, media coverage) to ensure that the public and business communities are aware that SCAAK members are operating for the public interest under a mandatory code of ethics. SCAAK being a member of Chambers of Commerce in Kosovo, promotes the importance of the enforcement of the Code requirements to the business community	Ongoing	Executive Director	SCAAK Board and Committees
4.	Current	SCAAK organizes CPD for members and seminars including stakeholders and KCFR for the implementation of the Code of Ethics.	Ongoing	Head of EPSD	EPSC, IDC and Board members
5.	Current	SCAAK organizes tailored CPD and seminars which include areas of potential conflict that are unique in Kosovo.	Ongoing	Head of EPSD	EPSC, IDC and Board members
6.	2019	Marking the "Accountants day" by organizing workshop with interested parties for raising business awareness of Importance of Ethics in Professional Development.	Completed	Chair of IDC	Executive Director and EPSD
7.	2019	Organize CPD on 'NOCLAR - <i>Responding to Non-compliance with Laws and Regulations</i> '.	Completed 2019	Executive Director and EPSD	IDC, EPSC and SCAAK staff
8.	2020	SCAAK is focused on raising the members awareness on Digitalization and Cyber security.	Ongoing	Executive Director and EPSD	EPSC, QMCSC and SCAAK staff
9.	2020	Developing the survey on Ethical dilemma in profession.	Ongoing	Executive Director and EPSD	SCAAK staff

<i>Clarify Roles of SCAAK and KCFR in Implementation and Enforcement of Ethical Requirements</i>					
10.	2017	Cooperate with KCFR to clarify and communicate the respective roles of SCAAK and the KCFR on enforcing the Code of Ethics for statutory auditors and Certified Accountants.	Completed 2019	Executive Director	Board members, committees and SCAAK staff

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
11.	Ongoing	Review and respond to IESBA/IFAC requests for feedback from IFAC member bodies.	Ongoing	Executive Director	SCAAK Board and committees.
12.	Current	SCAAK will review the requirements of SMO 4, and take actions to ensure that the revised requirements are adopted and complied with.	Ongoing	Executive Director, SCAAK departments	QMCSC and EPSC
13.	Current	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	Members services department	SCAAK member's services department.
<i>Review of SCAAK's Compliance Information</i>					
14.	Ongoing	Perform periodic review of SCAAK response to SMO 4 part of the Action Plan	October 2020 and ongoing	Executive Director	EPSC
15.	2014	AICPA has reviewed the work of SCAAK on the implementation of IFAC SMOs, according to the paragraph 2 of Article 33 of the Law for monitoring the work of PAOs. (report from AICPA was sent to KCFR)	Completed	Executive Director	SCAAK staff, AICPA representatives. Additional information on SCAAK's work and development was provided by IFAC, World Bank CFRR, OAG, PUM Royal Nivra, etc.

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16.	2019	<p>KCFR continuously monitors implementation of SMO4 by SCAAK through their Public Oversight Board, and annual reporting of PAOs.</p> <p>According to the Law No. 06/l-032, Article 33 paragraph 2 PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law.</p> <p>New review is being performed by AICPA and is expected to complete in 2021.</p>	<p>Ongoing</p> <p>2021</p>	Executive Director	SCAAK staff and Board members
17.	Ongoing	Timely information the members on the latest pronounced standards and exposure drafts.	Ongoing	Executive Director	SCAAK staff
18.	2019	SCAAK has initiated the meeting with KCFR and other registered PAO in Kosovo to work on the development and investigation and discipline.	2020	Executive Director Chair of IDC	SCAAK staff, IDC and KCFR

Action Plan Subject:

SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

Action Plan Objective:

Maintain SCAAK’s efforts to promote adoption of International Public Sector Accounting Standards (IPSASs) in Kosovo, and effectively support and disseminate the work of the International Public Sector Accounting Standards Board (IPSASB)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>According to the Law No. 03/L-048 on Public Financial Management and Accountability the responsible body for setting Public Sector Accounting in Kosovo is the Ministry of Finance, Treasury Department. Rules of Financial Management and Control (FMC) are consistent with (i) Principles of Public Internal Financial Control (PIFC) set by the European Commission, (ii) International Public Sector Accounting Standards set by IFAC, and (iii) the provisions of the present law, the Law on Public Procurement, and any other law of Kosovo that governs such matters.</p> <p>Having adopted the cash-basis IPSASs in 2004, the Republic of Kosovo was among the first countries in the region to issue financial statements complying with the cash-basis IPSASs. In 2008, SCAAK established an expert group to review the Albanian translation of IPSASs (2007 version) carried out under agreement between MF Kosovo and Government of Albania, to comprehend whether this has been carried out in accordance with the IFAC Translation policy.</p> <p>Since 2008, SCAAK has developed and provided trainings in IPSASs for MF senior staff to improve IPSAS knowledge of senior officials. In 2008 SCAAK commenced delivery of the CIPFA diploma in public sector accounting in collaboration with the Slovenian Centre of Excellence, under a program funded by the World Bank.</p> <p>In 2009 SCAAK signed a MoU with the Ministry of Finances for certification of civil servants and according to this memorandum SCAAK received the right of exclusivity as the sole authorized body to train, organize exams and to certify candidates for qualification in the field of public sector accounting in Kosovo. In 2009-2011, SCAAK and MF established the Public Financial Management Training Program with the aim of equipping financial officers in the public sector with necessary skills to improve the financial management and reporting in the public sector of Republic of Kosovo. In 2012, SCAAK has trained finance officers in municipalities of Kosovo in collaboration with USAID and in coordination with CIPFA in order to improve their capacities. During 2016-2017 SCAAK has organized meetings for increasing the awareness of public sector financial management. SCAAK had a positive response from some Municipalities to be part of SCAAK certification for public sector.</p> <p>For Kosovo to ensure long and sustainable development capacities in the public sector, it will have to move at the next level by integrating the profession into an internationally recognized certification program. International approach in developing the profession will ensure that these professionals are up-to-date with the latest developments and at same time ensure that they are part of continuing education program. In this regard, SCAAK has taken the initiative for funding a sustainable certification scheme for Public Financial Management, which is aligned with CIPFA program. This certification program developed during 2015 for public sector accountant with international recognized certificates is itself long term project which will set the basis for future accountants that will pursue this carrier.</p> <p>During 2016 SCAAK-CIPFA have implemented this certification program and first Kosovars have become full members of CIPFA. Kosovo will be among the first countries in South East Europe that will provide such kind of certification and will greatly contribute to increased transparency and better corporate governance in the public sector.</p> <p>The program consists of two levels: (1) Accounting technician & (2) Public Sector Certified Auditor.</p>					

Accounting Technician	Public Sector Certified Auditor
P1/ Financial Accounting	S1/ Financial Management and Budgeting
P2/ Management Accounting	S2/ Public Sector Financial Reporting
P3/ Accountant in business	S3/ Public Finances and Information System
P4/ Laws and Taxes in Kosovo (National Laws)	S4/ Strategic Planning and Policy Development
	S5/ Governance, Risk and Control
	S6/ The Audit Methodology

Since the revised SMO 5 emphasizes that PAOs operate under different national regulatory frameworks, and are comprised of professionals working in different sectors of the accountancy profession, as OAG Staff have gone through the SCAAK Private Sector Certification Program, SCAAK considered it necessary to develop a new certification scheme for public sector auditors. In this regard, SCAAK and the Supreme Audit Institution in Kosovo-OAG have worked together in designing and establishing a new certification scheme for public sector auditors. This certification program is based on the International Standards of Supreme Audit Institutions (ISSAI's) set by International Organizations of Supreme Audit Institutions (INTOSAI). The purpose of this mutual project in incubating and developing a new, innovative certification is to address the development of professional capacity in achieving both improved fiscal stability and economic growth in Kosovo.

SCAAK Certification Program for Public Sector Auditors of National Audit Office (formerly Office of the Auditor General) is comprised of three levels, as shown in a table below:

Public Sector Auditor	Public Sector Senior Auditor	Public Sector Certified Auditor
M1: Financial Reporting	M4: Procedures and Techniques of Public Finance Management in Kosovo	M7: The Audit Methodology II
M2: Planning and Budgeting	M5: Governance, Risk and Control	M8: Financial Management
M3: National Laws	M6: The Audit Methodology I	

SCAAK will continue to promote the adoption of IPSASs in Kosovo through regular dialog with the MF, KCFR, National Audit Office (NAO), Department of Internal Audit, and other stakeholders.

The development of the public sector certification program has attracted the attention of countries in the region. One of the first Memorandums of Understanding for this purpose was signed in 2013 between SCAAK and Albanian State Supreme Audit Institution (ALSAI). This cooperation will play an important role for the certification of ALSAI auditors in the public sector program.

<i>Translation, dissemination and promotion of IPSASs</i>					
1.	Current	Continue to promote the adoption of IPSASs in Kosovo through regular dialog with the MF, KCFR, Office of the Audit General, Department of Internal Audit and other stakeholders. Develop and provide training in IPSASs for OAG, MF senior staff to improve IPSAS knowledge of senior officials.	Further promotion ongoing.	Executive Director	SCAAK staff and Board members
2.	Current	In cooperation with National Audit Office (NAO) and ALSAI, SCAAK uses translated IPSASs. Provide IPSASB pronouncements to members via SCAAK web site and social media	Ongoing	Head of EPSD	SCAAK Board members and staff, OAG, ALSAI and MF
3.	Current	SCAAKs' strategic plan 2015-2019, foresees the establishment of the Public Sector department which was established in 2016 with the aim to develop Public Sector certification programs.	Completed Further developments ongoing	Executive Director and SCAAK Board	SCAAK Board, Committees and SCAAK staff
4.	2015	Establish a certification scheme for Public Financial Management, SCAAK-CIPFA Joint Certification Program PFM, to strengthen public financial management capacity in Kosovo. (The Parties will work together to develop and implement a co-branded professional training programme for public servants in Kosovo and new generation of interested students to become professionally qualified members with both SCAAK and CIPFA).	Completed 2016 Ongoing collaboration with CIPFA	Executive Director, Head of EPSD	SCAAK Board, Committees, CIPFA and donor funds.
5.	2015	MOU for joint PFM certification with CIPFA.	Completed. MOU signed in November 2015. Renewal in November 2020	President and Executive Director	SCAAK Board, EPSC, CIPFA EPSD.
6.	Current	Organize train of trainers for PFM certification program.	Ongoing each year	Head of EPSD	EPSD, SCAAK lecturers and SCAAK funds

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7.	Current	Translate trainings materials for new PFM certification program.	Completed	Head of EPSC and SCAAK translation unit.	EPSC, SCAAK staff and SCAAK translation unit.
8.	2017	Outreach activities to attract new generation interested in the public finance area.	Ongoing	Head of EPSC, member Services Department	EPSC, SCAAK student services department and EPSC
9.	2013	Continue implementation of the certification scheme for the Office of Auditor General (OAG) of Kosovo. *Office of Auditor General was renamed to National Audit Office (NAO). First 100 certified public sector auditors in November 2016.	Ongoing cooperation	Executive Director, Auditor General of Kosovo	EPSC and EPSC
10.	2019	SCAAK has reached agreement with NAO for delivering CPDs for their staff on IPSAS and ISSAIs.	2019 and 2020	Executive Director, Auditor General of Kosovo	EPSC and EPSC
11.	2015	SCAAK has done its best endeavors to include international standards in Law. During 2016, Kosovo Parliament has approved a new law for Supreme Audit Institution. Link of the new Law: <u>"Law No. 05/L-055 on the Auditor General and the National Audit Office of the Republic of Kosovo"</u>	Completed	Executive Director	SCAAK Board and SCAAK staff
12.	Current	SCAAK, NAO and Treasury Department are working closely to promote the implementation of IPSAS in Kosovo	Ongoing	Executive Director	SCAAK Board and SCAAK staff

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13.	Current	<p>Initiate the implementation of certification of public sector auditors with Albanian SAI.</p> <p>(SCAAK and Albania Supreme Audit Institution are currently working on developing a strategy for the implementation of certification scheme for AL-SAI auditors, developing training materials according to local legislation in Albania, defining membership criteria, training of trainers program, etc.)</p>	2017	Head of EPSD	EPSC , EPSD and NAO
14.	2020	SCAAK was approached by Macedonian Chamber of Accountants to develop and advance the training and examination program for candidates who are wishing to obtain a CIPFA certificate.	Ongoing	Executive Director	SCAAK Board and SCAAK staff
15.	2016 & 2020	<p>Re-Gain accreditation of certification programs from National Qualification Authority, which is authority that accredits all professional designations in Kosovo.</p> <p>Meet and implement requirements of the NQA.</p> <p>Reviewing and monitoring process from NQA to SCAAK is performed every three years.</p> <p>Currently, NQA is performing re-accreditation of all SCAAK programs.</p>	<p>January 2017</p> <p>Ongoing</p>	Executive Director and Head of EPSD	EPSC and SCAAK staff.
16.	2017	SCAAK has created a specialized program for forensic accounting. The purpose of this program is to help fight corruption and pave the way for economic development by building investigative capacity in the field of economic crimes. As part of this program, officials from government institutions such as the Prosecution, Kosovo Police, Customs, Financial Intelligence Unit, Anti-Corruption Agency, and BIRN investigative journalists completed the training and underwent examinations for this program.	Ongoing	Executive Director and Head of EPSD	EPSC and SCAAK staff.

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
17.	Current	Monitor publication of new and amended IPSASB pronouncements and update SCAAK continuing professional education program in accordance with these pronouncements.	Ongoing	Head of EPD	SCAAK in collaboration with KCFR and MF
18.	Current	Review and respond to IPSASB/IFAC requests for feedback (including exposure drafts).	Ongoing	Executive Director	SCAAK Board and committees
19.	Current	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	Members services department	Member's services department.
<i>Review of SCAAK's Compliance Information</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	Ongoing	Perform periodic review of SCAAK response to SMO 5 part of the Action Plan	October 2020 and ongoing	Executive Director	EPD
21.	2014	AICPA has reviewed the work of SCAAK on the implementation of IFAC SMOs, according to the paragraph 2 of Article 22 of the Law for monitoring the work of PAOs. (report from AICPA was sent to KCFR).	Completed.	Executive Director	SCAAK staff, AICPA representatives. Additional information on SCAAK's work and development was provided by IFAC, World Bank CFRR,AGO, PUM Royal Nivra etc.
22	2019	KCFR continuously monitors implementation of SMO5 by SCAAK through their Public Oversight Board, and annual reporting of PAOs. According to the <i>Law No. 06/I-032, Article 33 paragraph 2</i> PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. New review is being performed by AICPA and is expected to complete in 2021.	Ongoing	Executive Director	Board members, SCAAK staff and AICPA staff

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Strengthen compliance with standards and codes through the adoption of an investigative and disciplinary regime that meets the requirements established in SMO 6.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>New Law No.06/L-032 on Accounting, Financial Reporting and Audit requires a report in relation to the results of the investigation and discipline in the professional association. SCAAK as a PAO, from the very beginning of its foundation, has been fully committed to creating an environment where there is a minimum possibility of breaching the principles of the profession. Consequent application of the principles and requirements arising from SMO 6 certainly create an environment in which the profession, its members and the public in general would be safeguarded.</p> <p>Development of Investigation and Disciplinary procedures within SCAAK is conducted by the Committee on Investigation and Discipline, established by the Assembly of members. Disciplinary procedures and current practice of developing these procedures are performed in accordance with SCAAK Statute and Regulation of the IDC. This Committee cooperates closely with other committees within SCAAK and the main goal of this cooperation is to ensure that its members while performing their professional tasks are showing professional values and offering assurance of their delivered services. The Committee is committed to ensure that members are informed with recent updates of Code of Ethics through CPD and round tables. Despite that, the Committee has taken an initiative to organize a fifteen minutes introduction for awareness about Code of Ethics and the Investigation and Discipline process for each new group of students, through its Chair.</p> <p>KCFR, as the oversight body, has established the Committee on Investigation and has issued the Administrative Instruction (AI) 2012/06 on Investigation and Disciplinary procedures. The new Law is in place, KCFR is still working with AI from 2012. SCAAK is expecting that KCFR will issue new AI on Investigating and Discipline procedures.</p> <p>Despite that, SCAAK since its foundation has considered the importance of compliance with the Code of Ethics, professional conduct of its members and prevention of potential violations, and has constantly updated the disciplinary procedures.</p> <p>SCAAK will work closely with KCFR on development the investigating and discipline system.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthen SCAAK capacity to monitor compliance by members with standards and codes</i>					
1.	Current	Working closely with KCFR a revised investigation and disciplinary scheme that meets the requirements of SMO 6. This includes assistance for building KCFR capacity and promoting the reform in the law and administrative instruction to provide a solid legal foundation for I & D.	Ongoing	Executive Director	SCAAK Board, IDC and KCFR.
2.		Constant updates of SCAAK procedures and regulations to improve the system for ID. The disciplinary measures are incorporated in SCAAK Statute and bylaws approved by SCAAK Assemble in 2020.		Executive Director, SCAAK Board	SCAAK staff
3.	Ongoing	Communicate and publish requirements of improved system of investigation and discipline to all members.	Ongoing	IDC and member's services department.	SCAAK staff and KCFR
4.	Current	Promote the principles, features and requirements of SMO 6 by offering assistance to the relevant institution with comments on the process of amending the Law on Financial Reporting.	Ongoing	Executive Director	SCAAK Board, IDC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
5.	Current	Continue to promote the importance of standards and codes through CPD and public outreach activities, and clearly communicate the consequences of non-compliance.	Ongoing	Head of EPSD	SCAAK Board and Committees
6.	Current	Review implementation of investigations and the disciplinary system to ensure it functions as intended.	Ongoing	Executive Director, IDC	SCAAK Board and SCAAK staff
7.	Current	SCAAK will review the requirements of SMO 6, and take actions to ensure that the revised requirements are adopted and complied with.	2015 and ongoing.	Executive Director, SCAAK departments	IDC and SCAAK staff
8.	Current	Raising the members awareness through social media, webpage, seminars, regarding the functioning of the Investigation & Disciplinary mechanisms to further ensure that the complaints raised are forwarded to the relevant body.	Ongoing	Chair of IDC	SCAAK Board and Staff
9.	2020	Review the existing SCAAK Policies and Procedures on I&D and make all necessary updates in accordance with SMO 6 and applicable laws in Kosovo.	Completed	SCAAK Legal department and IDC	SCAAK Board and IDC
10.	Current	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	Members services department	SCAAK member's services department.
<i>Review of SCAAK's Compliance Information</i>					
11.	Current	Perform a periodic review of SCAAKs response to SMO 6 part of the Action Plan	October 2020 and ongoing	Executive Director	EPSD

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12.	2014	AICPA has reviewed the work of SCAAK on the implementation of IFAC SMOs, according to the paragraph 2 of Article 33 of the Law for monitoring the work of PAOs. (report from AICPA was sent to KCFR).	Completed.	Executive Director	SCAAK staff, AICPA representatives. Additional information on SCAAK's work and development was provided by IFAC, World Bank CFRR,AGO, PUM Royal Nivra, etc.
13.	2019	KCFR continuously monitors implementation of SMO6 by SCAAK through their Public Oversight Board, and annual reporting of PAOs. According to the <i>Law No. 06/I-032, Article 33 paragraph 2</i> PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. New review is being performed by AICPA and is expected to complete in 2021.	Ongoing	Executive Director	Board members and SCAAK staff

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
<p>Scope of the System</p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	X			SCAAK has an IDC which is working according to the SCAAK Statute and Regulation. These documents include investigation disciplinary and appeal procedures.
<p>2. Information about the types of misconduct which may bring about investigative actions is publicly available.</p>	X			<p>Types of misconduct are set in the Statute of SCAAK and are publicly available.</p> <p>A Member shall be liable to disciplinary action if:</p> <p>(i) in the course of carrying out his professional duties or otherwise is guilty of misconduct;</p> <p>(ii) in connection with his professional duties has performed his work, or conducted himself or conducted his practice erroneously, inadequately, inefficiently or incompetently;</p> <p>(iii) he has committed any breach of these Statutes, administrative directions, by-laws, or other regulations to which he undertook to be bound by; or</p> <p>(iv) he has been disciplined by another professional body or pursuant to some other disciplinary process;</p>
<p>Initiation of Proceedings</p> <p>3. Both a “complaints-based” and an “information-based” approach are adopted.</p>	X			Disciplinary proceeding in SCAAK can be initiated based on complain and information
<p>4. Link with the results of QA reviews has been established.</p>	X			Regulation on QMSC sets procedure of proceeding to the IDC cases of breaches of standards and noncompliance with the recommendation given during QA.
<p>Investigative Process</p> <p>5. A committee or similar body exists for performing</p>	X			When the cases are brought to the IDC, the committee will appoint one member as reporting member

Requirements	Y	N	Partially	Comments
investigations.				
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			Any conflict of interest between committee members and the subject of investigation is resolved before the initiation of the process. Reporting member will conduct the investigation process and submit the report to the IDC. Reporting member will be excluded from the voting process.
Disciplinary Process 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			IDC takes the decision based on the investigation report submitted by the Reporting member who will be in charge to perform the investigation. After the disciplinary decision is made, the case is sent to KCFR Investigation and IDC.
8. Members of the committee/entity include professional accountants as well as non-accountants.	X			Members of the Committee are professionals elected by the Assembly. SCAAK does not have non-accountants in this committee. As part of Committee is SCAAK Legal Officer.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	X			Exercising the disciplinary procedures and investigations is fully independent.
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	X			The IDC can issue the following measures as a single measure or in combination against a Member: <ul style="list-style-type: none"> • warning and/or • suspension and/or • expulsion

Requirements	Y	N	Partially	Comments
<p>Rights of Representation and Appeal</p> <p>11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>	X			<p>SCAAK has an appeal panel which will be conducted from three members of SCAAK Board. This is set in SCAAK Statute and in Regulation of the Committee and is described as below:</p> <ul style="list-style-type: none"> • An aggrieved party may file an appeal against the Decision of the IDC within 15 days of receipt of the Decision. • The Appeal should be addressed to the Chairman of the Board and upon receipt of an appeal the Chairman will establish an Appeal Panel composed of three members of the Board, including him and the vice-president. • Members of the IDC will not be eligible to sit on the Appeals Panel. • Composition of the Appeals Panel should be in compliance with the Statute.
<p>Administrative Processes</p> <p>12. Timeframe targets for disposal of all cases are set.</p>	X			In the Regulation of Disciplinary proceedings, the timeframe for disposal of cases is set. Maximum timeframe consists of 80 days from the complaint to the decision of the Appeals Panel.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			SCAAK legal office is responsible for tracking the whole process of IDC in accordance with the established procedures.
14. Records of investigations and disciplinary processes are established.	X			Cases conducted by the Committee will be kept in the separate file, from initiation of proceeding to the decision of the committee.
<p>Public Interest Considerations</p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	X			Investigations and disciplinary system through SCAAK Regulations on Investigating and Disciplinary procedures are made public on SCAAK website where the members and public can be informed on procedures and measures which are to be applied in case of misconduct
16. A process for the independent review of complaints on which there was no follow-up established		X		Each complaint is reviewed and parties involved are informed for every step of disciplinary proceeding.

Requirements	Y	N	Partially	Comments
17. The results of the investigative and disciplinary proceedings are made available to the public.	X			Based on the regulation, SCAAK may decide to publish the decision.
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	X			SCAAK is in close cooperation with all related bodies regarding this issue (i.e. Financial Intelligence Unit, Commercial Crime Unit in Kosovo Police, Courts, state prosecutors).
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	X			According to the Statute of SCAAK, the Board reviews all regulations and procedures on an annual basis. The latest update in procedures and regulations are approved by the Board on September 2020.

Action Plan Subject:

SMO 7 International Financial Reporting Standards and Other Pronouncements issued by the IASB

Action Plan Objective:

This action plan aims to achieve adoption of IFRSs in Kosovo for Public Interest Entities, and an appropriate accounting framework for non public-interest entities, and compliance by SCAAK with its commitments under this SMO.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
The accounting and financial reporting system of companies in Kosovo is regulated by Law no. 06 / L-032 on Accounting, Financial Reporting and Auditing, which entered into force on 1 January 2020 (repealing the previous law no. 04 / L-014).					
The legal requirements deriving from this law are mandatory for all registered companies which exercise their activity in the Republic of Kosovo.					
When preparing general purpose financial statements, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), IFRSs for SMEs and bylaws issued by the Kosovo Financial Reporting Council (KCFR) should be applied.					
The responsible body for adoption and implementation of financial reporting standards in Kosovo is KCFR in accordance with the Law No. no. 06 / L-032).					
According to the Article 5 of the Law No. no. 06 / L-032, for the purpose of financial reporting, entities in Kosovo are classified as below:					
Micro enterprises, Small enterprises, Medium enterprises and Large enterprises (Please find below the requirements of the Law for this categorization).					
Micro-enterprises are sub-classified into three different classes based on Administrative Instruction No. 01/20120 on Annual Financial Reporting of Micro-enterprises, Article 5. The purpose of this sub-classification is to determine the content and submission of annual financial statements for this category of enterprises. The requirements for the preparation of annual financial statements for Micro Enterprises are defined in Law no. 06 / L-032 on Accounting, Financial Reporting and Auditing; Article 9, as well as the Administrative Instruction No. 01/20120 on Annual Financial Reporting of Micro Enterprises Article 6.					
If The Micro Enterprise belongs to class 1 (as presented below), i.e. has a turnover of up to € 50,000, then it is obliged to prepare only the income statement for the reporting period. The basis for preparing the income statement is the cash principle or accrual principle, whichever the enterprise selects.					
If the Micro Enterprise belongs to class 2, i.e. has a turnover greater than € 50,000 but not more than € 300,000, it is obliged to prepare the statement of financial position and the income statement for the reporting period. The basis for the preparation of the financial statements is the accrual principle of accounting.					
If the Micro Enterprise belongs to class 3, i.e. has a turnover over € 300,000, it is obliged to prepare complete annual financial statements. The annual financial statements must be prepared in accordance with the International Standard on Financial Reporting for Small and Medium-sized Enterprises (IFRS for SMEs).					
The requirements for the preparation of annual financial statements for Small, Medium and Large Enterprises are defined in Law no. 06 / L-032 on Accounting, Financial Reporting and Auditing; Article 8.					

Small and Medium enterprises should prepare annual financial statements in accordance with the International Standard on Financial Reporting for Small and Medium-sized Enterprises (IFRS for SMEs).

Large enterprises should prepare annual financial statements in accordance with the full IFRS.

IFRSs are also mandated by the Central Bank (regulator for banks and insurance companies) whose Banking Supervision Unit monitors compliance. There are no listed companies in Kosovo, though since the declaration of independence in 2008, the Ministry of Finance is examining structures for integrating Kosovo into the European capital market. CBK is responsible for setting financial reporting requirements for the banking and insurance sectors. CBK requires the use of full IFRS for financial reporting of banks and insurance companies whereas KCFR is responsible for adoption and enforcement of accounting standards for other enterprises.

Financial statements of the Micro (Class 3), Small and Medium and Large Enterprises must be signed by the Executive Director and the Chief Financial Officer (if the Chief Financial Officer is not a Certified Accountant, then the financial statements must be signed by a Certified Accountant as well - Law No. 06 / L-032 on Accounting, Reporting Financial and Audit; Article 8).

SCAAK will continue the implementation of the IPD and CPD programs that incorporate financial reporting courses based on IAS/IFRSs, IFRS for SMEs, IASB guidance, interpretations and other pronouncements.

KCFR has an agreement with National Accounting Council of Albania (NACA) for using the Albanian translated version of official IFRS as published by IASB. Currently the latest 17th Edition, 2020/21 of IFRSs are translated into Albanian which can be found in the link below:

<http://www.kkk.gov.al/faqe.php?id=1&l2=135&gj=sh>

SCAAK promotes the adoption of an appropriate financial reporting framework for entities taking into account the public interest considerations. SCAAK has translated and disseminated the IFRS for SMEs, as a basis for a long-term framework for non-PIEs, as well as organized many seminars for its members on IAS/IFRS and IFRS for SMEs.

<i>Promoting IASB Standards, Guidance and Pronouncements in Kosovo Provide support to KCFR in adoption and implementation of IFRS and IFRS for SMEs</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	Current	Continue dialog and work closely with KCRF to update approved translation of IFRS in Albanian and provide translations to members and other stakeholders.	Ongoing	Executive Director and Head of EPSD	EPSC, SCAAK Translation unit
2.	Current	Assist different working groups to make changes in the scope and applicability of IFRS in Kosovo and recommend appropriate accounting framework and requirements	Ongoing	Executive Director and SCAAK Board	SCAAK, KCFR
3.	Current	Initiate study of compliance with existing financial reporting requirements in collaboration with KCFR to address the compliance gap with standards. Promote reformation of the new law to provide a solid legal foundation for IFRS requirements and enforcement.	Completed for the years 2018 and 2019. Ongoing for 2020	Executive Director and EPSD	SCAAK Board, EPSC, CBK, KCFR and PUM / Royal NBA
4.	Current	SCAAK organized monthly workshops and seminars to better inform the business community on requirements of the new law for financial reporting.	Completed 2019 and 2020	Executive Director and EPSD	SCAAK Board, EPSC, World Bank CFRR, IFRS Foundation
5.	Current	SCAAK in cooperation with civil society is working on developing Financial Reporting Framework for non-governmental institutions	2022	Executive Director and EPSC	SCAAK Board, EPSC
6.	Current	SCAAK is working with KCFR and Tax Administration of Kosovo to develop an online platform for submitting Financial Statements of businesses as required by the law.	2021	SCAAK's representative at KCFR	SCAAK Board, EPSC and Tax Committee
7.	Current	Developing guides for members and the business community to help them improve their Financial Reporting system in a post Covid-19 pandemic period.	2021	Executive Director	SCAAK Member Service Department and EPSC

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8.	Current	Providing expertise through SCAAK representatives at the KCFR in drafting administrative instructions for implementation of international standards	Ongoing	Executive Director and SCAAK Committees	SCAAK Board and EPSD
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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
9.	Current	Timely information to members on the latest IASB pronouncements, standards and exposure drafts.	Ongoing	Members services department	SCAAK member's services department.
10.	Current	Continuous update of the SCAAK pre-qualification program with new IASB pronouncements and standards and CPD programs that incorporate financial reporting courses based on IFRS and IFRS for SMEs.	Ongoing	EPSD	EPSC
11.	Current	SCAAK will review requirements of SMO 7, and take actions to ensure that these requirements are adopted and complied with.	Ongoing	Executive Director, SCAAK departments	EPSC and EPSD.
<i>Review of SCAAK's Compliance Information</i>					
12.	Ongoing	Perform periodic review of SCAAK response to SMO 7 part of the Action Plan	October 2020 and ongoing	Executive Director	EPSD
13.	2019	KCFR continuously monitors implementation of SMO7 by SCAAK through their Public Oversight Board, and annual reporting of PAOs. According to the <i>Law No. 06/I-032, Article 33 paragraph 2</i> PAOs are obligated to engage another PAO every five (5) years to oversee the implementation of standards and procedures as defined by the law. New review is being performed by AICPA and is expected to complete in 2021.	Ongoing	Executive Director	Board members, SCAAK staff and AICPA

Additional information as per SMO 7:

Classification of enterprises in accordance with the requirements of the Article 5 of the Law No. no. 06 / L-032, for the purpose of financial reporting

	Micro enterprises	Small enterprises	Medium enterprises	Large enterprises
Total of annual net turnover	€0 – €700,000	Above €700,000 To €8,000,000	Above €8,000,000 To €40,000,000	Above €40,000,000
Total of assets as of 31.12.20XX	€0 – €350,000	Above €350,000 To €4,000,000	Above €4,000,000 To €20,000,000	Above €20,000,000
Average number of employees during the year	0 – 10	Above 10 to 50	Above 50 to 250	Above 250

Classification of micro enterprises for financial reporting purposes, as per Administrative Instruction Nr. 01/2020 on Annual Financial Reporting of Micro Enterprises, issued by KCFR:

Micro	Class 1	Class 2	Class 3
Total of annual net turnover	To €50,000	Above €50,000 To €300,000	Above €300,000