

January 13, 2022

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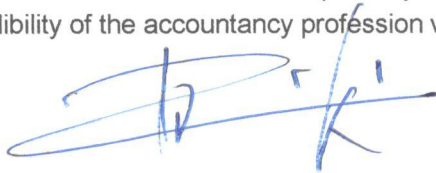
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Attestation of Ongoing SMO Compliance

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

The **Institute of Certified Accountants of Montenegro (ICAM)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2021). We have reviewed the information contained within the SMO Action Plan and affirm that the **ICAM** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations.

On behalf of the leadership of the **ICAM** I endorse the publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.



President of the Board

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

(Title)

The Institute of Certified Accountants of Montenegro (ICAM)

(Name of PAO)



INSTITUT SERTIFIKOVANIH
RAČUNOVOĐA CRNE GORE



ACCOUNTANCY
EUROPE.



International
Federation
of Accountants

Signature of President or CEO equivalent

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 IFAC website

ACTION PLAN















IFAC Member/Associate:	The Institute of Certified Accountants of Montenegro (ICAM)
Approved by Governing Body:	Executive Board, April 2016
Original Publish Date:	August 2012
Last Update:	November 2021
Next Update:	November 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.

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

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

FOR IFAC COMPLETION	ICAM Level of Responsibility for Adoption	Adoption Status as of 2021	Level of SMO Fulfillment as of 2021
QA / SMO 1	No Direct	 Partially Adopted	 Review & Improve
IES / SMO 2	Shared	 Partially Adopted	 Execute
ISA / SMO 3	Shared	 Partially Adopted	 Review & Improve
IESBA / SMO 4	Shared	 Adopted	 Review & Improve
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Review & Improve
IFRS / SMO 7	Shared	 Partially Adopted	 Execute

GLOSSARY

AAARS	Association of Accountants and Auditors of Republic of Srpska
AAAS	Association of Accountants and Auditors of Serbia
ACCA	Association of Chartered Certified Accountants
AMLFT	Anti Money Laundering and Finance of Terrorisam
CFRR	Center for Financial Reporting Reform
CPD	Continuous Professional Development
EU	European Union
GDPR	General Data Protection Regulation
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICAM	Institute of Certified Accountants of Montenegro
IESs	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
IPSASs	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISAs	International Standards on Auditing
ISQC	International Standard on Quality Control
MoF	Ministry of Finance and Social Welfare (since November 2020)
NRA	National Risk Assessment
QA	Quality Assurance
SIA	Slovenian Institute of Auditors
SME	Small and Medium Enterprise
SMOs	Statements of Membership Obligations
WB	World Bank
PAO	Professional Accounting Organization
ICAEW	Institute of Chartered Accountants of England and Wales

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: Use best endeavors to support members in establishing appropriate quality control procedures and mechanisms

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background: A mandatory Quality Assurance (QA) review system is in place in Montenegro.</p> <p>As of 2013, until January 2017 when the new Law on Audit was adopted (Official Gazette of Montenegro, No. 01/17), the country of Montenegro had no mandatory system of Quality Assurance (QA); In July 2017 the government of Montenegro appointed the members Council for Audit that consists of five members, of which one is representative of Central bank of Montenegro, and at the same time member of Board of Directors of ICAM. The Mandatory system o QA has been established, and is operative from the Q2 2018. This Law established the framework for the oversight of the work of audit firms and certified auditors. Accordingly, two bodies were established. The first body above mentioned Council for Audit has following reposnsabilities: to analyze and take positions on the issues regarding development and improvement of the audit practice in Montenegro; monitor the process of application of the auditing standards; give initiatives for finding adequate and timely solutions with the aim of more effective application of auditing standards; provide advice to policy makers, regulators and state authorities; provide technical assistance for the improvement of quality of financial reporting; publish transparency reports of audit firms and certified auditors; give opinion on Ministry of Finance’s annual plan for the control of audit firms and certified auditors; provide opinion on the program of continuous professional education of certified auditors and inspectors and perform other activities of the importance for enhancing audit practice in Montenegro.</p> <p>The second body is the Audit Oversight Directorate, which was established as an organizational unit in the Ministry of Finance. Audit Oversight Directorate consists of two inspectors and is responsible for the inspection oversight of the work of audit firms and certified auditors . With the aim of preparing the inspectors and audit firms for the implementation of the oversight, the Ministry of Finance through the Capacity Building for Effective Audit Oversight Project IDF Grant No. TF 013555, developed Manual and guidelines for minimum required audit methodology and working papers, and Methodology and manuals for inspectors who perform oversight. ICAM developed audit tool and supporting documents that integrated above mentioned deliverables from the Grant with the aim to further assist audit practices.</p> <p>The Ministry of Finance(Audit Oversight Directorate), in preparing for the adoption of the annual oversight plan, developed the Questionnaire for the audit firms and the certified auditors, which is composed of two parts: Questionnaire 1 - General information, and Questionnaire 2 - Audit engagements. The aim of the questionnaires is to collect preliminary information about certified auditors and audit firms, internal organization of audit firms, their relationship with other auditors, information about single audit engagements and risk analysis which will be used as a starting point for planning the oversight of work of audit firms and certified auditors. As of 1th of April 2021, there are 99 auditors and 33 audit practices in Montenegro.</p> <p>The Institute of Certified Accountants of Montenegro (ICAM) maintained a “soft” (voluntary) system of QA for its members who are Audiors till the establishment of Council for Audit in 2017. ICAM countinued questionnaire and field control for its members who are Accountants.</p> <p>The system has been implemented in two phases, the first being comprised of a QA questionnaire designed to identify areas of weakness in quality control</p>					

and accounting practices of firms and the second phase comprised of field control into the quality of work conducted by ICAM member firms.

Prior to the adoption of the Law on Auditing No. 001 of 2017, in the absence of a legal requirement to conduct QA reviews, the Institute of Certified Accountants of Montenegro (ICAM) developed a pilot voluntary QA system for its members. The process includes asking the members offering audit services to complete a questionnaire once a year with details about the professional/firm, income/client types, income/activities, employees and methodology of work, and development of human resources. This applies only for Audit companies.

In this regard, the ICAM has adopted and promotes the International Standard of Quality Control (ISQC) 1, *Quality Control Standards for Firms Performing Audits and Reviews of Financial Statements, and Other Assurance and Related Service Engagements*. Law on Accounting has been adopted in August 2016 (Official gazette of Montenegro No 52/16) and Law on Audit has been adopted on January 2017 (Official Gazette of Montenegro No 01/17). The Ministry of Finance based on GRANT of the World Bank chose a consulting group that needed to define more precisely the function of public oversight body. GRANT had 2 components one of which was connected to public oversight body (component 1), and the other was to building capacity of ICAM to become a full member of IFAC (component 2). Component 2 has been completed at the end of 2015, and component 1 has been finished at the end of second quartal of 2016. As one of the results of component 2 IFAC become full member of IFAC in 2017.

ICAM, in cooperation with all regional PAO's, has entered the process of education and enhancement of QA, organized by ICAEW (explained in SMO 1, paragraph 17). The process of education has been completed in 2017. From 2018 ICAM representatives have been attending workshops and trainings conducted by CFRR in Vienna (Center for Financial Reporting Reform part of World Bank).

Due to transfer of responsibilities with regards to quality assurance to MoF, objectives for ICAM have also changed. Key objective for ICAM is to support its members with alignment of rules and processes supporting quality in provision of Quality assurance services.

1.	September 2010	Conduct a brief overview of the current system of QA in Montenegro and compare this to the requirements established by IFAC SMO1 to understand if there are any areas for improvement. This activity has been conducted on regular basis	Ongoing	Executive Board of ICAM	ICAM
2.	October 2012	Design a model QA Program, with structure and procedure based on SMO1. Supplying instruction and tools for the review team. Organize seminars and training on QA review, we have topics at the seminars on quality control system, basis of quality, Implementation and quality control, role of auditors in improvement of quality in accounting, and practice examples.	Ongoing	Executive Board of ICAM	ICAM

3.	June 2014	<p>Beginning of Quality Control Commission work in accordance with the mixed approach of SMO1 aimed at ensuring synergy and avoiding unnecessary overlapping with other systems and confidentiality of data. Also, the QA system has been applied to a wider range of accountant's professional services, such as the preparation of financial statements and internal audit services. QA is to take corrective measures, if the report of the review is not at a satisfactory level, which is associated with SMO 2 and SMO 6.</p> <p>Participation in the QA reviews is currently on a voluntary basis for educational purposes and will be mandatory when it is required by the Law on Accounting (Official Gazette of Montenegro 52/16).</p>	Ongoing	Executive Board of ICAM	ICAM
4.	June 2021	Support ICAM members in implementation of ISQM 2 and related ISA's	Ongoing	ICAM	ICAM administration
5.	Autumn 2021	Presentation of ISQM 2 on Annual Congress of Accountants and Auditors	Ongoing	ICAM	ICAM Administration
<i>Assisting with the Implementation of the Quality Control Standards</i>					
6.	January 2011	<p>Organization of seminars for auditors with Slovenian Institute for Auditing (SIA), IFAC and World Bank's cooperation. Presentation on QA system performing in Slovenia and independent public oversight mechanism that will monitor the quality of auditing of public interest entities (in line with EU 8th Company Key Directive).</p> <p><u>Seminars:</u></p> <p><i>February 2011 - Audit Methodology and IT tools</i></p> <p><i>March 2011 – Requirements of the Eighth EU Directive</i></p>			

		<p>May 2011 - CAAT tools</p> <p>September 2011 - GTAG 1-16</p> <p>September 2012 - Forensic Audit</p> <p>September 2012 - Professional Practice of Internal Auditing</p> <p>October 2012 (VII Congress) - System of quality control of auditors</p> <p>October 2013 (VIII Congress)</p> <ul style="list-style-type: none"> - The supervision of public practice - Application of XBRL standards in the profession <p>November 2013 - Control of the quality of work of professional accountants</p> <p>September 2014- Work shop: Sampling in Auditing</p> <p>October 2014 (IX Congress)</p> <p>Round table, topic:</p> <ul style="list-style-type: none"> - Current problems regarding Audit in the region <p><u>October 2015 (X Congress)</u></p> <p><u>Topic: Measuring of performance and efficiency of control in the function of improvement of audit control</u></p> <p>February 2016 – Impact of Audit reform on Audit Committees in Europe</p> <p>October 2016 (XI Congress), Topics:</p> <ul style="list-style-type: none"> - Oversight on performance of certified auditors and audit firms in BiH - New Auditors Report (IAASB) - Improving the accounting and auditing profession 	Ongoing	Executive Board of ICAM	ICAM
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		<p>through the establishment of an adequate system of its quality control</p> <p>January 2017 – Law on Audit presentation</p> <p>February 2017 – Workshop for Auditors, preparation of implementation of new legal requirements</p> <p>February 2017 – QA seminar for Accountants</p> <p>February 2018 IAASB - More information on audit reports: What audit committees and CFOs need to know. Trainer Audit Training (Virtual Workshop): New Information from the IAASB, IESBA and IFAC SME Committee</p> <p>February 2018 – CPD seminar - CONTRACTING AUDIT OF FINANCIAL STATEMENTS June 2018 IESBA - Latest information from the IESBA. Innovation of information from standards-making bodies (IAASBA and IESBA).</p> <ul style="list-style-type: none"> ✓ ISA 540 (Revised) Audit of accounting estimates and related disclosures ✓ ISA 315 (Revised) Draft <p>September 2018 Accounting in the Western Balkans: Regional Cooperation Can Lead as National Progress (virtual) - CFRR / EU REPARIS: Program and Plan 2018/19 (virtual)</p> <p>September 2018 IFAC: New tools and resources of the IFAC SME Committee</p> <ul style="list-style-type: none"> ✓ Trainer audit training: Virtual workshop: New information from IFAC's SME Committee ✓ IFAC Global Survey 2018: Results (Balkans, Western Balkans) <p>November 2018 Auditor training of trainers:</p> <ul style="list-style-type: none"> ✓ Case study: PejaSko Cheese Ltd. Module F1, 			
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		<p>Volumes: I, II, III</p> <ul style="list-style-type: none"> ✓ PejaSko: Quiz: Challenge for the group ✓ PejaSKo: Challenge for the group: Undetermined continuation of business ✓ Module F3: Performing an audit ✓ Additional module: Focus on services for small and medium enterprises <p>July 2019 (Virtual) Reporting by the audit oversight body</p>			
7.	April 2012	<p>Collecting information from auditing firms and authorized auditors and processing of collected data to identify weaknesses of ISQC1 application.</p> <p>Mandate for this activities has been transferred to public oversight body in MoF.</p>	<p>June 2017 Completed</p>	<p>Executive Board of ICAM</p>	<p>ICAM</p>
8.	November 2012	<p>Design and disseminate guidance and tools for practices of active members, through publication and CPD, to prepare for Quality Assurance Review based on SMO 1.</p> <p>Thanks to WB GRANT (Component 1), as part of deliverables, ICAM received guidelines, working papers etc. for Auditors as a method of enhancement of QA system.</p> <p>ICAM through REPARIS program receives guidance. Within this program implements a special module for trainers for CPD in audit and control of the quality of their work.</p>	<p>Ongoing</p>	<p>Executive Board of ICAM</p>	<p>ICAM</p>
<i>Maintain Ongoing Processes</i>					
9.	Ongoing	<p>Conduct regular updates to the ICAM Quality Assurance System to ensure alignment with regards to amendments to SMO 1.</p>	<p>Ongoing process</p>	<p>Executive Board of ICAM</p>	<p>ICAM</p>

10.	Ongoing	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing process	ICAM	ICAM Audit Section and Committee for Education
<i>Review of ICAM's Compliance information for SMO 1</i>					
11.	Ongoing	Perform review of SMO 1 and SIA SMO Action Plan and incorporate any necessary changes. There were no specific gaps between QA review system and SMO 1 (revised 2012).	Ongoing process	Executive Board of ICAM	ICAM
12.	July 2015	ICAM, in cooperation with all regional PAO's, has entered and completed the process of education and enhancement of QA, organized by ICAEW. Introductory events were organized in July 2015 (Budva, Montenegro) and November 2015 (Vienna, Austria). In March 2016 workshop has been organized in Belgrade, Serbia. In June 2016 next workshop has been organized in BiH (Sarajevo). After that workshop in 2016 has been organized in BIH (Banjaluka) in October. Next workshop in was held in Macedonia (Skopje) in April 2017 and after that in Serbia (Belgrade). Final aim of these workshop, to improve the quality of expertise of ICAM Committee for QA has been achieved.	September 2017 Completed	Executive Board of ICAM	ICAM Committee for QA

Main Requirements of SMO 1

Requirements	ICAM Y N Partially	AOD Y N Partially	Comments
Scope of the system 1. At a minimum, mandatory QA reviews are	Y		Every audit of financial statements, whether they are statutory or not, are subject of QA review

Requirements	ICAM Y N Partially	AOD Y N Partially	Comments
required for all audits of financial statements.			
Quality Control Standards and Other Quality Control Guidance			Statutory auditors and audit firms are required to apply International Standards of Quality Control 1 (ISQC 1) in relation to audit and assurance services in Montenegro
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Y		
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	Y		ICAM timely inform its members via e-mail and other communication channels with the latest updates of ISAs and ISQC 1.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y		ICAM organized a meeting with Auditor to assist in understanding the objectives of ISQC 1 and implementing and maintaining appropriate systems of quality control.
Review cycle			Selection of Statutory Auditors/ Audit Partners for QA review is mix-based approach and every partner performing audits is considered in selection process.
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y		
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).		Y	Mandate for this requirement has been transferred to public oversight body in MoF for audit practices in 2017.

Requirements	ICAM Y N Partially	AOD Y N Partially	Comments
QA Review Team			
7. Independence of the QA Team is assessed and documented.	Y		
8. QA Team possesses appropriate levels of expertise.	Y		
Reporting			
9. Documentation of evidence supporting the quality control review report is required.	Y		
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y		
Corrective and disciplinary actions			
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y		
12. QA review system is linked to the Investigation and Discipline system.	Y		ICAM works closely with MoF. To this day, no case of QA was subject of Investigation and Discipline.
Consideration of Public Oversight			
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the	Y	Y	ICAM maintained a "soft" (voluntary) system of QA for its members who are Auditors till the establishment of Council for Audit in 2017. Since 2017, there is only one oversight body, the Audit Oversight Directorate, which was established as an organizational unit in the

Requirements	ICAM Y N Partially	AOD Y N Partially	Comments
QA review system, as needed.			Ministry of Finance. Audit Oversight Directorate consists of two inspectors and is responsible for the inspection oversight of the work of audit firms and certified auditors
<p>Regular review of implementation and effectiveness</p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>	Y		

Action Plan Subject: SMO 2– International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Promote and Enhance Compliance of Educational Programs with International Education Standards (IESs)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>ICAM, the only accredited provider of class room-based trainings, organizes and conducts the program for Certified Accountants, and all other accountants in accordance with the Decree on Entrusting of Affairs of Public Administration Bodies Competent for Accounting and Auditing No. 33/10 of 2010.</p> <p>According to Decree, IPD and CPD, and in general all IFAC IES, as well as all educations regarding Auditors and Accountants in line with IFAC standards are conducted exclusively by ICAM. Tertiary education is provided by universities.</p> <p>To ensure alignment with the legal accountancy education requirements of Montenegro, ICAM has adopted and incorporated the Montenegrin National Accounting Educational Standard (CORS) into its programs. These CORS standards have been developed in accordance with the International Accounting Education Standards Board’s (IAESB’s) International Education Standards (IESs).</p> <p>CORS was published it in the Official Gazette of RM No. 58/07. The Standard is created on the basis of public authority under the Decree of the Government of Montenegro (Official Gazette 44/07). This standard regulates vocational training and acquiring of professional titles and knowledge for independent keeping of business books and compiling of financial statements for enterprises, banks, other financial organizations, other legal persons, institutions, and other entities which keep business books and compile financial statements.</p> <p>ICAM has introduced amendments on CORS- 1 (Montenegrin National Accounting Educational Standard, Official Gazette of RM No. 58/07, No. 36/14) related to quality control, as well as introduction of Specialist courses for Forensic Accountants and Licensed appraisers.</p> <p>According to CORS, there are three categories of accounting titles in Montenegro: Certified Management Accountants, Authorised Accountants and Bookkeepers. In accordance with IESs, CORS requires, for all three categories of titles, that candidates have three years of practical work in accounting profession. ICAM examination process is based on IES 6 and comprises of independent and capable examiners, confidentiality of exam and safeguarding criteria are met. ICAM has incorporated the requirements of IES 7 and we implement combined 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. In previous period, ICAM 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>ICAM conducts both initial professional and Continuous Professional Development (CPD) education programs in consortium with the Serbian Association of Accountants and Auditors (AAAS). As AAAS education programs and final assessment are based on the Association of Chartered Certified Accountants (ACCA) syllabus, this is also applicable for ICAM programs and assessments. Control has been performed by Slovenian Institute of Auditors in 2011, then in</p>					

2012 by AAAS, in 2015 consultant group constituted by AARC and Deloitte, with support of ACCA. In 2016 control has been performed by Slovenian Institute of Auditors.

Considering the qualifications, candidates are required to have a minimum of three years' working experience in the practice of accounting or auditing (depending on the professional title sought). In addition, there is a requirement for all ICAM members to obtain 120 hours of CPD over a three year rolling period. Compliance with CPD requirements is monitored and non-compliance with CPD requirements has resulted in sanctions, including the expulsion of members from ICAM. In 2016 three years cycle has been finished and next one in 2019, and after both of these cycles that ICAM has conducted monitoring of compliance with CPD for previous three years, in line with ICAM Rulebook and regulations of IFAC.

Grant consultants (AARC, Deloitte and ACCA) during the Component 2 provided ICAM Pilot training materials related to the proposed changes in the professional education of accountants and auditors in order to support the improvement of the curriculum. The consultant provided support to the ICAM on preparation of following training manuals and materials: Handbook on IFRS + examples; Manual on ISA + examples; Manual on taxes and laws + examples; Manual of CPD with agreed examples.

ICAM together with Public prosecutor's office, Administration for prevention of money laundering and terrorism financing, National security agency and Agency for prevention of corruption participate in specialist education for License of Forensic Accountant. Till 2020 four generation of Licensed Forensic Accountants have completed the programme.

Since 2017 ICAM has entered and participates in EDUCO and REPARIS programmes conducted by WB. ICAM is working closely with the University sector to implement complementary programs 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, ICAM will attract a greater number of quality graduates, and thus help to contribute to expanding opportunity in university and professional education in Montenegro. ICAM cooperates with regional and global PAOs in regard to implementation of IESs.

Maintain ICAM Education, Certification and Continuous Professional Development (CPD)

13.	Ongoing	Continue to promote IESs to the Montenegrin Ministry of Finance and recommend these standards to be applied to all professional accountants and auditors.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
14.	July 2010	ICAM continues to monitor international standards for updates and ensure that updates are adequately reflected in the program of education and examination.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
15.	Ongoing	Implementation of the revised IESs.	Ongoing	Executive Board of	ICAM Committee

				ICAM	for Education
16.	April 2011	Continue to encourage academics in entering the program of professional education and to assist academics in attaining updated knowledge and skills.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
17.	Ongoing	Annual harmonization of IES translations and materials for IESs, with the aim of minimizing the difference between IES and national accounting education standards. We monitor a IFACs website, and regularly updating information's regarding IESs, and all news about additional education and CPD. That is also an conclusion of consulting groups, by the conducted in review in 2015 and 2016	Ongoing	Executive Board of ICAM	ICAM Committee for Education
18.	Ongoing	Updating members on all the new, proposed and revised educational standards, as well as on draft versions.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
19.	January 2012	Innovating parts of literature for professional titles, especially in the legislation and tax regulations.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
20.	Ongoing	Maintaining a high level of education and development of professional skills until the end of the initial training (certification process) aiming to protect the public interest in accordance to IES 1.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
21.	Ongoing	Improving competence evaluation in practical work, in accordance with the requirements of IES 5, as well as respecting the needs of employers in terms of efficiency and cost-effectiveness.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
22.	March 2013	Improving the system of assessment of professional skills and competences in accordance with the revised IES 6.	Ongoing	Executive Board of ICAM	ICAM Committee for Education

23.	June 2013	Improving the system of continuous professional education, in accordance with the guidelines of IES 7 (revised) which is mandatory for all professional accountants. Connection with SMO 1 and SMO 6.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
24.	Ongoing	Ensure that IAASB (audit standards) and IESBA (ethics) pronouncements are incorporated into education programs and training programs on a timely basis.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
25.	January 2021-ongoing	ICAM is working on investigating in digitalization of the whole system of delivering education for members and put a great effort on the tehnological developments, as a result of the pandemic situation created from COVID 19	Ongoing	Executive Board of ICAM	ICAM Committee for Education
26.	January 2021	Equip members with knowledge and skills needed to be adapted to the new digital reality.	2024	Executive Board of ICAM	ICAM Committee for Education
27.	January 2021	Develop an informative campaign for E-learning	2023	Executive Board of ICAM	ICAM Committee for Education
28.	Ongoing	Working closely with regional and international PAO for mutual recognition	Ongoing	Executive Board of ICAM	ICAM Committee for Education
<i>Maintain Ongoing Processes,</i>					
29.	Ongoing	Regular updates of education, training and continuous professional education programs, in regards to the new and revised International educational standards and other requirements of the SMO 2. Due to the fact that new Law on Accounting and Law on Audit have been adopted, ICAM has provided alignment with EU Directives, new and revised IAS standards, IAS and IFRS, and other relevant requirements for accounting and audit, in areas of additional			

		education for Management report, Risk management including NRA, Performance management, Advanced financial reporting, Ethical requirements, GDPR, AMLFT both in IPD and CPD. ICAM informs members with requests for comments on the drafts presented by the IAESB, through seminars, magazine published by ICAM and through e- mail communication with members.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
30.	Ongoing	Performing policy dialogues on SMO 2 requirements with the universities and other education stakeholders in Montenegro. ICAM will continuously promote the need for universities in Montenegro 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 Montenegro.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
31.	Ongoing	ICAM will continue to work with the universities and related parties, to develop and enhance the accounting and auditing profession in Montenegro	Ongoing	Executive Board of ICAM	ICAM Committee for Education
32.	Ongoing	Publish news of IESs, IEPs and IEIPs in ICAM's monthly journal. (ICAM inform members through social media, website and emails)	Ongoing	ICAM administration	ICAM Committee for Education and ICAM Publishing Board
<i>Review of ICAM's compliance information for SMO 2</i>					
33.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO 2 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information.	Ongoing	Executive Board of	ICAM Committee

		For this SMO we made internal Action plan. ICAM on regular basis emphasizes the crucial role of IES to all relevant stakeholders- all legal entities, Government of Montenegro, particularly to Ministry of Finance and Social Welfare, Ministry of Education, Science, Culture and Sport		ICAM	for Education
34.	March 2016	Regular updates on IES, including Management report, Risk management, Performance management according to EU Regulations	Ongoing	Executive Board of ICAM	ICAM Committee for Education
35.	January 2021	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 going to be provided annually). CPD will also be focused on topics which are relevant for statutory auditors / engagement partners as required by IES 8.	Ongoing	Executive Board of ICAM	ICAM Committee for Education
36.	January 2021	ICAM as a member of Employer Union, Chamber of Commerce of Montenegro and Association of Managers in Montenegro will work intensively with education employers in introducing a greater outcome based CPD delivery mechanism, consistent with the proposed revised IES 7	Ongoing	Executive Board of ICAM	ICAM Committee for Education
37.	Ongoing	Continue to actively promote IAESB standards through participation in different working groups within the government, Central Bank, and other stakeholders	Ongoing	Executive Board of ICAM	ICAM Committee for Education
38.	Ongoing	ICAM 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 Board of ICAM	ICAM Committee for Education
39.	Ongoing	ICAM will review the requirements of SMO 2, and take actions to ensure that ICAM systems to be established are developed in line	Ongoing	Executive Board of ICAM	ICAM Committee for Education

		with the revised requirements.			
40.	Ongoing	Timely information for members on the latest pronouncements, standards and exposure drafts.	Ongoing	ICAM Administration	ICAM Committee for Education

Action Plan Subject: SMO 3– International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Further Implementation of IAASB Standards, Related Practice Statements, and Other Papers

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>In Montenegro all International Audit and Assurance Standards Board (IAASB) pronouncements have been adopted without amendments through the Accounting and Auditing Law of Montenegro enacted 2005. The same applies to Law on Accounting (Official Gazette of Montenegro 52/16) and Law on Audit (Official Gazette of Montenegro 1/17).</p> <p>ICAM has responsibility for the promulgation of auditing standards which means the professional body has an important and direct role in supporting the implementation of the IAASB pronouncements so that its members understand the standards and apply them appropriately. Pursuant to the Article 81 of the Law on State Administration ("Official Gazette of the Republic of Montenegro" No 38/03 and "Official Gazette of Montenegro", No 22/08), the Government of Montenegro, at the session held on May 20, 2011, adopted Decree on amendments to the decree on entrusting of affairs of the public administration bodies competent for accounting and auditing. This provides the legal base for translation.</p> <p>ICAM has entered into a formal agreement with the AAAS and AAARS for a common translation of IAASB and international Accounting Standards Board (IASB) literature, in particular the "clarified" International Standards on Auditing (ISAs). This is a continuous process through which ICAM will incorporate Clarified ISAs into its materials and make these standards available to its membership. The latest translations of ISAs are from 2016. The translations of the IASs and IFRSs from 2019, are being applied in Montenegro. All amendments are presented to the members through the CPD.</p>					
<i>Participating in the Translation of IAASB Standards, Related Practice Statements, and Other Papers and Promulgating Auditing Standards</i>					
41.	Current	Continue active input to the development of the amendments of legal framework, laws and bylaws on Audit and Assurance standards framework that is applicable in Montenegro, thus providing a legal basis and a national authority for improved enforcement.	Ongoing	ICAM Administration	ICAM Audit Section
42.	Current	Disseminate new Exposure Drafts to ICAM members and take into account their input & provide comments on new Exposure Drafts to the IAASB.	Ongoing	ICAM Administration	ICAM Audit Section and Committee for Education

<i>Assisting ICAM Members with the Implementation of the Auditing Standards</i>					
43.	Ongoing	Review CPD program to ensure sufficient ongoing coverage of IAASB updates, pronouncements, and developments.	Ongoing	Executive Board of ICAM	ICAM Audit Section and Committee for Education
44.	2012	Technical courses to educate auditors about new auditing requirements as part of the CPD program.	Ongoing	Executive Board of ICAM	ICAM Audit Section and Educ Committee
45.	2012	<p>Conduct regular updates to the education, training, and CPD program with regards to new and amended IAASB standards.</p> <p>ICAM, together with other PAOs, members of IFAC (from Serbia, Bosnia, Croatia, Slovenia, Kosovo, Republic of Srpska) exchange information related to up- to- date standards.</p>	Ongoing	Executive Board of ICAM	ICAM Audit Section and Committee for Education
46.	Ongoing	Activities increasing awareness among auditors and the general public about the standards (seminars, magazine), newspaper articles, TV and radio programs, etc.	Ongoing	Executive Board of ICAM	ICAM
47.	March 2017	<p>Organization of 3rd Symposium of Accountants and Auditors of Montenegro</p> <ul style="list-style-type: none"> - Business continuity in the light of the innovated auditing standard ISA 570 - Overview of the current legislative framework of Montenegro in the field of accounting and auditing in relation to the European regulatory framework for the same areas 	June 2017 Completed	Executive Board of ICAM	ICAM

48.	April 2017	<p>Organization of XII Congress of Accountants and Auditors of Montenegro - ACCOUNTING AND AUDITING AS A FACTOR OF IMPROVEMENT OF BUSINESS PERFORMANCE</p> <ul style="list-style-type: none"> - Role and importance of audit of financial reports of local government - Accounting treatment of income in the context of IFRS 15 - Changes to international standards for professional performance of internal audit 	October 2017 Completed	Executive Board of ICAM	ICAM
49.	March 2018	<p>Organization of 4th Symposium of Accountants and Auditors of Montenegro</p> <ul style="list-style-type: none"> - Improving the reporting of business organizations and integrated reporting - Tasks of the accounting and auditing profession in the conditions of implementation of the EU strategy for the Western Balkans 	May 2018 Completed	Executive Board of ICAM	ICAM
50.	April 2018	<p>Organization of XIII Congress of Accountants and Auditors of Montenegro - ACCOUNTING AND AUDIT PROFESSION OF THE FUTURE: CONFIDENCE - INTEGRITY – TRANSPARENCY</p> <ul style="list-style-type: none"> - A review of IFAC's 2018 global survey on the accounting profession in the Western Balkans - Revised Conceptual Framework for Financial Reporting - the basis for the development of new accounting standards - Harmonization of public sector accounting in Montenegro with EU regulations and standards 	October 2018 Completed	Executive Board of ICAM	ICAM

51.	March 2019	<p>Organization of 5th Symposium of Accountants and Auditors of Montenegro</p> <ul style="list-style-type: none"> - Sustainable development and financial reporting - IFRS 16 Leasing - Best practice in credit risk management in order to ensure compliance with the provisions of Basel 2 and IFRS 9 	April 2019 Completed	Executive Board of ICAM	ICAM
52.	April 2019	<p>Organization of XIV Congress of Accountants and Auditors of Montenegro - Meeting of accounting, tax and banking: Corporate Reporting - Quo Vadis?</p> <ul style="list-style-type: none"> - The importance of proper reporting on the effects of the application and changes in accounting policies and estimates - Impact of changes in accounting policies and estimates on business results - Advantages and disadvantages of IFRS 17 - Implications of new auditing standards on the practice of independent auditing 	October 2019 Completed	Executive Board of ICAM	ICAM
53.	April 2020	<p>Organization of XV Congress of Accountants and Auditors of Montenegro (virtual) - Accounting financial surfing in the situation during and after the COVID-19 pandemic</p> <ul style="list-style-type: none"> - Application of new IAS / IFRS - Information security of small and medium-sized accounting practices in accordance with IFAC standards - Transition of small and medium enterprises in Montenegro towards the model of International Financial Reporting Standards for SMEs in the function of improving the quality of management 	October 2020 Completed	Executive Board of ICAM	ICAM

<i>Maintaining Ongoing Processes</i>					
54.	Ongoing	ICAM continuously informs members by means of the magazines and seminars on Amendments to IAS/IFRS and ISAs. ICAM informs members with requests for comments on the draft presented by the IAASB, through seminars, magazine published by ICAM and through e-mail communication with members.	Ongoing	Executive Board of ICAM	ICAM
<i>Review of ICAM's Compliance Information for SMO 3</i>					
55.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO-3 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM

Action Plan Subject: SMO 4– IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Support the Implementation of the Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>The International Ethics Standards Board for Accountants (IESBA) Code of Ethics was adopted without amendments through the Accounting and Auditing Law of Montenegro. The Law on Auditing No. 001 of 2017. has prescribed mandatory application of the IESBA Code of Ethics for Auditors and Certified Accountants. Since the Certified accountants are recognized in Law on Accounting No. 052 of 2016 therefore they are obliged to apply the Code of Ethics. However, Law on Accounting has not prescribed the application of Code of Ethics for other accountants in Montenegro, but at CORS ICAM demand for its members to oblige and apply the Code of Ethics ICAM has responsibility for the implementation of these requirements so that professional accountants understand the standards and apply them as intended. The IESBA Code of Ethics 2016 has been adopted, and has been delivered to all members and candidates for professional education of ICAM with clearly marked revisions of Code of Ethic that came to force in July 2017. In process of education, beside other things, members are educated on Code of ethics. Institute has a constant influence on raising awareness of members as well as general population related to code of ethics. We have formed Investigation committee which monitors developments in the economy, and it is in charge in processing and proposes cases for disciplinary committee related to our members in case that there is the doubt that they broke code of ethics. We have one case underway right now.</p> <p>In furtherance of this role, ICAM has entered into a formal agreement with the AAAS and AAARS for a common translation of IESBA literature, starting with the IESBA Code of Ethics, effective January 1, 2011. Revised version of the IESBA Code of Ethics (2020) has been translated.</p> <p>Relevant sections of the teaching material are updated with the revised Code of Ethics, and also CPD were delivered to members. ICAM 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>Undertake Actions to Support the Implementation of the IESBA Code of Ethics in Montenegro</i>					
56.	January 2009	Cooperation with Montenegro's Directorate for Anti-corruption Initiative on the implementation of the Code of Ethics, along with the presentation at our seminars and distribution of brochures on anti-corruption through the ICAM's journal.	Ongoing	Executive Board of ICAM	ICAM
57.	Ongoing	Seminars and Workshops which focus on the practical application of Code of Ethics' requirements.	Ongoing	Executive Board of ICAM	ICAM

		Theme: Amendments of Code of ethics for professional accountants (in regular bases)			
58.	June 2012	Planning work with IFAC Translation Department for translation of new and future revisions of Code of Ethics.	Ongoing	Executive Board of ICAM	ICAM
59	Q2 2021	Translate and publish Code of Ethics (2020) in cooperation with AAAS and AAARS.	Ongoing	ICAM Administration	ICAM
60	2021	ICAM is focused on raising members awareness on Digitalization and Cyber security.	Ongoing	ICAM Administration	ICAM
61	2021	Developing survey on Ethical dilemma in profession.	Ongoing	ICAM	ICAM
<i>Maintain Ongoing Processes</i>					
62.	Ongoing	<p>ICAM continuously informs members through the CPD program on amendments to the Code of Ethics and includes it in the initial training.</p> <p>During 2015 two seminars have been organized related to Code of Ethics and during also 2016 two seminars have been organized related to Code of Ethics. In 2018, distinguished auditor, member of ICAM, published a book – “CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS AND AUDITORS”. The book has been presented in ICAM’s magazine and Symposium in 2018. One of the topics on the XIV Congress of the Accountants and Auditors of Montenegro, in 2019 was - The role of the professional ethics of accountants as an important element of combating corruption. In 2020, the article prepared by the Secretary General of ICAM, “CONFRONTING CORRUPTION IN MONTENEGRO” has been published in IFAC’s Knowledge Gateway</p>	Ongoing	Executive Board of ICAM	ICAM
63.	Current	Review and respond to IESBA/IFAC requests for feedback from IFAC	Ongoing	ICAM	ICAM

		member bodies.		Administration	
64.	Current	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	ICAM Administration	ICAM
<i>Review of ICAM's Compliance Information for SMO 4</i>					
65.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO4 as necessary. Inform IFAC's compliance department on the update, in order to publish updated information. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM

Action Plan Subject: SMO 5– International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

Action Plan Objective: Continue Promotion of IPSASs and other IPSASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>IPSASs have been adopted and implemented on a modified cash basis by the Government of Montenegro. Modified Cash Basis is accounting method that combines elements of the two major accounting methods, the cash method and the accrual method. In accordance with the modified cash basis transactions of budget revenues and expenditures are recognized in the financial statements at the time of payment or receiving of cash receipts, while the liabilities and assets are recognized at the time of their occurrence, or the period to which they relate.</p> <p>The cash method recognizes income when it is received and expenses when they are paid for, whereas the accrual method recognizes income when it is earned (for example, when the terms of a contract are fulfilled) and expenses when they are incurred. The modified cash basis method uses accruals for long-term balance sheet elements and the cash basis for short-term ones.</p> <p>ICAM, together with AAAS and AAARS, uses translation of the 2013 version of IPSASs and on any amendments related to IPSASs inform members through the CPD.</p> <p>ICAM plays a crucial role in raising awareness and providing education to the public sector in this important area. In support of SMO 5, during the first quarter of 2010 ICAM commenced provision of seminars with a focus on issues of adoption and implementation of IPSASs and inclusion of practical application examples to enhance understanding. From 2010 till the end of 2015 CPD process on the standards is taking place through seminars, magazines and literature. During this period ICAM addressed Ministry of Finance with the request to expand its authority to public sector as well. ICAM's goal is to introduce accrual accounting and harmonization of financial statements with this basis. ICAM has repeatedly informed Ministry of Finance and State Audit Institution on IFAC's initiatives on importance of public finance management, as well as ICAM's initiative to start implementing Law on State Property. Since 2012 political parties in Montenegro, partially financed from the Public budget, started applying financial statements based on accrual accounting as a consequence of initiative and work of ICAM. From 2016 till 2020 training of Accountants in Public sector are being conducted through three modules (explained below). That program is organized by CIPFA and CEF and representatives of ICAM are included as trainers- for International component.</p> <p>ICAM has launched an initiative with the Ministry of Finance in 2011 to ensure that, in accordance with the Law on State Property ("Gazette of Montenegro", no. 21/2009) and in accordance with the Law on Financing of Local Self-Government ("Gazette of Montenegro", no. 74/2010) the accrual basis is introduced in Montenegro. These two laws cover the application of IPSASs. ICAM also raises public awareness of the need for the introduction of accrual accounting through media, seminars, magazines, and CPD. Government of Montenegro in its strategy for 2015 stated that it plans to introduce accrual base and concept of more responsible public management of accounting in public sector from 2018. In line with that the Ministry of Finance is in charge to conduct analysis of Public management responsibility in 2017. Through our consortium partner AAAS and their signed agreement with CIPFA, ICAM is considering the possibility for its members to obtain CIPFA certificates.</p>					

In 2019 new law on Accounting in Public Sector has been adopted (Gazette of Montenegro", no 66/19) and will come into force from beginning of 2022. The main change is transfer from cash based to accrual based accounting.

<i>Promoting the Adoption of Accrual IPSASs</i>					
66.	June 2011	Initiative to the Ministry of Finance in accordance with IPSASs to introduce accrual basis as required for the preparation of financial statements, instead of the modified basis (cash basis and accrual basis) which is used now.	December 2019 Completed	Executive Board of ICAM	ICAM
67.	Current	Continue to promote the adoption of IPSASs in Montenegro through regular dialog with the MoF, Central Bank, Government and other stakeholders. Develop and provide training in IPSASs for government senior staff to improve IPSAS knowledge of senior officials.	Further promotion ongoing	Executive Board of ICAM	ICAM
<i>Undertake Activities Which Promote Education and Awareness of IPSASs</i>					
68.	Ongoing	Publish key topics and issues of implementation of IPSASs in magazine and via other means (seminars, emails etc).	Ongoing	Executive Board of ICAM	ICAM
69.	February 2012	ICAM's Professional team on budgetary accounting and reporting in the public sector visited their members employed in state bodies and public enterprises, with the aim of resolving the dilemma in their accounting. ICAM reviewed all the difficulties this sector faces with and offered solutions to the level of state administration.	December 2019 Completed	Executive Board of ICAM	ICAM

70.	Q1 2016	<p>In cooperation of Government of Montenegro with CIPFA and CEF, three modules have been created, namely:</p> <ol style="list-style-type: none"> 1. National- legal framework related to taxes and budget 2. Financial reporting- according to IPSAS 3. Management accounting- according to IPSAS <p>The training has been introduced from 2016 and 2020 in two phases and ICAM representatives were engaged as trainers in modules 2 and 3.</p>	February 2020 Completed	Executive Board of ICAM	Government of Montenegro CIPFA CEF
71.	Current	Outreach activities to attract new generation interested in the public finance area	Ongoing	Executive Board of ICAM	Government of Montenegro / CIPFA /CEF
<i>Maintain Ongoing Processes</i>					
72.	Ongoing	ICAM continually informs members through the CPD program on amendments to IPSASs for the public sector and invest maximum efforts in the implementation of the SMO.	Ongoing	Executive Board of ICAM	ICAM
73.	Current	Review and respond to IPSASB/IFAC requests for feedback (including exposure drafts).	Ongoing	Executive Board of ICAM	ICAM
74.	Current	Timely information to members on the latest pronouncements, standards and exposure drafts.	Ongoing	Executive Board of ICAM	ICAM
<i>Review of ICAM's Compliance Information for SMO 5</i>					
75.	Ongoing	Perform periodic review and update the section relating to SMO-5 as necessary.	Ongoing	Executive Board of ICAM	ICAM

Action Plan Subject: SMO 6– Investigation and Discipline

Action Plan Objective: Enhance Alignment of ICAM I&D System with the Requirements of SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>ICAM currently maintains mechanisms for Investigating and Disciplining (I&D) its members for misconduct and failure to meet the professional and ethical rules. The ICAM I&D system is comprised of three tiers (investigation, discipline and appeals) and provides ICAM with the power to enforce sanctions. ICAM sanctions begin with a formal reprimand, then a freezing of membership status, and in extreme cases, can lead to revocation of certification and license. Law of Auditing and visaged the I&D role of Public oversight Council over Auditors. However, ICAM conducts the same activities because the Auditors are at the same time Certified Accountants, members of ICAM. Auditors (Certified Accountants) do not provide only services as Auditors but also accounting and tax consulting and ICAM conducts I&D system over them. ICAM submits annual report on this and other matter to Ministry of finance and ICAM Assembly. ICAM has legal authority to impose sanctions unless there is a possibility of criminal responsibility (in that case Public prosecutors are in charge).</p> <p>As for accountants in the jurisdiction, the Law on Accounting No. 52 of 2016 stipulates that the competent authority, the Institute of Certified Accountants of Montenegro (ICAM), can impose sanctions against individuals that violate any provisions of the Law.</p> <p>The present system includes many of the elements of SMO 6; however, ICAM understands that there are some areas of misalignment. ICAM fully applies I&D system, but only to its members. We have no authority to other accountants in Montenegro.</p> <p>Before revising SMO 6, ICAM created Investigative Committees ad hoc for individual cases. After introducing revised SMO 6 ICAM organized Investigative Committee of 7 members, as permanent body. 1 member of the committee is attorney of law and 1 is representative of Ministry of Finance. The Rolebook of Investigate Committee has been updated in 2018. The main change was introduction of substitutional member for conflict of interest sake. Members of the committee monitor on regular bases newspapers, web portals, and other media in order to obtain developments in economy and Public sector to access if there is a responsibility of ICAM members in potential scandals. Also ICAM encourages its member's through CPD and seminars to report anything that is, according to them, in collision with Code of Ethic. Until now we had around 3% of total members of ICAM were heard in front of Investigation Committee, based on alert of our members, or in media exposed affairs in which our members were directly or indirectly involved. Investigative committee considered these cases and only in three cases processed them to Disciplinary Committee for the period 2017-2020.</p> <p>ICAM has introduced linkages between I&D system and other relevant commissions of ICAM - Quality Assurance Commission and Education Committee.</p>					
<i>Undertake Actions to Increase the Alignment of Current I&D System with SMO 6</i>					
76.	Ongoing	At seminars and via other events organized by ICAM, members are constantly encouraged to report any potential violation of the Code of			

		<p>Ethics.</p> <p>ICAM provides in initial and continuing professional education programs to enhance members understanding of their professional responsibilities and the I&D system through case studies for the students at the exams, Also, professional responsibilities and understanding of the I&D system is promoted through Magazine "Accounting and Audit"</p>	Ongoing	Executive Board of ICAM	ICAM
77.	July 2012	<p>Undertake collaboration with professional organizations in the region through REPARIS Program in order to exchange experiences.</p> <p>Cooperation with SIA and AAARS and their disciplinary bodies, through the visit of our members of the Disciplinary Committee and introduction to practical cases. We also plan to visit other members of IFAC with similar goals.</p>	Ongoing	Executive Board of ICAM	ICAM Committee for Discipline
78.	Q2 2011	<p>We raise the public's awareness of the functioning of the I&D mechanisms through media, seminars, and publications so that complaints members wish to rise can be forwarded to the relevant body of ICAM according to the Rulebook on disciplinary responsibility.</p>	Ongoing	Executive Board of ICAM	ICAM
79.	January 2016	<p>In January 2016, ICAM accepted initiative of Court of honor of regional member of IFAC- AAARS, to exchange information on members of other PAOs from the region, who were in collision with Code of Ethics.</p>	Ongoing	Executive Board of ICAM	ICAM
80.	Ongoing	<p>Communicate and publish requirements of system of investigation and discipline to all members.</p>	Ongoing	ID Committee	ICAM
81.	Ongoing	<p>Review implementation of investigations and the disciplinary system to ensure it functions as intended.</p>	Ongoing	Executive Board of ICAM	ICAM

Review of ICAM's Compliance Information for SMO 6

82.	Ongoing	Perform periodic reviews of ICAM responses and update the section relating to SMO-6 as necessary. For this SMO we made internal Action plan.	Ongoing	Executive Board of ICAM	ICAM
83.	2015	In 2015 ICAM has signed an agreement with Administration for prevention of money laundering and terrorism financing and in 2017 with National security agency in which we committed ourselves to, as a profession, contribute to struggle against organized criminal, corruption and grey economy. These Institutions, together with Public prosecutor's office participate with ICAM in specialist education for License of Forensic Accountant.	Ongoing	Executive Board of ICAM	ICAM

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the system				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	X			Only for ICAM members
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	X			A Member shall be liable to disciplinary action if: (i) in the course of carrying out his professional duties or otherwise is guilty of misconduct; (ii) in connection with his professional duties has performed his work, or conducted himself or conducted his practice erroneously, inadequately, inefficiently or incompetently; (iii) he has committed any breach of these Statutes, administrative

Requirements	Y	N	Partially	Comments
				directions, by-laws, or other regulations to which he undertook to be bound by; or (iv) he has been disciplined by another professional body or pursuant to some other disciplinary process;
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	X			Disciplinary proceeding in ICAM can be initiated based on complain and information
4. Link with the results of QA reviews has been established.	X			
Investigative process				
5. A committee or similar body exists for performing investigations.	X			
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			
8. Members of the committee/entity include professional accountants as well as non-accountants.	X			1 member of Committee is Attorney of Law
9. The tribunal exhibits independence of the	X			Exercising the disciplinary procedures and investigations is fully

Requirements	Y	N	Partially	Comments
subject of the investigation and other related parties.				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			ICAM also has a right to execute internal and public reprimand
Rights of representation and appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	X			
Administrative Processes 12. Time frame targets for disposal of all cases are set.	X			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			In cases where the criminal charge against ICAM member exist, I&D Committees are obliged to wait until the Judicial process is completed.
14. Records of investigations and disciplinary processes are established.	X			There are written logs, material evidences, electronical records and reports.
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and	X			

Requirements	Y	N	Partially	Comments
disciplinary system exists in the jurisdiction.				
16. A process for the independent review of complaints on which there was no follow-up is established.			X	Board of Directors of ICAM is appeals body but in cases that the subjects of I&D process are not satisfied with a findings and sanctions they can appeal to the Administrative Court
17. The results of the investigative and disciplinary proceedings are made available to the public.	X			The results are made available to the public, but not the proceedings themselves (written logs, material evidences, electronical records)
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	X			In 2015- ICAM has signed an agreement with Administration for prevention of money laundering and terrorism financing and in 2017 with National security agency in which we committed ourselves to, as a profession, contribute to struggle against organized criminal, corruption and grey economy.
Regular review of implementation and effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	X			

Action Plan Subject: SMO 7– International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue Efforts to Support Adoption and Implementation of IFRS in Montenegro

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background:</p> <p>According to the Law on Accounting No. 052 of 2016, the accounting standards to be applied by all legal entities in Montenegro are the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), related instructions, explanations and guidance issued by International Accounting Standards Board (IASB). The legal requirements deriving from this law are mandatory for all registered companies which exercise their activity in Montenegro. The Ministry of Finance transferred authorization for the translation and publishing of the standards to ICAM (and its Consortium with AAAS and the Faculty of Economics, Podgorica). IFRS for SMEs are not mandatory according to our Law on Accounting and Law on Audit.</p> <p>The latest Serbian language IAS/ IFRS translation was conducted by AAAS and is the 2019 edition of the standards as well as IFRS 10, 11, 12, 13 from 2013,. In cooperation with AAAS and AAARS we participated in the translation of new and revised IFRSs and published a handbook on the application of IFRSs. In addition, the translation of IFRS for SMEs is completed in October 2013. All of these materials have been made available to ICAM membership to ensure understanding and to facilitate appropriate application. ICAM is considering reduction of the time lag by solving translation rights.</p> <p>In addition to the translation and publication of IFRSs, the ICAM has organized a number of seminars of CPD and articles in ICAM magazine on the topics of implementation of new and amended IFRSs for professional accountants working in both the private and public sector. The manual on the practical implementation of specific IFRSs is also available. ICAM will continuously keep track of ongoing amendments to IFRSs and ensure their translation, publication and timely communication to ICAM members. In order to do so, ICAM has published Manual for implementation of IFRS, in 2019.</p> <p>According to new IAS and IFRS, as well as EU Directives, ICAM has published new Rulebook for Chart of Accounts and Rulebook for Financial statements, accompanied by Balance schemes (Official Gazette of Montenegro, No 11/20)</p>					
<i>Undertake Efforts to Support Adoption and Implementation of IFRSs</i>					
84.	Ongoing	Organize seminars on IFRS adoption, implementation and practical issues. <i>Seminars conducted in this area:</i> <ul style="list-style-type: none"> • <i>December 2012 - announced amendments to the IFRS 10,11,12 and 13</i> • <i>Jun 2013 - IFRS 10 and 11 with the practical examples</i> 			ICAM

		<ul style="list-style-type: none"> • <i>Jul 2013 - IFRS 12 and 13 with the practical examples</i> • <i>May 2014- IFRS 11 and 13 with the practical examples</i> • <i>July 2014- IFRS 15 has been announced and presented in "Accounting and Audit" magazine</i> • <i>January 2015, IFRS 13</i> • <i>February 2015, Latest amendments of IAS/ IFRS</i> • <i>March 2015, IFRS 5</i> • <i>July 2015, Latest amendments of IAS/ IFRS</i> • <i>November 2015, implementation of IFRS 15</i> • <i>December 2015, IFRS 10, IFRS 11</i> • <i>October 2016, The quality of financial reporting - rating in terms of of manipulating the results</i> • <i>Valuation of property as an element of quality of financial reporting</i> • <i>The impact of applying IFRS 9 - financial instruments on the financial sector in Montenegro</i> • <i>The new approach to the reporting of leasing and financial statements of the lessee - IFRS 16</i> • <i>October 2017 - Accounting treatment of income in the context of IFRS 15</i> • <i>October 2018 - Advantages and disadvantages of IFRS 17</i> • <i>April 2019 - IFRS 16 Leasing and Best practice in credit risk management in order to ensure compliance with the provisions of Basel 2 and IFRS 9</i> • <i>October 2020 - Application of new IAS / IFRS</i> • <i>December 2020 - IFRS 16 - Leasing, Audit Approach, IFRS 9 - Financial Instruments, Audit Approach, IFRS 15 - Revenue from Contracts with Customers, Audit Approach</i> 	Ongoing	Executive Board of ICAM	Cooperation with AAAS
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85.	Ongoing	<p>Continuous seminars on all announced amendments to the standards, given that translations are delayed due to lack of funds.</p> <p>In our Magazine "Accounting and Audit" ICAM publishes updates and new IAS, IFRS, and Magazine is required as part of a learning tools.</p> <p>This will be also realized in cooperation with AAAS and their practitioners so members could be timely informed about all innovations.</p>	Ongoing	Executive Board of ICAM	ICAM
<i>Maintain Ongoing Processes</i>					
86.	Ongoing	Comment on new /amended standards/ interpretation in professional magazine.	Ongoing	Executive Board of ICAM	ICAM
87.	Ongoing	Continue to monitor amendments to IFRSs and publish continuously	Ongoing	Executive Board of ICAM	ICAM Working group with AAAS
<i>Review of ICAM's Compliance Information for SMO 7</i>					
88.	Ongoing	Perform periodic reviews of ICAM responses to the IFAC's compliance self-assessment questionnaires and update the section relating to SMO7 as necessary.	Ongoing	Executive Board of ICAM	ICAM