

Date: December 20, 2021

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Title: Chairman of the Council

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

This letter is to confirm that the leadership of the **Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"** has reviewed the information contained in the SMO Action Plan prepared by Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM" as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the ACAP RM, 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,



Georgeta COVALIOV-RUSU

Chairman of the Council,

Association of Professional Accountants and Auditors of the Republic of Moldova "ACAP RM"

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:	Association of Professional Accountants and Auditors of the Republic of Moldova (ACAP RM)
Approved by Governing Body:	Board of Directors ACAP RM
Original Publish Date:	May 2009
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Next Update:	December 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	ACAP Level of Responsibility for Adoption	Adoption Status as of 2021	Level of SMO Fulfillment as of 2021
QA / SMO 1	Shared	 Adopted	 Review & Improve
IES / SMO 2	Shared	 Partially Adopted	 Execute
ISA / SMO 3	No Direct	 Adopted	 Review & Improve
IESBA / SMO 4	No Direct	 Partially Adopted	 Execute
IPSAS / SMO 5	No Direct	 Not Adopted	 Review & Improve
I&D / SMO 6	Shared	 Partially Adopted	 Execute
IFRS / SMO 7	No Direct	 Partially Adopted	 Review & Improve

GLOSSARY

A&A	Accounting and Auditing
AACM	Association of Auditors and Consultants in Management from Moldova (a non-IFAC professional body)
ACAP RM	Association of Professional Accountants and Auditors of the Republic of Moldova
ACCA	Association of Certified Chartered Accountants
AFAM	Association of Auditing Firms of Moldova (a non-IFAC professional body)
ASEM	Academy of Economic Studies of Moldova
APSF	Accountancy Profession Strategic Forum
Board of ACAP	Board of Directors (ACAP Managing Board)
CAP–CIPA	Certified Accountant Practitioner; Certified International Professional Accountant
CECCAR	Body of Expert and Licensed Accountants of Romania
CEO	Chief Executive Officer
CAFR	Chamber of Financial Auditors of Romania
CFRR	Center for Financial Reporting Reform (World Bank)
CIPFA	Chartered Institute of Public Finance and Accountancy
CoE	Code of Ethics
Council	Public Audit Supervisory Council
Committee	Audit Committee
CPA	Certified Public Accountant
CPD	Continuing Professional Development
ECCAA	Eurasian Council of Certified Accountants and Auditors
EduCop	Education Community of Practice
FIDEF	Fédération Internationale des Experts-Comptables Francophones
I&D	Investigation and Discipline
IAASB	International Auditing & Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
IEPS	International Education Practice Statements

Status as of Date of Publication

IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPAR	Institute of Professional Accountants of Russia
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISQC	International Standard on Quality Control
MoER	Ministry of Education and Research
MoF	Ministry of Finance
MoFCC	Ministry of Finance Consultative Council
MoU	Memorandum of Understanding
NAS	National Accounting Standards
National Strategy	National Strategy for Accounting and Audit Development in Corporate Sector for 2009-2014
NBM	National Bank of Moldova
NCFM	National Commission for Financial Markets
NSC	National Steering Committee (for national strategy)
PIE	Public Interest Entity
PULSAR	Public Sector Accounting and Reporting Program
PwC	Pricewaterhouse Coopers
QA	Quality Assurance
QAN	Quality Assurance Network
QARP	Quality Assurance Review Program
QC	Quality Control
RCA	Russian Collegium of Auditors
REPARIS	Road to Europe – Program of Accounting Reform and Institutional Strengthening
RM	Republic of Moldova
SME	Small and Medium Enterprises
SMO	Statements of Membership Obligations
STAREP	Strengthening Auditing and Reporting in the Countries of the Eastern Partnership
WB	World Bank

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: To further investigate how ACAP can use best endeavors to support Quality Assurance Controls in accordance with SMO 1, the adequate training and practice support tools

Background:

According to the provisions of the Law on Audits of Financial Statements (No. 271 of December 15, 2017), each audit entity is subject to external quality control at least once in 6 years and the entities that conduct audit at public interest entities at least once in 3 years. The external quality control is performed by the Council in order to manage the audit quality assurance system, as well as to establish the existence and the manner of application of:

- a) audit quality control policies and procedures on the level of the audit entity; and
- b) audit quality control policies and procedures on the level of the audit for auditing entity.

In Moldova, The Quality Assurance Control system for entities performing audits of public interest, medium-sized, large and all other entities this is operated by the Council; the Quality Assurance Control system in Moldova is in compliance with requirements of the extant SMO 1.

Accountants (bookkeepers) are not subject of quality assurance reviews by the Council for public oversight of audit.

Professional associations are not required by the law to conduct quality assurance control of their members. However, the Law stipulates that the Council is entitled to delegate to professional organizations in the area of audit the function of external audit quality control of its members, audit entities, which conduct the audit at entities other than public interest entities, in the manner set in the Regulation on external audit quality control. The detailed criteria for selection of professional associations and the conditions under which they could perform the delegated tasks are developed and approved by Audit Committee.

Starting with January 2021 ACAP RM is qualified to perform external audit quality control of its members. The function was delegated by Decision No 21 of November 27, 2020 Regarding the acceptance of the request for delegation of professional organization in the field of audit Association of Accountants and Professional Auditors of the Republic of Moldova" the external quality control function of the audit of their members <http://cspa.md/sites/default/files/Acap%20decizie.signed.pdf>.

According to the Decision No 17 of August 14, 2019, the external control is performed based on the external quality control methodology, developed by ACAP and coordinated with the Council. Each audit entity, a member of Association is subject to external quality control at least once every 6 years. Furthermore, ACAP shall sign an agreement with Council, which will include at least: *description of the delegated functions and conditions of the delegation; the date of commencement and the duration of the delegation agreement; the rights and obligations of the parties; issues regarding confidentiality, transparency and publication of information; the periodicity of the transmission of the Reports regarding the external quality control of the Board's audit; the manner of inspection and monitoring of ACAP by the Council; the areas covered by the Annual Report presented by ACAP; the conditions for withdrawing the delegated position.* https://www.legis.md/cautare/getResults?doc_id=117021&lang=ro

Presently, ACAP completes the work on the methodology and is working to develop a system of quality assurance in coordination with the Council methodology.

IFAC IAASB clarified ISAs including ISQC1 and IESBA's Code of Ethics are mandatory for all audits in Moldova. 2018 IAASB & IESBA Handbooks in Romanian & Russian languages are available following the link: <http://csaa.mf.gov.md/node/79>; <https://drive.google.com/index.php/s/VxgyM219xpRrFiC>

ACAP RM duties are undertaken based on the Regulation on audit quality inspection and related services, approved by ACAP Board in December 2012, with the amendments operated in March 2014, January 2016, February 2019, January 2020. So far, ACAP performed QA controls, based on its Charter, internal regulations and IFAC SMO 1 requirements.

ACAP uses its best endeavors to promote the Quality Assurance Control Scheme in compliance with SMO 1 and provide information, expertise and guidance when needed. ACAP is responsible for supplying its members with relevant information concerning Quality Assurance. The tailored Manual on Quality Control for audit entities' members is elaborated by ACAP. Training sessions on how to use & implement the manual are organized on an annual basis. <https://www.acap.md/ro/courses>

Periodic review of the operation of the QA system and updating the Regulation on QC inspections, the Manual on QC, & Action Plan for further activities where necessary is assured by ACAP's Board of Directors and Department of QC & members monitoring.

ACAP together with the regulators are actively participating in the World Bank Centre for Financial Reporting Reform (CFRR)'s projects on Strengthening Auditing and Reporting in the countries of the Eastern Partnership (STAREP) and Public Sector Accounting Reporting (PULSAR) envisaged taking place in the periods of 2014-2018 and 2018-2021.

ACAP promotes to the regulator the global and European's best QA practice through conferences, seminars and its Newsletters, so that QA system in Moldova become as independent as possible.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Supporting Quality Assurance					
1.	2014	<p>Review the requirements of SMO1 and consider the extent to which ACAP can work with Council to play its role in supporting Quality Assurance of auditors in Moldova.</p> <p>Provide information on SMO 1 and ISQC 1 and their respective updates on ACAP's website, News Letters to members, specific education programs.</p> <p>https://www.acap.md/ro/courses/cursuri-de-perfectionare-pentru-auditori-in-cadrul-programului-de-dezvoltarea-profesionala-continua-12348-91011-noiembrie-2021</p>	Ongoing	Board of ACAP	CEO, staff

2.	Ongoing	Publish and notify the nature, scope, requirements and details of aQA review system via the websites, information bulletins, official gazette and publications of the Ministry of Finance (MoF), Council, ACAP and NBM. https://www.legis.md/cautare/getResults?doc_id=117021&lang=ro	Ongoing	Board of ACAP	QC and Monitoring Department
3.	Ongoing	The objective is to develop awareness of updates of accounting and auditing fields as recommended and communicated by IFAC. The ACAP Board identifies special funds for conducting CPD activities in continuation of the process of Quality Assurance.	Ongoing	Board of ACAP	CEO, QC and Monitoring Department
4.	Ongoing	Monitor the proposed by Government National Strategy on Auditing and Accounting with the view to study QA implications for ACAP and Council.	Ongoing	Board of ACAP	CEO, QC and Monitoring Department
5.	February 2009	Hold periodic policy dialogues with the Government and Council to keep the Government Officials updated on the latest ISQC, (International Auditing and Assurance Standards Board-IAASB), Code of Ethics and SMO1 developments.	Ongoing	Board of ACAP	QC and Monitoring Department, ACAP Board Members
6.	February 2009	Assistance to the Council in developing guidance to support the implementation of quality control standards and requirements.	Ongoing	Board of ACAP	ACAP Council and staff
7.	Ongoing	Dissemination of IFAC SMP Committee Guidance materials on the use of ISAs in auditing small and medium-sized entities and on quality control for small and medium-sized practices and encouraging their application.	Ongoing	Board of ACAP	QC and Monitoring Department, ACAP Board Members, CEO
8.	January 2019	Providing, organizing seminars and workshops on QA review training for QA teams and team leaders: The role of auditors in preventing and combating money laundering and terrorist financing	Ongoing Completed	Board of ACAP	QC and Monitoring Department, ACAP Board

	May 2019	Managing the risks of preventing and combating money laundering and terrorist financing	Completed		Members, CEO
	April 2019	Practical guidelines in implementing the quality control system within the entity	Completed		
	September 2019	Aspects that make up the audit quality environment;	Completed		
	March 2020	The role of audit quality in preventing and combating money laundering and terrorist financing	Completed		
9.	October 2020	https://www.acap.md/events/comunicat-informativ-1-martie-chisinauatierr-de-lucru Revision of the Code of Ethics for professional accountants and application of legislative and normative provisions in the audit activity	Completed		
10.	April 2018	Organize international conferences titled: Accounting and Auditing in globalization conditions: achievements and development perspectives, in partnership with the Association of Certified Chartered Accountants (ACCA), ASEM and KPMG.	19-20 April, Completed		
	April 2019	Accounting and accounting education in the digital society, in partnership with the Association of Certified Chartered Accountants (ACCA), ASEM and KPMG.	4-5 April, Completed	CEO	Board of ACAP, staff
	April 2021	Conference on Accounting and Audit (A&Acon'21), in partnership with the Association of Certified Chartered Accountants (ACCA) and American Chamber of Commerce of Moldova (AmCham Moldova)	1-2 April, Completed		
11.	Ongoing	Plan to organize more events focused on auditing standards, quality and ethics. Prepare and deliver specific courses and relevant additional support to assist audit entities and members in practice to implement ISQC 1.	Planned 2021	CEO, Training and Certification Department	QC and Monitoring Department, ACAP Board Members, CEO

12.	Ongoing	Elaboration and implementation of CPD Annual Program for Auditors for 2018, 2019, 2020 & 2021 and approval by Council and MoER http://cspa.md/node/55 https://www.acap.md/course/register/cursuri-de-perfectionare-pentru-auditori-in-cadrul-programului-de-dezvoltarea-profesionala-continua-12348-91011-noiembrie-2021	Completed	QC and Monitoring Department, CEO and QC Committee	Board of ACAP, staff
13.		Continuing QC inspections for audit entities – ACAP members	Ongoing	QC and Monitoring Department	CEO and QC Committee
14.	2014	Participation in QAN (Quality Assurance network) under ICAEW Accountancy Profession Strategic Forum (ASPF). Consult with ICAEW on quality control capacity building. Following the ICAEW Workshops on quality control for auditing firms under ISQC1 https://www.acap.md/events/comunicat-informativ-forumul-strategic-a-profesiei-contabile-2019-valletta-malta https://www.acap.md/events/comunicat-informativ-16-17-mai-2019-	Throughout the years 2018-2020	QC inspector, CEO, member of QC Committee	ICAEW Quality Assurance Network country members
15.	2015	Continuation of methodological assistance to audit entities-members of ACAP RM in elaboration and implementing quality control policies and systems	Ongoing	QC and Monitoring Department	CEO and QC Committee
Maintaining Ongoing Processes					
16.	Ongoing	Ensure an adequate level of relevant and focused CPD training specifically targeted to Quality Assurance is made available to ACAP members. By incorporating QA in education program and having a structured CPD mechanism, ACAP has become an enabler of and a facilitator for enhanced quality assurance in the profession.	Ongoing	Training and Certification Department	Board of ACAP, Council, QC Committee
		Monitoring changes in the International Auditing & Assurance Standards and in Moldovan legislation pronouncements regarding QA. Update ACAP QA documents.	Ongoing,	QC and Monitoring Department	Board of ACAP, Council, MoF
	2012	Monitoring the activity carried out by audit entities members of ACAP RM.	Throughout the Years		Board of ACAP, Council, QC Committee
		Participation in the development of the proposals regarding state policy in the sphere of auditing and QA	Throughout the Year	Board of ACAP, CEO	Board of ACAP, Council, QC Committee

	Ongoing	Development of international relationships with the IFAC Member Bodies on the issue of quality assurance.	Ongoing	Board of ACAP, CEO	IFAC member bodies, Council, CEO
17.	Ongoing	Review the yearly reports issued by Council to identify knowledge gaps resulting from recent Quality Assurance visits. The latest Council review highlighted the deficiencies in audit reporting, quality control issues, adequate documentation and continued professional education among others.	Ongoing	QC and Monitoring Department	Board of ACAP, Council, QC Committee
Review of ACAP's Compliance Information					
18.	Ongoing	Perform periodic review of ACAPs fulfillment of SMO 1 requirements and update the SMO Action Plan as necessary.	Ongoing	CEO, QC and Monitoring Department	QC and Monitoring Department, CEO

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			<p>Country level: Legislation in force requires QA reviews for all audits of financial statements. QA reviews, public oversight and quality assurance control is performed by the Public Audit Supervisory Council. Starting with January 2021 ACAP RM is qualified to perform external audit quality control of its members. The function was delegated by Decision No 21 of November 27, 2020 Regarding the acceptance of the request for delegation of professional organization in the field of audit „Association of Accountants and Professional Auditors of the Republic of Moldova" the external quality control function of the audit of their members http://cspa.md/sites/default/files/Acap%20decizie.signed.pdf.</p>

				<p>ACAP: The ACAP Regulation sets forth that all audits shall be subject to QA reviews at least every six years or every three years for public interest entities (PIEs).</p>
<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			<p>Country level: According to the law in force, in order to ensure audit quality, the audit entities are required to develop, approve and comply with audit quality control policies and procedures in accordance with the law, the auditing standards, the quality control standards and the Code of Ethics.</p> <p>ACAP: The audit entities are required to develop and comply with the auditing quality control policy and procedures as per the ISA, the Ethic Code, the Law on Audits of Financial Statements, SMO 1.</p>
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	Y			<p>Country level: According to the law, ISAs and ISQC1 are mandatory for audits of financial statements. These standards are available following the link (2018 Handbooks): https://drive.gov.md/index.php/s/VxgyM219xpRrFiC</p> <p>ACAP: The audit entries are required by law to implement a quality control system as per ISQC1 and per other relevant standards approved at the national level.</p>
<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			<p>Country level: There are no legal requirements in that respect.</p> <p>ACAP: ACAP, as a full member of IFAC, provides support to entities in terms of:</p> <ul style="list-style-type: none"> • understanding the QC objectives; • implementing and maintaining adequate QC systems.
<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			<p>Country level: Legislation in force prescribes that each audit entity is subject to external quality control at least once in 6 years, and the entities performing audit of public interest entities at least once in 3 years. The Council approved the Regulation on external audit quality control which prescribes that during this intervals,</p> <p>ACAP: ACAP applies cycle-based approach. Following the contract signed with the Council regarding the delegation of the external quality control function, ACAP will apply a mixed approach.</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).	Y			<p>Country level: The legislation in force prescribes that each audit entity is subject to external quality control at least once every six years, and the entities performing audit of public interest entities - atleast every 3 years.</p> <p>ACAP: a six-year cycle at most when a firm conducts financial statement audits at non-PIEs.</p>
<p>QA Review Team</p> <p>7. Independence of the QA Team is assessed and documented.</p>	Y			<p>Country Level: Regulation on external audit quality control requires that during exercise of quality assurance control, the QC specialists are obliged:</p> <p>to sign the declaration on their own responsibility regarding the non-affiliation with the verified audit entity (spouse, relatives up to and including the second degree, first degree relatives are not auditors, shareholders / associates, members of the executive body of the entities audited audits);</p> <p>to give up the performance of the external control if during the performance of the external control the violation of the principle of independence or non-affiliation in relation to the audit entity is found;</p> <p>https://www.legis.md/cautare/getResults?doc_id=117021&lang=ro</p> <p>ACAP: Independence is documented through the statement of independence.</p>
8. QA Team possesses appropriate levels of expertise.	Y			<p>Country Level: The specialists engaged in QC are obliged to poses adequate skills and knowledge and to maintain continuing professional development by raising the level of qualification in the relevant field for the external control of the audit quality, following training courses with a total duration of 20 academic hours annually.</p> <p>ACAP: The person responsible for reviewing the quality assurance has appropriate education background, professional experience and specific training in conducting QA reviews.</p>
<p>Reporting</p> <p>9. Documentation of evidence supporting</p>	Y			<p>Country Level: The findings and conclusions of the QC specialists are based on the evidence provided by the audit entity that are documented in worksheets and questionnaires.</p>

the quality control review report is required.				ACAP: The person responsible for reviewing the quality assurance draws worksheets and questionnaires.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			Country Level: According to the legislation in force, the specialists engaged in QC required to document and prepare a Report on external audit quality control and present it to the audit entity within 5 working days. ACAP: Upon conclusion of the QA review a written report is issued and provided to the audit entities reviewed.
Corrective and Disciplinary Actions 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			Country Level: The audit entity shall submit to the Board in writing the Report on the remediation of non-conformities and the implementation of the recommendations included in the Report on external quality control audit no later than 12 months from the date of signing the Report on external quality control audit. ACAP: The recommendations presented by ACAP following the conducted review shall be met by the reviewed entities within a reasonable period as agreed between both parties.
12. QA review system is linked to the Investigation and Discipline system.	Y			Country Level: The Law prescribes the types of sanctions and manner of application; Types of disciplinary actions and manner of application (Law, art. 42) are in line with the recommendations of the Directive 2006/43/EC. ACAP: According to the ACAP Regulation (point 54), the quality review shall be conducted for education purpose, and shall never lead to sanctioned consequences.
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Y			ACAP: The Quality Control and Monitoring Department cooperates with the Public Audit Supervisory Council with the aim to improve the process of additional training for auditors, who following the external verification were sanctioned, thus sharing the information on the functioning of the QA review system.

Regular Review of Implementation and Effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	Y			After one or two years at most, ACAP shall conduct a repeated review on the implementation and effectiveness of control systems. So far, the Council has performed no repeated review as the member audit entities were subject to external verification.
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Action Plan Subject: SMO 2–International Education Standards for Professional Accountants & Pronouncements issued by IAESB
Action Plan Objective: Continue to use best endeavors to ensure compliance with International Education Standards and Ongoing Adoption of IAESB Pronouncements; Ensure member’s high professional skills and technical knowledge

Background:

Professional development requirements for professional accountants are specified in the law on Audits of Financial Statements (Articles 4-5) https://www.legis.md/cautare/getResults?doc_id=110387&lang=ro and the law on Accounting and Financial Reporting (Articles 18) https://www.legis.md/cautare/getResults?doc_id=120938&lang=ro

The law on Accounting and Financial Reporting lays out that the chief accountant or another person empowered to organize and conduct the accounting of the entity, except PIE, must have a higher education degree in economics or a post-secondary technical vocational degree in economics. For PIE the requirement is - higher education degree in economics. Moreover, the legislation on specific activity areas may provide additional requirements for the chief accountant of PIE. Hence, the accounting profession is not regulated in Moldova, while the Law on Audits of Financial Statements provides provisions for initial professional development (IPD) and continuous professional development (CPD) requirements for auditors. The legislation requires candidates to have a formal professional education, obtain practical experience (minimum 3 years carried out under the guidance of an auditor). In addition, they may pass written examinations conducted by the Auditor Certification Commission that is set up under the Council. The auditor has the duty to improve the level of qualification following a training course with a duration of 40 hours per year.

CPD requirements for ACAP members include proof of 40 hours a year for auditors and 120 hours in three years for members with CAP/ICPA certificates. The Training Department of ACAP monitors the observance of these requirements. ACAP CPD program for auditors is approved annually by the Council and coordinated with Ministry of Education, Culture and Research.

Two of the higher education institutions have initiated procedures to match some courses with the requirements of the Association of Chartered Certified Accountants (ACCA) from the United Kingdom and have registered important results. Hence, the ASEM graduates of cycle I Accounting, Accounting Faculty, benefit from 7 exemptions and the USM graduates of cycle I Accounting, Economic Sciences Faculty, benefit from 8 exemptions.

In 2019 Representatives of ACAP, USM, ASEM and MoF have developed the National Strategy for the improvement of accounting and auditing education in Moldova <https://cfr.worldbank.org/sites/default/files/2020-02/20190129-Moldova-Concept-FINAL.pdf>. This concept note is developed within the regional project ‘Strengthening Auditing and Reporting in the Countries of the Eastern Partnership’ (STAREP) by the representatives of the Republic of Moldova in the accounting education community of practice. One of the objective of the concept note is to promote a learning outcome-based approach in the accounting and auditing education at the both university and professional education levels. IESs are available in Romanian language, and could be consulted by all interested parties following the link: <https://www.acap.md/publications/manualului-de-reglementari-internationale-de-educatie-editia-2019publicat-de-international-federation-of-accountants-ifac> and the link for English version <https://www.iaesb.org/publications/2019-handbook-international-education-standards>

ACAP Education System for accountants and auditors is based on the national educational system and partially on International Education Standards (IESs) and includes a system of initial professional education and Continuing Professional Development (CPD). Education requirements for auditors are regulated by the government and are universally the same throughout the country. Responsibility for IESs is shared between the universities

involved in accounting education, The Ministry of Education and Research (MoER and Universities are responsible for the incorporation of International Education Standards into national requirements. ACAP continue to assist the Universities & MoER through supplying information, advice and guidance. Translated IESs (version 2019) in Romanian language is provided to stockholders through roundtable meetings and by mail.

The 2019 updated IESs is available: <https://www.acap.md/publications/manualului-de-reglementari-internationale-de-educatie-editia-2019publicat-de-international-federation-of-accountants-ifac>

Courses, seminars, organized technical discussion meetings, workshops; web-based learning activities are types of activities that typically count as CPD. Participation in seminars, congresses or conferences in the professional field, organized both nationally and internationally and publication of specialized materials is equivalent to 4 hours for each participation < publishing a book in the professional field (audit, accounting, taxation) – is equivalent to 20 hours.

For the activities listed above a maximum of 20 hours is granted out of the total of 49 hours required, and the rest will be accumulated by participating in professional training courses.

To qualify for (full) membership in ACAP, one must:

- Pass an examination in accounting and other related subjects at the CIPA Examination Center.
- Possess a relevant valid certificate (CAP (Certified Accounting Practitioner), CIPA (Certified International Professional Accountant) under ECCAA (Eurasian Council of Certified Accountants and Auditors) or qualifications issued by IFAC full members including Association of Certified and Chartered Accountants (ACCA), Certified Public Accountant (CPA), the International Chartered Accountants in England and Wales (ICAEW), CGA- Canada).
- Complete 120 hours of continuous professional education (CPD) in three years or 40 hours annually.
- Have higher specialized education, with at least three years' experience in accounting or other activities connected with accounting. If higher specialized education is lacking, then a candidate must have five years' working experience as Chief Accountant or Chief Accountant Deputy.
- Agree in writing to comply with the Code of Professional Conduct.

ACAP has training center, where training courses on CAP and CIPA certification programs are offered and under the programs of continuous education. ACAP is also promote the ACCA DipIFR (Rus) training program. In addition, ACAP develops technical courses for auditors on new auditing requirements as a part of CPD certification program. ACAP regularly offers CPD courses for its members on IFRS, ISAs, ISQC 1, Code of Ethics, and national accounting standards, fiscal and legal issues.

ACAP and CFAR signed a Memorandum of Understanding (MoU) in March 2010, which comprise the Continued Professional Development (CPD) courses for auditors, Train of the Trainers (ToT) courses, and exchange of publications. In September 2011, ACAP signed a MoU with CECCAR and the Institute of Professional Accountants of Russia (IPAR), which comprise the IES disseminations and education programs. ACAP and ACCA signed a MoU, which envisions organizing joint education events and CPD recognition for members. Permanent updates on current developments of IAESB are published on our website. ACAP is an active participant of World Bank STAREP and PULSAR Programs including the Education Community of Practice (Edu CoP). The newly updated IES are learning by stakeholders in various dissemination seminars, organized in cooperation with WB CFRR STAREP and PULSAR EduCoP.

#	Start Date	Actions	Completion Date	Responsibility	Resource
19.	March 2009 Ongoing	Publish all IAESB pronouncements on the website and provide links to the relevant IFAC IAESB webpage. https://www.acap.md/publications/manualului-de-reglementari-internationale-de-educatie-editia-2019publicat-de-international-federation-of-accountants-ifac	Ongoing	CEO, Board of ACAP	CEO, staff
20.	2009 Ongoing	Review ACAP's education requirements for alignment with revised IESs and compliance with the requirements of SMO 2.	Ongoing	CEO, Training and Certification Department	Committee on Professional Training and Certification
21.	2009 Ongoing	Continue to use best endeavors to encourage the Ministry of Education and Research and the Council to put in place rules to align education and CPD requirements with IES. The main objective of the Committee on Professional Training and Certification is to promote the accounting profession in Moldova amongst the younger generation, to ensure that the curriculum is in the line with international standards and to guide accountants in their career.	Ongoing	CEO, Training and Certification Department	Committee on Professional Training and Certification
22.	2008 Ongoing	Encourage reproduction of the translated IESs, and IAESB pronouncement updates in Romanian and Russian in accordance with IFAC translation and reproducing policy requirements.	Ongoing	CEO, Board of ACAP	Board of ACAP, ad-hoc working groups, ECCAA, and bodies CECCAR, CAFR
23.	2009 Ongoing	Continue active involvement in the Education Community of Practice (EduCoP) Workshops conducted by the World Bank STAREP and PULSAR Programs	Ongoing	Board of ACAP	World Bank STAREP and PULSAR Programs, ACAPExperts, CEO

24.	2011 2019	Participation in ICAEW Accountancy Profession Strategic Forum	April 2019 completed	QC committee, CEO	
25.	2014 Ongoing	Elaboration and implementation of CPD Programs for Accountants and Auditors for 2018, 2019, 2020, 2021 & 2022 and approval by Council & MoER	Completed 2021, Ongoing	Training and Certification Department	CEO, Committee on Professional Training and Certification
26.	2009	Encourage review and translation of textbooks, brochures, forms and teaching materials for curriculum updates.	Ongoing	Board of ACAP	ACAP working groups, Council
27.	2008	Develop and deliver train the trainer (ToT) - courses for USM and other universities in collaboration with foreign experts.	Ongoing Partially completed	Board of ACAP	ACAP working groups, Council and USM
28.	2016 2021	Develop and adopt a single framework for technical professional competencies based on the IES 2 provisions	Partially completed Ongoing	Training and Certification Department	IFAC, CFRR, Council, CEO
29.	2010	Develop and maintain a nucleus of mentors and assign students to those mentors; develop a training capacity by training the trainers; and introduce the concept of a registered employer.	2012 Ongoing	Board of ACAP	ACAP working groups, Council, universities and entities
Maintaining Ongoing Processes					
30.	Ongoing	Ensure continuous dissemination of IAESB pronouncements and updates.	Ongoing	Board of ACAP	ACAP working groups, Council
31.	Ongoing	Ongoing final assessments under the responsibility of ACAP and licensing under Council. Request for international education expert to assess the system.	Ongoing	Board of ACAP	ACAP working groups, Council

32.	Ongoing	Ongoing (self-) evaluations by ACAP and Council of the revised SMO2 compliance.	Ongoing	Board of ACAP	ACAP, universities Council
33.	Ongoing	Ongoing evaluation of compliance with the revised IESs and European Union (EU) 8th Directives.	Ongoing	Board of ACAP	ACAP working groups, Council
<i>Review of ACAP's Compliance Information</i>					
34.	2013	Perform review of revised SMO 2 and ACAP's SMO Action Plan and incorporate any necessary changes.	2014 Ongoing	Board of ACAP	ACAP working groups

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB

Action Plan Objective: Continue to use best endeavors to assist with the implementation of IAASB

Background:

To date in Moldova the audit of financial statements is mandatory for the individual financial statements of medium –sized, large, PIE as well as for consolidated financial statement.

According to the provision of the Law on Audits of Financial Statements, the IASs issued by the IAASB, including ISQC 1 and international standards for review, assurance missions; related services issued by the IAASB are accepted for implementation in Moldova and are mandatory for all audits. The most recent versions (2018 Handbooks), accepted by the MOF are available in Romanian and English languages, following the links: <https://mf.gov.md/ro/content/standarde-interna%C8%9Bionale-de-audit-emise-de-ifac-%C3%AEn-anul-2018-recep%C8%9Bionate-de-ministerul> and <https://drive.gov.md/index.php/s/VxgyM219xpRrFiC>

Ministry of Finance receives standards and other pronouncements, including Code of Ethics in two languages, Romanian and Russian.

The Ministry of Finance is in charge of accepting and publishing the auditing standards, the quality control standards, the related standards and the Code of Ethics in the Official Gazette of the Republic of Moldova, as well as posting them on the official website of the Ministry of Finance. The auditing standards, the quality control standards, the related standards and the Code of Ethics are published periodically in the Official Gazette of the Republic of Moldova, depending on the amount of updates performed. The auditing standards, quality control standards, related standards the Code of Ethics and the related updates are posted on the official webpage of the Ministry of Finance within one month from the date of receiving them.

ACAP has responsibility for monitoring the compliance with the standards. ACAP assists the process by facilitating reproduction and dissemination through cooperation with the professional bodies of Romania and Russia, members of IFAC.

Although ACAP is not directly involved in standard setting, as an IFAC member, ACAP has an important role with the implementation process so that auditors are aware of the standards and using them as intended. ACAP contributed a lot to dissemination of ISAs translated into Romanian and Russian languages.

The ACAP Committee on Professional Training and Certification and Training and Certification Department continuously oversees research and reviews compliance related to SMO 3. ACAP encourages its members to participate in various CPD activities organized by ACAP, Council and universities related to ISAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Translation, Dissemination and Enforcement of IAASB's Pronouncements					
35.	2009 2012 2017	Continue dialogues with IFAC for submitting official translated versions of clarified ISAs and other IAASB pronouncements in Romanian and Russian and getting the permission for publishing on official website Ministry of Finance	2012 Completed 2018	CEO, Board of ACAP	ACAP, MoF, Consultative Council
36.	2009	Ensure timely availability of translated IAASB pronouncements to ACAP members, Council, MoF, Universities and other stakeholders in Moldova	Ongoing	Board of ACAP, CEO	ACAP Working Groups, Council, MoF, Universities
37.	2010	Monitor pronouncements and updates provided by IAASB and develop update briefings for members and communicate through newsletter, Journal and website. Further ISAs adopted by ICAP are included in the Education Program and any revisions are continuously updated.	Ongoing	CEO, Training and Certification Department	Committee on Professional Training and Certification
38.	January 2014	Monitor the Government proposed National Strategy on Auditing and Accounting with the view to study implications for ACAP.	Ongoing	Board of ACAP	ACAP Working Groups, MoF
Maintaining Ongoing Processes					
39.	Ongoing	Committee on Professional Training and Certification is overseeing the implementation of range of relevant international standards across ACAP's operations. For revising or incorporating the relevant standards, the Committee forwards its recommendation to Training and Certification Department for implementation in the education and CPD program.	Ongoing	Training and Certification Department	Committee on Professional Training and Certification
40.	Ongoing	Deliver pre-qualification and CPD courses on ISAs in collaboration with Council and foreign experts and include updates in IAASB pronouncements in ACAP continuing professional education and pre-qualification programs. https://www.acap.md/courses/cursuri-de-perfectionare-pentru-auditori-in-cadrul-programului-de-dezvoltarea-profesionala-continua-12348-91011-noiembrie-2021	Ongoing	Board of ACAP, CEO	ACAP Working Groups, Council

41.	Ongoing	Hold periodic meetings with the Government to keep the Government Officials updated on the latest IAASB developments.	Ongoing	Board of ACAP	ACAP Working Groups, MoF
42.	Ongoing	Review responses to the section relevant to SMO 3.	Ongoing	Board of ACAP	Member Department/ Executive Director

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

Action Plan Objective: Continue to use best endeavors to incorporate the IFAC Code of Ethics and to promulgate it with the ACAP’s members and on a national level

Background:

In accordance with the provisions of the Law on Audits of Financial Statements, all auditors in Moldova are subject of ethical requirements for professional accountants, issued by the International Ethics Standards Board for Accountants, accepted for application in the Republic of Moldova. The 2018 version of the Code of Ethics in Romanian language and 2020 version in English are available following the link <https://www.acap.md/publications/manualul-privind-codul-etic-international-pentru-profesionistii-contabili>

The Ministry of Finance is responsible for the acceptance and publication of the Code of Ethics in the Official Gazette of the Republic of Moldova and posting on the website of the MOF. Code of Ethics is published in the Official Gazette of the Republic of Moldova periodically, depending on the number of updates performed. Code of Ethics and corresponding updates are posted on the website of the MoF within one month from the date of their receipt.

Accountants (bookkeepers) are not subject of any legal ethical requirements.

ACAP has the responsibility to educate and enforce compliance with the Code of Ethics among its members. ACAP shall assist and guide them in these efforts. The Board of ACAP has formed a Committee for Members and Professional Ethics.

In this capacity, ACAP monitors the changes made to the IESBA Code of Ethics and adopts the proposed changes following the existing due process. In particular, ACAP monitors the IESBA work program and proposed revisions to the IESBA Code of Ethics closely so they can be incorporated into ACAP’s framework on a timely basis.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Translation and Dissemination					
43.	2009	Continue dialogue with IFAC, CECCAR, CFAR and other bodies to update approved translation of Code of Ethics and other IESBA pronouncements in Romanian and Russian in accordance with IFAC translation and reproduction policy.	Completed Ongoing	Board of ACAP, CEO	ACAP Working Groups, IFAC, CECCAR, CFAR, MoFCC
44.	Ongoing	Engaging with members through specific Seminars on revised Code of Ethics to provide detailed interpretation. Publishing articles related to NOCLAR in the ACAP Newsletter and updating downloadable Code of Ethics for the members besides latest news from IESBA.	Ongoing	Board of ACAP, CEO	Training and Certification Department

45.	2009	Provide access to Code of Ethics and other IESBA pronouncements by including a relevant link on the ACAP website and by providing access to the translated versions in Romanian and English. https://www.acap.md/ro/publications/manualul-privind-codul-eticii-international-pentru-profesionistii-contabili	Ongoing	Board of ACAP	Committee for Members and Professional Ethics
Implementation of Code of Ethics					
46.	2009 2021	Further, develop awareness of ethical issues by publications on ACAP website and organizing seminars on this subject. https://www.acap.md/ro/publications/manualul-privind-codul-eticii-international-pentru-profesionistii-contabili	Ongoing	CEO, Board of ACAP	Committee for Members and Professional Ethics
47.	2021	Deliver the Technical seminar on ethics in collaboration with ACCA	April 2021 Ongoing	CEO, Board of ACAP, ACCA	Committee for Members and Professional Ethics
Maintaining Ongoing Processes					
48.	Ongoing	Monitor and review new and amended standards from the IESBA. Include updates of IESBA pronouncements in ACAP's education programs and CPD activities.	Ongoing	CEO, Board of ACAP	Committee for Members and Professional Ethics
49.	Ongoing	Review and update Action Plan regularly to ensure that it continues to reflect the overall objectives under SMO 4.	Ongoing	CEO	Committee for Members and Professional Ethics
Review of ACAP's Compliance Information					
50.	Ongoing	Perform periodic review of ACAP response to SMO Action Plan and update the response as necessary.	Ongoing	CEO, Board of ACAP	Committee for Members and Professional Ethics

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

Action Plan Objective: Use Best Endeavors to Assist the Adoption of IPSAS and Support and Disseminate the Work of the IPSASB

Background:

International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB are not applicable in the Republic of Moldova. The Treasury is in the process of reforming the accounting and financial reporting system in the public sector. The objective of the reform is to develop national public sector accounting standards (NPSAS) in line with International Public Sector Accounting Standards (IPSAS) and introduce them at central and local government levels.

In order to implement the reform, the Ministry of Finance established, by Order No. 202 of December 17, 2015 a Council for Public Sector Accounting Standards – an advisory body for the development of NPSAS, aligned with IPSAS, as well as for the drafting/amending of the relevant normative acts. The concept for the development and introduction of NPSAS was approved by Order of the Ministry of Finance No. 159 of December 27, 2015. It includes a 2017-2022 action plan for accounting and reporting reform. NPSAS will be designed in compliance with IPSAS taking into account the specific characteristics of the Moldovan Government operations.

ACAP has no legal responsibility but do promote, disseminate, educate and provide access to IPSAS and other IPSASB pronouncements among its members. ACAP is conducting on demand the training courses on IPSAS delivered by local, United Kingdom (UK) and CECCAR experts. WB Public Finance Management Project organized an certification and training for public sector accounting specialists. 3 specialists were certified by CIPFA. ACAP is offering CIPFA exams convener services. The Center worked by 2017 and are working under demand.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Translation, Dissemination and Promotion of IPSAS					
51.	2009 2021	Continue dialogue with IFAC, CECCAR to update approved translation of IPSAS in Romanian and Russian in accordance with IFAC’s translation and reproduction policy	Ongoing	CEO Board of ACAP	ACAP Working Groups, IFAC, CECCAR, CFAR and other bodies
52.	2009	Provide access to IPSASs and other IPSASB pronouncements by including a relevant link on the ACAP website and by providing access to the translated versions of IPSAS in Romanian and Russian	Ongoing	Board of ACAP	ACAP Working Groups
53.	2017 Ongoing	Continue active involvement in the Public Sector Accounting and Reporting Program (PULSAR) conducted by the World Bank’s Centre for Financial Reporting Reform – CFRR	Ongoing	CEO, Board of ACAP	Board of ACAP

54.	2016	Meetings with MoF and other state regulators of IPSAS adoption and implementation	Ongoing	CEO, ACAP President	Board of ACAP
56.	Ongoing	Consider the inclusion of IPSAS in ACAP's different education program and developing training courses for public sector servants	Ongoing	CEO, ACAP President	Training and Certification Department
Maintaining Ongoing Processes					
57.	Ongoing	Monitor issuance of new and amended IPSASB pronouncements and update ACAP's continuing professional education program in accordance with these pronouncements.	Ongoing	Board of ACAP	ACAP Working Groups
58.	Ongoing	Perform periodic review of ACAP response to SMO Action Plan and update the response as necessary.	Ongoing	CEO, Board of ACAP	CEO, Training and Certification Department

Action Plan Subject: SMO 6–Investigation and Discipline

Action Plan Objective: Align the investigation and disciplinary system requirements with SMO 6

Background:

Law on auditing of financial statements provides that the Committee have the duties related to investigation and discipline in respect of auditors and audit entities. According to the law, Council must establish efficient investigation and disciplinary action systems to detect, correct and prevent the inadequate conduct of the audit and apply disciplinary actions to auditors and audit entities. At the same time in the section, 7 of the Regulation on external audit quality control approved by the Council are stipulated disciplinary measures applied in result of non-conformities.

https://www.legis.md/cautare/getResults?doc_id=117021&lang=ro

- a) The following disciplinary actions are applied to auditors and audit entities:
- b) written warning. The warning shall consist of alerting the auditors, and audit entities on the disciplinary offense committed with the recommendation to respect the legal provisions in the future, warning them that a new similar misbehavior shall be punished with a more severe sanction;
- c) written reprimand. The reprimand is criticism, expressed in writing, on offenses committed by auditors or audit entities;
- d) declaring the auditor's report as not corresponding to the requirements of this law and auditing standards;
- e) suspension of activity of the audit entity or the auditor to conduct audit for a period ranging from 1 to 3 years;
- f) withdrawal of the auditor qualification certificate;
- g) erasure of the audit entity from the Public Register of Audit Entity.

The Disciplinary action can be initiated on any of the following acts of misconduct:

- h) conduct of the audit with simultaneously with the tax services, drawing up of tax statements, assistance the framework of verification conducted by tax authorities or in the area of management and other cases stipulated by law;
- i) committing of violations in the process of conducting the audit;
- j) non-compliance with the law requirements;
- k) the finding of unconformities following the performance of the external quality control;
- l) the failure to submit the transparency report and to publish it on the official webpage.

The Committee on the application of disciplinary measures shall be notified to the auditors, audit entities concerned and shall be enforceable from the date of issue, but shall be posted on the official website of the Council only after the expiry of the time limit for appeal

<http://cspa.md/sites/default/files/Decizie%20privind%20sanctiuni%20neprezentare%20Raport%20Brinzila.semnat.pdf>

ACAP has the responsibility to implement the disciplinary system for ACAP members. ACAP has no legal responsibility but do promote the best practices on investigation and disciplinary regime to the Council, which is authorized to implement such a system in the Republic of Moldova. The ACAP Board approved a disciplinary concept for ACAP members and included it in a newly ACAP Charter which has been approved by the Ministry of Justice. Council annually starting 2013 reviews ACAP as approved CPD provider. ACAP is a member of ICAEWQAN and participate in events on enhance a partnership collaboration between Public Audit Supervisory Council and PAO.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Use best endeavors to incorporate the requirements of SMO into the ACAP's Investigation and Discipline mechanism</i>					
59.	Ongoing	Continuous review of I&D systems, rules and regulations to ensure that effective Investigation and Disciplinary mechanism is in place and different Committees are performing their duties in effective and timely manner for addressing all unethical behaviors and acts of members and students	Ongoing	CEO	Committee for Members and Professional Ethics
60.	2009	Consider implementation mechanisms of SMO 6 requirements based on Government Decision No. 807 of 20.08.2018 for Regulation on activity of the Public Audit Supervisory Council in collaboration with other IFAC members regarding the existing mechanisms in their jurisdictions (NIVRA, CECCAR, CFAR, FIDEF, etc.)	2012 Ongoing in Discussions Completed 2018	Board of ACAP	ACAP Working Groups, Council, CECCAR CAFR and FIDEF
61.	2009	Encourage public and members' awareness of investigation and disciplinary (I & D) process	Ongoing	Board of ACAP	ACAP Working Groups, Council
62.	April 2009 2013	Get involved, jointly with Council, in the development of an investigation and disciplinary scheme that meets the requirements of the revised SMO 6 requirements	Estimated 2015 Ongoing	Board of ACAP	ACAP Working Groups, Council
63.	January 2010	Communicate requirements of investigation and discipline to all members	Ongoing	Board of ACAP	ACAP Working Groups, Council
64.	2009 2013	Establish a mechanism to report possible involvement of ACAP members in serious crimes and offences to authorities	Ongoing	Board of ACAP	ACAP Working Groups, Council
65.	2009	Provide inputs to the Council aimed at determining, developing, and maintaining integrative expertise and resources required for the operation of an investigative and disciplinary system	Ongoing	Board of ACAP	ACAP Working Groups, Council

66.	2017	Ensure ACAP's disciplinary process continues to comply with Moldovan law and SMO 6 requirements	Ongoing	CEO, Board of ACAP	Board of ACAP
Maintaining Ongoing Processes					
67.	Ongoing	Continue to promote the importance of standards and codes through CPD and public outreach activities, and clearly communicate the consequences of non-compliance (License withdrawal and other sanctions to be determined)	Ongoing	Board of ACAP	ACAP in collaboration with Council and MoF
68.	2009	Review of implementation of investigation and disciplinary process, and updating action plan as necessary	Ongoing	Board of ACAP	Committee for Members and Professional Ethics
Review of ACAP's Compliance Information					
69.	2013	Perform review of SMO 6 and ACAP's SMO Action Plan and incorporate any necessary changes.	2016 Ongoing	Board of ACAP	ACAP Professional Departments

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>	Y			<p>Country level: The Law requires Council to establish effective systems of investigations and sanctions to detect correct and prevent inadequate audit and to apply sanctions on auditors and audit entities.</p> <p>All auditors and audit firms are subject of investigation and discipline systems.</p> <p>ACAP: There is a Committee for Members and Professional Ethics within ACAP. The system works to remedy the actions among individual – members of ACAP</p>
<p>2. Information about the types of misconduct, which may bring about investigative actions is publicly available.</p>	Y			<p>Country level: The Law and the Regulation contains general provisions about the types of misconduct, and disciplinary measures applied in result of non-conformities with the legislative provisions http://cspa.md/node/2</p> <p>ACAP: The internal ACAP Regulation/Statute contains types of misconduct</p>
<p>Initiation of Proceedings</p> <p>3. Both a “complaints-based” and an “information-based” approach are adopted.</p>	Y			<p>Country level: The decision of the Committee on the application of disciplinary measures to the auditor or audit entity may be challenged in the administrative court, according to the legislation.</p> <p>More the decisions of the Committee on the application of disciplinary measures shall be notified to the auditors, audit entities concerned and shall be enforceable from the date of issue but shall be posted on the official website of the Board only after the expiry of the time limit for appeal.</p> <p>ACAP: Proceedings for a member – physical person are initiated on the basis of a complaint.</p>
<p>4. Link with the results of QA reviews has been established.</p>			P	<p>Country level: Regulation on quality control (approved by the Council on 14.08.2019) prescribes that the following disciplinary measures shall be applied to auditors and audit entities: written warning, written reprimand, declaring the auditor's report to be inadequate to the requirements of this law and auditing standards, suspension of the activity of the audit entity or the auditor to perform the audit for a period between 1 and 3 years, withdrawal of the auditor's qualification certificate or deletion of the audit entity from the Public Register of audit entities.</p> <p>ACAP: is not directly responsible for Quality Assurance as declared in SMO 1</p>

<p>Investigative Process</p> <p>5. A committee or similar body exists for performing investigations.</p>	Y			<p>Country level: Council has a separate Department dealing with investigations and discipline.</p> <p>ACAP: There is an Ethics and Discipline Committee established within ACAP, which performs its activity as per the annual plan.</p>
<p>6. Members of a committee are independent of the subject of the investigation and other related parties.</p>	Y			<p>Country level: According to the Law, the nominal composition of the Committee shall be approved for a period of 3 years. It consists of 7 non-practitioner members. The manner of appointing the members of the committee and their activity are established by the Regulation of activity of the Council, approved by the Government.</p> <p>ACAP: All members of the Committee shall submit a statement of independence both towards the subject of investigation and towards other related parties.</p>
<p>Disciplinary Process</p> <p>7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>		N		<p>Country level: Currently, there is no a separate committee within the Auditing Oversight Council in respect of disciplinary process. Members of Committee take decisions.</p> <p>ACAP: According to the statutory provisions, the Association disciplinary body is entitled to apply the following sanctions: a) warning; b) reprimand; c) suspension of membership; d) exclusion from the Association.</p>
<p>8. Members of the committee/entity include professional accountants as well as non-accountants.</p>	Y			<p>Country level: According to the Law, the nominal composition of the Committee shall be approved for a period of 3 years. It consists of 7 non-practitioner members who have knowledge in the economic or legal field and has the following composition: 2 representatives of the Ministry of Finance, a representative of the National Bank of Moldova, a representative of the Court of Accounts, a representative of the National Market Commission Financial, a representative of the business environment and a representative of the academic environment specialized in audit</p> <p>ACAP: Members of the Committee are professional accountants.</p>
<p>9. The tribunal exhibits independence of the subject of the investigation and other related parties.</p>	Y			

<p>Sanctions</p> <p>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.</p>	<p>Y</p>			<p>Country level: The Law states clearer that Council and Committee shall establish effective systems of investigations and sanctions to detect, correct and prevent inadequate audit and to apply sanctions on auditors and audit entities. According to the Law, the following sanctions could be applied on auditors and audit entities: (i) written warning. The warning shall consist of alerting the auditors, and audit entities on the disciplinary offense committed with the recommendation to respect the legal provisions in the future, warning them that a new similar misbehavior shall be punished with a more severe sanction; (ii) reprimand. The reprimand is criticism, expressed in writing, on offenses committed by auditors or audit entities; (iii) declare the auditor's report as inappropriate to the requirements of this law and auditing standards; (iv) suspension of auditor's or audit entities' audit activity for a period between 1 and 3 years; (v) withdrawal of auditor's qualification certificate; (vi) erasure of audit firm from the Public Register of audit entities.</p> <p>ACAP: The ACAP disciplinary system comprises the following sanctions: a) warning; b) reprimand; c) suspension of membership; d) exclusion from the Association.</p>
<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>	<p>Y</p>			<p>Country level: According to the Law, the sanctions imposed on the auditor or audit entity may be challenged in the administrative court.</p> <p>ACAP: According to the Statute, an Association member has the right to appeal the applied sanction in the manner and terms defined by the Association internal Regulation.</p>
<p>Administrative Processes</p> <p>12. Timeframe targets for disposal of all cases are set.</p>	<p>Y</p>			<p>Country level: The provisions are stipulated in Regulation on external audit control approved by the Committee on 14.08.2019.</p> <p>ACAP: The disciplinary sanction is proportionate to the seriousness of the infringement committed and depends on whether other disciplinary infringements were committed or not throughout the year. Suspension of membership as a disciplinary measure is valid for one year.</p>

13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			<p>Country level: The audit entity shall submit to the Committee in writing the Report on the remediation of non-conformities and the implementation of the recommendations included in the external Quality Control Audit report no later than 12 months from the date of signing the Report.</p> <p>ACAP: Suspension of active membership for the failure to pay the membership fees shall be in force until the full settlement of outstanding fees or until the exclusion of the member from the Association.</p>
14. Records of investigations and disciplinary processes are established.	Y			<p>Country level: The Regulation of the Council contains provisions on the management and organization of Committee activity, including legal provisions in respect of keeping the information, preparation and keeping of the Committee meetings minutes and files, as well as of the control conclusions of the Control and verification service.</p> <p>ACAP: The lists of members who failed to pay the membership fees are submitted to the ACAP Board of Directors on an annual basis so that the latter can take the appropriate decision on membership.</p>
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			<p>Country level: Currently, decisions taken by Council and Committee are published on their website (http://csaa.mf.gov.md/node/48). Law states that the sanctions imposed shall be brought to the knowledge of auditors, audit entities, and be enforceable from the date of issue, but shall be posted on the website of the Council only after the expiry of appeals term.</p>
16. A process for the independent review of complaints on which there was no follow-up is established.		N		<p>Country level: no</p> <p>ACAP: All complaints have been resolved by means of an amicable settlement, and the recommendations issued afterwards were fulfilled.</p>
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			<p>Country level: Currently, decisions taken by Committee are published on their website http://cspa.md/node/48.</p> <p>ACAP: ACAP is limited in applying disciplinary sanctions.</p>
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			<p>Country level: Council and Committee collaborates with the Ministry of Finance, National Bank of Moldova, National Securities Market Commission, Licensing Chamber, and State Registration Chamber.</p> <p>ACAP: ACAP is limited in applying disciplinary sanctions.</p>
Regular Review of Implementation and Effectiveness	Y			<p>Country level: Council and Committee provide review of the implementation and effectiveness of the systems.</p> <p>ACAP: ACAP Board is reviewing on quarterly and annual basis the activity</p>

19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.				of QC Department activity and update the internal regulation when in case.
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Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB

Action Plan Objective: Use Best Endeavors to Support Convergence with International Financial Reporting Standards

Background:

In accordance with the provisions of the Law on Accounting and Financial Reporting, Public Interest Entities are required to apply International Financial Reporting Standards and to draw up financial statements according to IFRS. PIE – entity whose securities are admitted for trading on a regulated market; bank’ insurer (re-insurer)/insurance company; undertaking for collective investment in securities with legal personality; large entity which is a state-owned enterprise or a joint stock company where the share of the state is higher than 50% of the share capital.

The Ministry of Finance is responsible for the acceptance, publication of IFRS in the Official Gazette of the Republic of Moldova and posting them on the website of the Ministry of Finance. IFRS are published in the Official Gazette of the Republic of Moldova periodically, depending on the number of updates performed. IFRS are posted on the website of the Ministry of Finance within one month from the date of their receipt. MOF received IFRSs in two languages, Russian and Romanian. The latest version (04.06.2019) is available following the link - <http://www.legis.md/cautare/getResults>; and <https://www.mf.gov.md/ro/content/standardele-interna%C8%9Bionale-de-raportare-financiar%C4%83-2017-red-book>

Non-PIEs are required to apply NASs, which are based on IFRS principles and transpose the requirements of the Directive 2013/34/EC, however, Law on Accounting and Financial Reporting allows non-PIEs to apply IFRS.

The Ministry of Finance has direct responsibility for developing accounting standards, including convergence of National Accounting Standards (NASs) to IFRSs and IASs. ACAP has no legal responsibility but do promote the implementation of IASB standards and convergence of the Moldovan NASs in its activity. The Moldovan Government approved the IFRSs for PIEs in December 2009 to become effective on January 1, 2012. The latest 2017-2019 version is applied. (See <http://www.legis.md/cautare/getResults>).

The current NASs are being adjusted to meet the IFRS requirements and MoF approved the last version of NAS on August 16, 2013, with amendments on December 2015 and July 7 2019. IFRS for SME is not in MoF vision to adopt yet.

ACAP assists by facilitating the dissemination of updated IFRSs, organizing training courses on IFRS. ACAP is an active participant of World Bank STAREP Programs including the A&A, Community of Practice.

ACAP informs its members about new and amended IFRS through its website and newsletters. ACAP supports in the implementation of these standards by providing qualification courses on IFRS and regularly updates the syllabus to incorporate the new and amended standards in its subject of Financial Reporting and Financial Accounting.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Promoting IASB Standards, Guidance and Pronouncements in Moldova					
70.	2013 September	Involvement in WB STAREP Project in regarding of accounting and auditing developments.	Completed	ACAP Representatives	World Bank, ACAP, STAREP
	2014	Enhance the CPD curricula and training courses, in cooperation with MBs, ACCA to provide certified accountants & auditors knowledge on new and updated 2017, 2019 version of IFRS. https://www.acap.md/courses		Ongoing	Board of ACAP, CEO
		2016	Participate in public debates regarding the concepts of transposing the EU Directives into the Moldovan legislation, as well as regarding the draft Laws on Financial Statements Audit and on Accounting	Completed	Training and Certification Department, CEO
		Participation in IASB Foundation webinars on IFRS issues		Board of ACAP, CEO	WB CFRR, MoF, ACAP Board & CEO
Maintaining Ongoing Processes					
71.	Ongoing	Timely information to members of the latest IASB news by providing a link to such information on the ACAP website	Ongoing	Board of ACAP	ACAP Working Groups
72.	Ongoing	Continued implementation of the pre-qualification and CPD programs that incorporate financial reporting courses based on IFRS, elaboration of IASB guidance, interpretations and other pronouncements	Completed Ongoing	Board of ACAP	ACAP Working Groups
Review of ACAP's Compliance Information					
73.	Ongoing	Perform periodic review of ACAP response to SMO Action Plan and update the response as necessary.	Ongoing	Board of ACAP	CEO, ACAP Working Groups