

Key Opportunities: Exploring Future Accountancy Education Reforms - Followed by Q&A

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- *Institute of Certified Accountants of Montenegro (ICAM) is self-regulatory, independent, voluntary professional association established in September 2006 in order to promote the knowledge, abilities and skill of its members related to accounting and auditing, in accordance with IAS / IFRS, ISA and International Standards on Quality Control.*
- *The mission of the Institute is to strengthen and develop the accounting profession able to provide high quality services in the public interest, applying high standards of professional conduct and ethical requirements. In 2011, ICAM became the associate member of IFAC, and since 2013 the associate member of AE (Accountancy Europe – advisor of EU Commission).*
- *By Decree of the Government of Montenegro on entrusting of affairs of the public administration bodies competent for accounting and auditing (Official Gazette of Republic of Montenegro "No. 44/07 and Official Gazette of Montenegro 33/10) the Institute got very considerable mandate, together with Consortium partners- Association of Accountants and Auditors of Serbia (a full member of IFAC) and the Faculty of Economy in Podgorica.*



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Pursuant to the authority to establish the certification program, the Institute in 2007 issued the first Montenegrin educational accounting standard – CORS- 1, which refers to:

- The professional education of accountants***
- Regulation on taking examination for obtaining professional titles in accounting profession***
- The IFAC's Code of Ethics for Professional Accountants***
- Regulation on continuing education.***

In accordance with Montenegrin educational accounting standard – CORS-1, there are defined levels of professional competence of persons for keeping of business books and compiling of financial statements, or for conducting of audit, control, supervision and consulting tasks to which the levels of the following professional titles correspond:

- 1. Bookkeeper - BK***
- 2. Management Accountant - MA***
- 3. Certified Accountant - CA***



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➤ *According to Action plan for sustainability and full membership in IFAC, ICAM is working to increase the number of members and students (candidates for professional titles).*

Membership Composition (2016)		Sector Profile (2016)	
Certified Accountants	175	Business / Industry	302
Management Accountants	317	Public Practice	732
Bookkeepers	187	Public Sector	88
Independend accountants	25	Academia & Students	46
Students & Associates	859*	Audit Firms in Public Practice	53
		Other	342
Total:	1563	Total:	1563



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- *Ministry of finance of Montenegro was provided a Grant, issued by WB, at the end of 2014. Grant had 2 components, of which for the Component 2, ICAM was main beneficiary. Main aim was building capacity of ICAM to become a full member of IFAC .*
- *Based on Action plan and GAP Analysis, ICAM and Grant consultants (ARRC, Deloitte and ACCA) worked hard together during 2015.*
- *Grant consultants 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 + examples*
- *Component 2 was completed at the end of 2015. When applying for the full membership in IFAC, at the end of 2016, Grant consultants sent an recommendation letter to IFAC, informing them that ICAM is ready to become full member.*



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- *It is important that CPD requirements are as clear as possible and that members can easily access the CPD policy for their reference in order to facilitate clear guidance to members on their CPD obligations. To achieve this, ICAM undertakes the following:*
 - *Provides CPD guidance and publishes the CPD policy on its website; and*
 - *Provides responses to frequently asked questions on CPD (i.e. phone help line)*

- *Ensuring better integration between academic and professional accountancy programs is an important process that enables students to find a shorter route to qualification.*

- *The Institute of Certified Accountants of Montenegro (ICAM) collaborates with the Faculty of Economics at the University of Montenegro to provide its students with exemptions from exams. All students with an undergraduate degree with an accounting concentration are exempt from the following papers when entering the professional education system of ICAM:*
 - ***Preparation of Financial Statements;***
 - ***Human Resources Management;***
 - ***Information Systems;***
 - ***Corporate and Business Law***



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- *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 2012 by AAAS, and in 2015 consultant group constituted by AARC and Deloitte, with support of ACCA.*
- *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 after that ICAM has conducted monitoring of compliance with CPD for previous three years, in line with ICAM Rulebook and regulations of IFAC.*



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➤ *As part of Monitoring & Enforcement Program, ICAM has been participating, on regional level, in Training program for Quality control, organized and conducted by ICAEW. This Training program refers to quality control of performances of accountants, and members of ICAMs Quality Assurance Committee are participating and enhancing its knowledge. ICAM, within its mandate, conducts the quality control of accountants, on voluntary basis. As for the Quality control of auditors that area is, according to new Law on Audit, under authority of Council for public oversight of auditors.*

➤ *In line with Action plan for sustainability and full membership in IFAC, and with support of our 2 mentors (sponsors) – Institute for Audit of the Republic of Slovenia and Association of Accountants and Auditors of Republic of Srpska, as well as partnership support of Croatian Chamber of Auditors, ICAM has applied for full membership in IFAC in December 2016.*



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- *In Montenegro, all International Audit and Assurance Standards Board (IAASB) pronouncements have been adopted. 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.*
- *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.*
- *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. ICAM has launched an initiative with the Ministry of Finance in 2011 to ensure that, in accordance with the Law on State Property and in accordance with the Law on Financing of Local Self-Government, 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 of accounting in public sector from 2018.*



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Key challenges?

Faculty of Economics

- *Both master's and undergraduate programs score well compared to the IES benchmark with some improvements needed in the areas of Ethics and Financial Accounting and Reporting to maximize scores. Performance Management and Public Sector Financial Reporting score less well and coverage of these topics is low when compared to ACCA and CIPFA benchmarks.*

ICAM

- *The education program scores well in several areas but there is a need to improve areas such as Governance, Risk and Ethics, Commitment to the Public Interest and Advanced Financial and Performance Management.*
- *Financial sustainability*
- *Full membership in IFAC and AE*



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THANK YOU!