

Achieving Excellence in Accountancy Education:

Sharing Good Practices and Opportunities for Reform

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Panel - Focus on Audit Quality

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Achieving Excellence in Accountancy Education: Sharing Good Practices and Opportunities in Reform

- How can the profession help with the operationalization of the Quality Assurance Processes in Montenegro?

AGENDA: I am assuring you that quality assurance is worth of our joint stakeholders efforts - ICAM objectives:

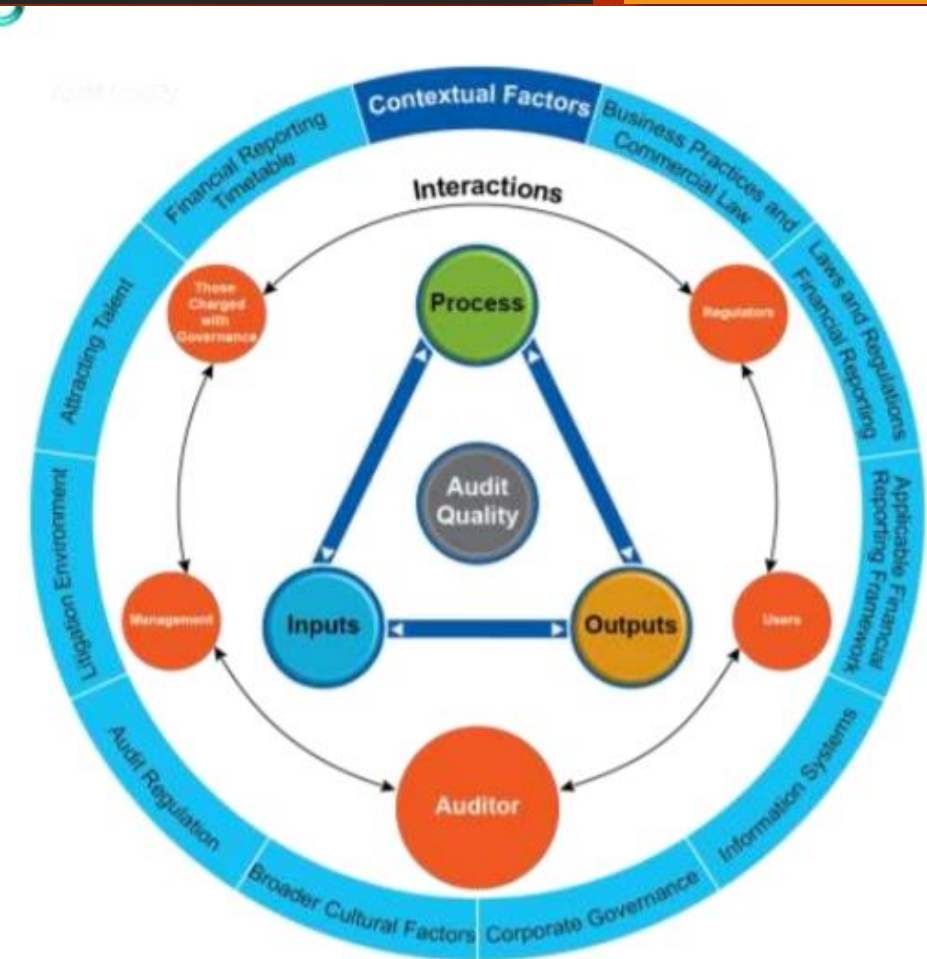
- Setting high-quality auditing, assurance and related standards - ICAM proven contribution the results of reforms under the auspices of the CFRR/WB, AE, EFAA
- Facilitating the convergence of international and national auditing and assurance standards and financial reporting standards - ICAM from translation to conformance implementation
- Quality and consistency of practice with the regional, EU and global focus
- Strengthening public confidence in profession: Cooperation with the Government, Chamber of Commerce, Association of Managers, Stock Exchange, SEC, regulatory bodies, academia
- ICAM goal: auditing and quality control standards to improve confidence of investors and other users of financial information in audit and financial reporting

HOW ICAM WORK SERVES INVESTORS

- Continuous improving of quality of audited financial information (relevant, timely, reliable, increase the confidence, meeting the needs of users...)
- How to define “what is the benefit of the user from the audit report“, and how to “sell“ that concept and idea to the general public and investors community
- ICAM is starting a PR campaign to educate the public how to evaluate audit quality
- External oversight body - report on inspection findings
- ICAM body to support the SMPs in quality assurance programme and activities
- SMPs should be involved proactively in this field

ICAM FRAMEWORK FOR AUDIT QUALITY/IAASB

- Primary responsibility for performing quality audit rests with auditors: ICAM is scheduling start up programme in CPD
- Attract all stakeholders to play important role (investors, managers, stock exchange, SEC, regulators, mass media, general public, influence the political arena....)
- Increase public awareness that “contextual factors” have potential impact on the nature and quality of financial reporting, and directly and indirectly, audit quality



ICAM CURRENT STRATEGY AND WORK PLAN

- Montenegro and ICAM as a full IFAC member strategic objective: ISAs bases for high-quality, valuable and relevant audits
- Timely bases to issues noted in practice and emerging developments: Technical assistance and cooperation of ICAM with the CFRR has being crucial in this field for ICAM/Montenegro
- We need this kind of support from now on even more (newsletters, materials, booklets, teleconferences, webinars, our participation in regional and activities at the EU/AE/EFAA and IFACs level
- Open up the continuous public dialogue under the auspices of ICAM on those matters in Montenegro but also the regional impact and trends
- Coordination with national regulators, regulators in the region of West Balkans, and through CFRR with EFAA/IFAC - TOPICS OF MUTIAL INTEREST TO

HOW THE NATIONAL REGULATOR AND ICAM SHALL INTERACT - OUR GOAL:

- Growing and positive interactions
- Ready to help, assist, support, participate in all activities of the public oversight regulatory body
- Exchange of information with other institutes in EU, also in EFAA working groups and committees/boards on audit assurance quality
- Shall establish its own Working Group on Audit Quality Control to assist its members and stakeholders
- Shall follow the activities of the International Forum of Independent Regulators and IAASB Standards Working Group/Audit quality indicators
- Shall follow the EU regulation in audit quality assurance

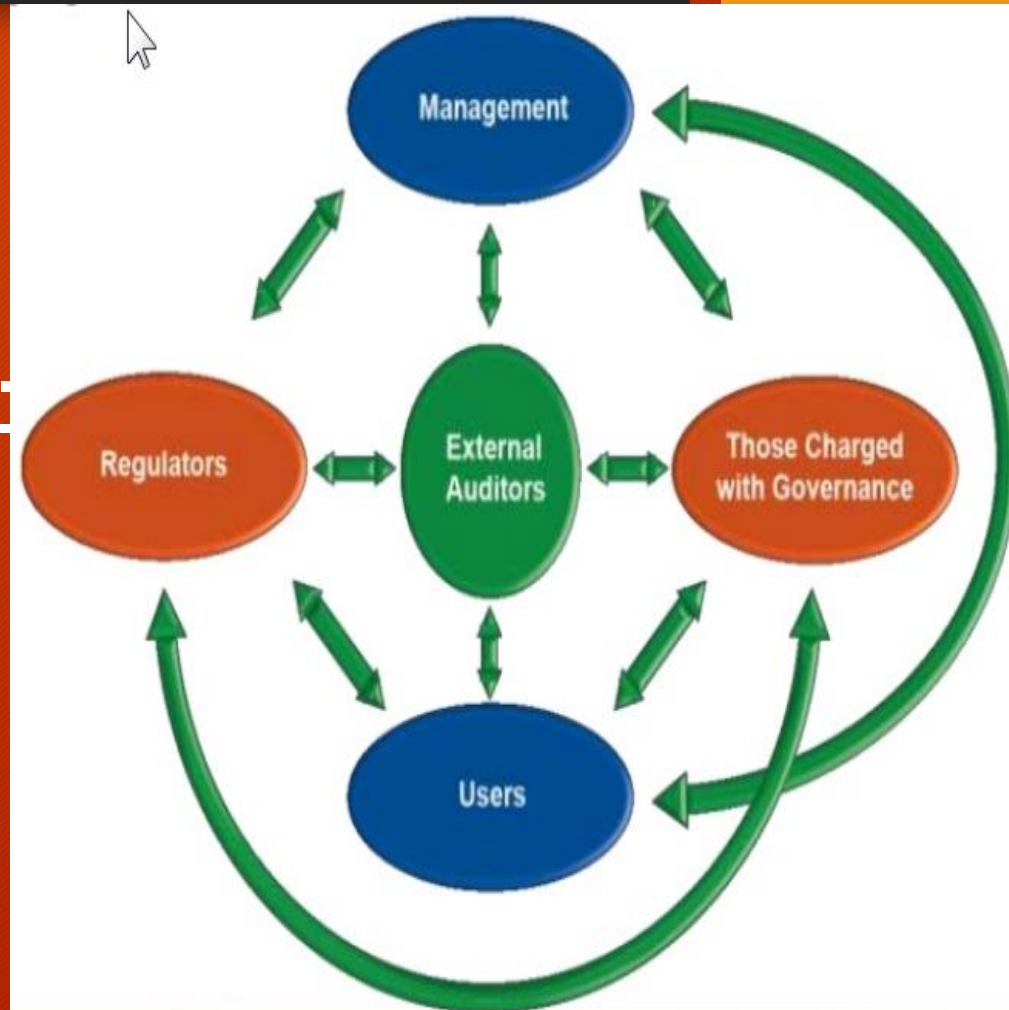
ICAM IS NOW AT THE BEGINNING OF A LONG, DEMANDING BUT ALSO REWARDING ROAD - IFAC

- Opening up a new road for broad public consultations on quality control
- We shall speed up the process of standard-setting efforts in Montenegro to address key public interest issues: How improving quality of audits can constantly contribute to the public welfare of transparent financial system of the Montenegro economy which is increasing the domestic and foreign investments and output
- Assist its members to use effectively ISAs
- Contribute to the enhancement to the audit documentation as a base for auditor's judgement
- Assist SMPs to encourage them to proactive quality management
- Focus: Firms and networks - internal and external monitoring and remediation activities
- ICAM: LEADDEAR AND HUB FOR ROBUST COMMUNICATION AND INTERACTIONS

ICAM FRAMEWORK FOR AUDIT QUALITY

“Either we get on or get off”

- We the “auditors” are primarily responsible for the quality audits
- We should and must get on the board stakeholders to support high-quality financial reporting
- Audit quality is best achieved in an environment where all other participants in Montenegro support the financial reporting supply chain



ICAM GOAL: ENHANCING AUDIT QUALITY WITH A CLEAR PUBLIC INTEREST PERSPECTIVE

- Quality control, group audits, big 4, network of firms
- Financial Institutions: Regulatory bodies. Professional Skepticism
- Leader in intense exploration, research and outreach, discussion papers
- Comments, dialogue, proposals to regulatory bodies in Montenegro and EU through EFAA
- Interaction of ISAs with digitalization of audit profession
- Active dialogue with all kinds of stakeholders
- Assistance to all interested academia institutions (universities, schools, colleges, with new
- Reform of professional certification and lifelong learning programs
- Translated and started the implementation of the CFRR 2016: Maintaining Professional Competence: A practical guide for PAOs providing CPD
- Intention to implement this framework fully as a full member of the IFAC from 2017

AND LAST BUT NOT LEAST: ICAM STANCE ON ETHICS

Code of Ethics for Professional Accountants
2016 Edition, International Ethics Standards Board for Accountants®

- ICAM's CPD programme, early 2017 covered those profound changes
- ICAM is keen to follow the profound changes in non-compliance with laws and regulation-NOCLAR
- ICAM shall inform the legal profession, academia, regulatory bodies, stakeholders what and how profound changes in the field of NOCLAR is affecting us all

ROLE OF ICAM IN IMPROVING AUDIT / ASSURANCE

- Accounting firms (e.g. SMPs in Montenegro) offer wide range of professional services
 - Audit
 - Review
 - Assurance
 - Related services
- These services are regulated - jurisdictions use international standards and national requirements based on the international ones
- Our message: high quality of international standards increase
 - Comparability
 - Credibility
 - Transparency of financial information

ICAM KEY MESSAGE

- HIGH QUALITY OF FINANCIAL INFORMATION INCREASES THE STABILITY OF THE MONTENEGRO FINANCIAL INFRASTRUCTURE AND CONTRIBUTING TO THE REGIONAL AND GLOBAL FINANCIAL STABILITY
 - WE AS ICAM ARE A BUILDING STONE AND FOUNDATION OF THE MONTENEGRO FINANCIAL STABILITY AND PERSPECTIVE WITH A CLEAR AND LOUD PUBLIC MESSAGE
- “NOTHING ABOUT US WITHOUT US”

Thank you

- Questions?