

# MONTENEGRO

## Reforms status and highlights

Ministry of Finance of Montenegro

*Vienna, 26 April 2016*

*EU-REPARIS Senior Officials Workshop*



Road to Europe: Program of Accounting  
Reform and Institutional Strengthening



EU-REPARIS is funded by the  
European Union and is a part of  
**WB EDIF.**

# Summary of alignment status

	Transposition tables prepared	Laws drafted	Public consultations	Law passed
Accounting Directive	Yes	Yes	Yes	Adopted by Parliament
IAS Regulation	No	Yes	Yes	Yes
Audit Directive	Yes	Yes	Yes	Adopted by Parliament
Audit Regulation	No	No	No	No

## GENERAL COMPLIANCE WITH EU FRAMEWORK

Definition of SMEs harmonized with the NEW accounting directive: **Yes**

Accounting standards used for SMEs: **IAS/IFRS** (with simplified financial reporting requirements)

Format of financial statements aligned with EU accounting directive: **In progress**

Adoption of a micro-regime: **Yes**

Audit Standards used: **Yes (ISA)**

	Legal requirement	System established	Built capacity?	Institution effective?
Public Oversight	Yes	In progress	In progress	By the end of 2017
Quality Assurance	Yes	By PoB	In progress	By the end of 2017

<sup>[1]</sup> IAS/IFRS already introduced since 2004.



## Summary of alignment status

- Montenegro has prepared new accounting and auditing legislation in line with the relevant directives.
- Support has been provided through WB grant project, supervised by CFRR.
- New Law on Auditing and new Law on Accounting have been adopted by the Parliament of Montenegro in 2016
- The laws have been reviewed by the EC for concordance with relevant directives
- In our effort to establish public oversight system, the key challenge was to make it independent from the profession and not too expensive.
- Decision was made to have the PoB as a part of the Ministry of Finance i.e. to have it as a Directorate within the Ministry.
- Members of the PoB shall be appointed by the end of April



## Challenge

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- » The key medium-term challenge would be to build the capacity of the PoB/Directorate within the Ministry.
- » As so far, in future we expect further cooperation and support from CFRR/World Bank.

**Thank you.**