

Ministry of Finance of Montenegro

Vienna, 24-25 October 2017

FRCoP workshop

CFRR

**Centre for Financial
Reporting Reform**



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 ¹	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 ² /MF	In progress	By the end of 2017

¹ IAS/IFRS already introduced since 2004.

² PoB established in June 2017.



Summary of alignment status

- » The Government of Montenegro appointed members of the PoB in June 2017.
- » Members of PoB:
 - two representatives from the Ministry of Finance,
 - one representative from the Central Bank of Montenegro,
 - one representative from the Securities and Exchange Commission of Montenegro,
 - one representative from "big 4" firms (auditor/audit partner).
- » Department in the Ministry of Finance that will deal with quality control will be established after the adoption of a new Rulebook on Internal Organization and Systemization of job positions in the Ministry of Finance.



Challenge

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

Thank you.