

REPUBLIC OF MOLDOVA

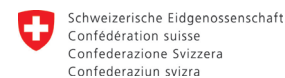
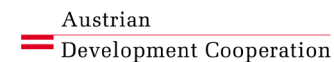
Reform Progress

Brussels, 28 March 2017

STAREP Senior Officials Workshop



STAREP is co-funded by:



Key Achievements (1)

- » In accordance with the provisions of the EU-RM Association Agreement, *acquis communautaire* in the field of corporate financial reporting shall be transposed into the national legislation by September 2017
- » A National Action Plan for the implementation of the EU-RM Association Agreement was approved by the Government
- » Draft accounting and audit laws aligned substantially with respective Directives were developed and published for public comment; improved legislation is expected to be adopted by September 2017
- » Regulatory impact assessment of the improved legislation developed



Key Achievements (2)

» Draft accounting and audit laws aligned substantially with *acquis communautaire* in the field of corporate financial reporting, *i.e.*:

Accounting:

- ✓ Classification of entities and groups
- ✓ Simplified disclosure requirements for micro-, small, and medium-sized entities (where relevant)
- ✓ Statutory audits of financial statements of public interest entities (PIEs), large and medium-sized entities
- ✓ Non-financial statement and report on payments to government – within the scope of the improved legislation
- ✓ Defining the scope of consolidation and applicable accounting standards.

Auditing:

- ✓ Re-designing the public oversight function funded from the state budget combined with funding by auditors/auditing firm
- ✓ Agency staff are not civil servants
- ✓ Auditing firm licensing requirement will be cancelled, instead all the auditors and auditing firms will be required to be registered with the Public Register
- ✓ Introducing special requirements to audits of PIEs, including establishment of an audit committee.



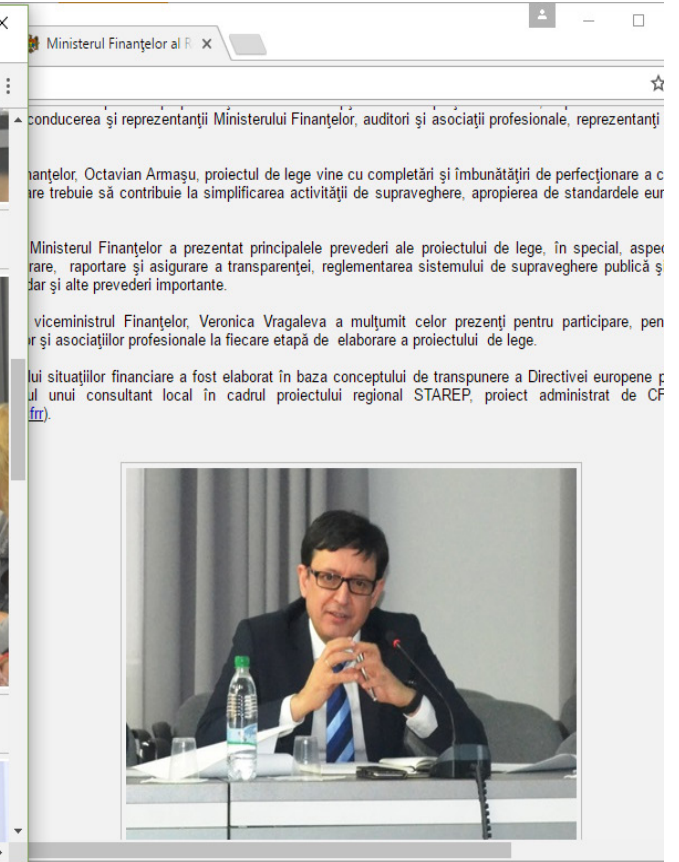
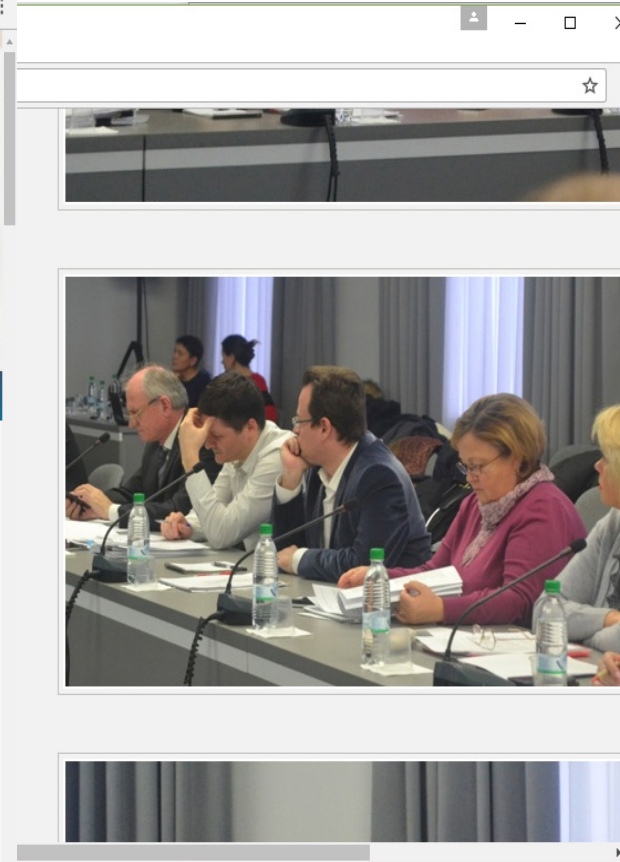
Key Challenges

- » While substantial work has been carried out to develop the improved legislation, the main remaining challenges are **implementation** and **enforcement**
- » The Ministry of Finance is committed to promoting the reforms transparently with involvement of key stakeholders and parties concerned
- » The most sensitive topics were: classification of entities and minimum statutory audit requirements; special requirements to public interest entities and their audit; financial contribution of auditors and audit firms to the public oversight system; membership and accountability of the Public Oversight Body
- » Work on the simplification agenda for SMEs will continue, including suitable accounting standards in line with *acquis communautaire*
- » Several public debates were organized, including with participation and support of the CFRR, and dialogue with the profession continues

Information is available on the MOF's website



The screenshot shows the homepage of the Ministry of Finance of the Republic of Moldova. The header features the Romanian flag and the text "Ministerul Finanțelor al Republicii Moldova". A search bar is visible with the text "Căutarea online". The main navigation menu includes "Acte legislative", "Transparența", "Press room", "Informații utile", "Despre Minister", and "Cariere". On the left, there is a sidebar with categories: "Domeniul bugetar", "Domeniul fiscal și vamal", "Domeniul achizițiilor publice", "Domeniul contabilității și auditului", "Controlul Financiar Public Intern", and "Datoria sectorului public, garanțiile de stat și recreditarea de stat". The main content area displays a news article titled "Discuții publice asupra proiectului Legii contabilității" dated 16 Decembrie, 2016. The article text includes: "Specialiști în domeniul contabilității din Republica Moldova, reprezentanți ai autorităților administrației publice, mediului academic, ACAP, CNPM, Ecofin-Consult, PWC și KPMG au participat joi, 15 decembrie 2016, la Ministerul Finanțelor, la masa rotundă pentru a discuta cele mai importante aspecte de politici incluse în proiectul Legii contabilității, elaborat în baza directivelor europene. În timpul discuțiilor au fost prezentate principalele caracteristici, elemente și principiile generale ale proiectului de lege, domeniul de aplicare al prevederilor acestuia ș.a. Participanții au apreciat efortul Ministerului și a experților în elaborarea proiectului și abordarea practică cu care a fost tratat acest proces și au mulțumit pentru că s-a ținut cont de propunerile lor și s-a mizat pe conlucrare. La finalul discuțiilor, viceministrul Finanțelor Veronica Vragaleva a mulțumit și a apreciat ideile propuse de participanți și a menționat că Ministerul Finanțelor susține îmbunătățirea proiectului respectiv și este deschis pentru a recepționa și examina propunerile parvenite. Suplimentar, informăm că vineri, 16 decembrie 2016, ora 14:00, în cadrul Ministerului Finanțelor urmează discuții publice și asupra proiectului Legii privind auditul



The screenshot shows a news article on the MOF website. The text includes: "Conducerea și reprezentanții Ministerului Finanțelor, auditori și asociații profesionale, reprezentanți Finanțelor, Octavian Armașu, proiectul de lege vine cu completări și îmbunătățiri de perfecționare a care trebuie să contribuie la simplificarea activității de supraveghere, apropierea de standardele europene. Ministerul Finanțelor a prezentat principalele prevederi ale proiectului de lege, în special, aspecte de raportare și asigurare a transparenței, reglementarea sistemului de supraveghere publică și alte prevederi importante. Viceministrul Finanțelor, Veronica Vragaleva a mulțumit celor prezenți pentru participare, pentru și asociațiilor profesionale la fiecare etapă de elaborare a proiectului de lege. În situații financiare a fost elaborat în baza conceptului de transparență a Directivei europene pentru un consultant local în cadrul proiectului regional STAREP, proiect administrat de CF (fr)." Below the text is a photograph of a man in a suit and glasses sitting at a table with a microphone and water bottle.



How STAREP has helped MOLDOVA in the reform progress

- » Several roundtables, seminars, and “trainings of trainers” on various topics, such as key policy areas of accounting and auditing directives, regulation on PIEs audits, re-design of the public oversight, quality assurance system and accounting education, were organized in Moldova with the STAREP support
- » Substantial technical support received during the process of drafting the improved legislation from the CFRR team
- » Regional seminars help us better understand the EU *acquis*; help interact with staff of the relevant EC units and learn from experience of countries where similar reforms were implemented

Main Expectations from STAREP in 2017-2018

- » We count on continued support in the format of regional activities (e.g. A&ACoP and EduCoP)
- » In addition, dedicated technical assistance would be much appreciated:
 - » Technical support and policy advice to develop by-laws and regulations which will support the improved legislation
 - » Potential support to SMEs to enforce the provisions of new legislation, including amendments to the National Accounting Standards (e.g. “training of trainers,” development of guidance on the preparation of financial statements by micro- and small entities, etc.)
 - » Replication events making it possible to involve more local stakeholders
 - » Support to prepare a project proposal with a view to implementing the improved legislation in the field of corporate financial reporting and secure needed financing (with the CFRR support, discussions with the Swedish development partner (SIDA) have been initiated already)



Topics to Be Raised at the April 29 Roundtable

- » Process of drafting, and consultations with the business community on, the Accounting Law and Auditing Law
- » Outcomes of cooperation between the STAREP consultants and national experts in drafting the Accounting Law and Auditing law
- » Importance of sharing experience with the STAREP countries
- » Importance of simplification agenda in the field of corporate financial reporting for micro- and small entities in Moldova
- » Need to continue policy dialogue with the CFRR, including missions and technical assistance on transposing various parts of the accounting and auditing directives

Thank you!