BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through the responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self- Assessment Questionnaire for background information on each member and associate their environment and existing processes. These responses may be viewed at: http://www.ifac.org/ComplianceAssessment/published_surveys.php

Use of Information
Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member/Associate:	The Chamber of Auditors of Azerbaijan Republic (CAAR)
Original Publish Date:	December 2009
Last Updated:	November2020
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GLOSSARY

A&A	Accounting and Auditing
ACCA	Association of Certified Chartered Accountants
ACVS	Audit Control and Verification Service
AR	Azerbaijan Republic
ASEU	Azerbaijan State Economic University
CAAR	Chamber of Auditors of Azerbaijan Republic
CAAR	Council of Directors (CAAR Managing Council)
CAP–CIPA	Certified Accountant Practitioner; Certified International Professional Accountant
CIPFA	Chartered Institute of Public Finance and Accountancy
CoE	Code of Ethics
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IAASB	International Audit & Assurance Standards Board
IESs	International Education Standards
IEPSs	International Education Practice Statements
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRSs	International Financial Reporting Standards
IPSASs	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
ISQC	International Standard on Quality Control
MoE	Ministry of Education
MoF	Ministry of Finance
NASs	National Accounting Standards
NBA	National Bank of Azerbaijan
NSA	National Standards on Audit
PAET	Practical Audit Experience Training
PIEs	Public Interest Entities
TTT	Train The Trainers
QA	Quality Assurance
QARP	Quality Assurance Review Program
QC	Quality Control

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Implementation and ongoing improvement of a Quality Assurance System in Azerbaijan

Background:

According to the law on Auditing Services http://www.audit.gov.az/uploads/Auditor_xidmeti_haqqinda_qanun_eng.pdf,CAAR is entrusted with quality assurance (QA)over audit services of its members. The Quality Assurance Review Program (QARP)in Azerbaijan was initially reviewed and updated as part of the World Bank's IDF grant. Later, Guidance on Quality Control review was developed and approved on February 4, 2008.This regulation was further improved in 2008-2013 and it is currently being implemented. The revised version of SMO 1 requirements have been included in the Regulation. Quality Control procedures, time of conducting the reviews and rules and procedures, as well as forms of compiling the documents during the QA reviews, and also a structure of the controlling body(There is: - The CAAR quality department, which performs the functions of investigating of the secretariat, the organizer, - the Quality Control Committee, which accepts the materials of the inspections from the inspectors and evaluates the quality of the audit, with the subsequent submission of proposals to the Council for making decisions - and inspectors who check the QC on the spot) and quality control inspectors (peer reviewers) were defined. According to the new system, CAAR's department of audit quality control organizes QC reviews, and monitoring of audit processes to be conducted by professional certified auditors. Since January 2012, CAAR introduced a quality control system compliant with ISQC1 (adopted in 2009) and ISA 220 (Clarity).

In line with Article 9 of the Law of the Republic of Azerbaijan On Auditing Services and Article 7 of CAAR Regulation, the decisions of the Council of CAAR of August 5, 2012, the committee has been set up and the REGULATIONS of Quality Control Committee have been adopted. Based on the decisions of the Council of CAAR of August 26, 2012 the inspectors of Quality Control Committee have been appointed and « *The rules of activities of audit organizations, independent auditors, the quality of the audits conducted by the auditing standards of the reporting form for verification of compliance with the existing legislation*» have been developed.

CAAR is arranging different seminars on quality control in audit companies and organizing internal control in the audit companies. CAAR prepared a draft law of Azerbaijan Republic "On Auditing Services", CAAR has also established new training plans for specialists and professional education with regards to auditing.

Accounting within the country is regulated by the Ministry of Finance and the Ministry of Finance is held responsible for their control in accordance with the Law on Accounting. Based on Article 20 of the Law of AR On Auditing Services audit quality assurance is controlled by CAAR. There is no overlap of responsibilities of different control bodies. QA system applied in CAAR has been developed in complete compliance with SMO-1.

Thus, quality control system in CAAR consists of:
1. CAAR Quality Control Department
This department organizes quality control: including the preparation of quality control reviews, preparation of the graphs, reception and processing of the quality control reports, preparation of the information review, analysis and in the whole, preparation of the final report on quality control for each

year and ensuring public disclosure. The department also ensures the coordination of the relations of the quality control inspectors and audit committee with the auditors to be audited. Preparation of training programs, letters, appeals, notices on quality control, realization of various seminars, round tables and other activities related to quality control are also the duty of the department.

THE QUALITY CONTROL RULES OF AUDITOR'S SERVICE IN THE REPUBLIC OF AZERBAIJAN
http://audit.gov.az/uploads/Keyfiyyete_nezaret_qaydalar_2016.pdf
2. Quality control inspectors
Inspectors carry out the quality control procedures of audits performed by auditors. Inspectors are appointed from professional level auditors, who are members of the Chamber and have more than 10 years of experience. They conduct quality control reviews as well as quality control monitoring according to the approved schedule and, if necessary, unplanned quality control reviews based on the decision of the Council of Chamber. Special training programs have been developed for inspectors and are taught every year. At the same time, they are also involved as participants and moderators of quality control seminars, round tables and other events. Inspectors provide to Quality Control Committee separate reports on the results of quality control reviews of each audit. Inspectors are appointed for the indefinite period, however, if necessary, they can be dismissed and new inspectors can be appointed by Council of Chamber.
At least two inspectors conduct each quality control test. The inspection period is determined individually.
3. Quality Control Committee
This committee operates under the Council of Chamber (http://audit.gov.az/index.php?type=content&subid=144&cid=144)
Members of the Committee are collegial bodies consisting of competent auditors, representatives of the Financial Market Supervisory Authority, the Ministry of Taxes, Central Bank and Big Four. about the Committee: http://audit.gov.az/index.php?type=content&subid=144&cid=144

Statute of Committee: http://audit.gov.az/uploads/Keyfiyyete_nezaret_komitesinin_esasnamesi_2017.pdf
Results of quality control reviews (report) organized by Quality Control Department, carried out by inspectors are discussed, evaluated, an appropriate decision is made in Quality Control Committee and submitted to Council of Chamber. Based on the recommendations of the Quality Control Committee, an appropriate decision on the quality control auditor or auditor organization is made by the Chamber.As a result of quality control, actions are taken against checked auditor according to the Disciplinary and Research System of the Chamber. This measure may be in the form of a letter or warning to the auditor, in the form of temporary or complete suspension of auditor activities.

Auditors, in whose activities deficiencies were found, report on the elimination of those shortcomings within the period determined by the Chamber. The activities of those auditors are reviewed on an unplanned basis over the next year.
Audit quality control procedures completely cover the requirements of international quality control standard № 1 and international audit standard № 220. At the same time, during the same procedures, the fulfillment of other obligations established for auditors by the legislation of the Republic of Azerbaijan is checked (execution of the tasks defined by the Law of the Republic of Azerbaijan on "The fight against the legalization of money and other property acquired through the crime and terrorism financing").

At the same time during quality control checks, availability of internal quality control system, the compulsory insurance of the auditor's professional responsibility, documentation of the audit, compliance of the auditors with the ethical requirements, the availability of internal auditing rules, voluntary and related auditing services, audits carried out on the basis of the request of the competent government authorities, if any, are reviewed.

At least 3 audit files are selected for quality control at each auditor firm. Selection is based on risk-based selection. Terms, periods of quality control procedures are defined by « The rules of activities of audit organizations, independent auditors, the quality of the audits conducted by the auditing standards of the reporting form for verification of compliance with the existing legislation» rules. In addition, the following documents on quality control were made by CAAR:

INSTRUCTION on implementation of internal control on audit quality (http://www.audit.gov.az/uploads/Shura_279_3_Telimat_2.pdf),

INSTRUCTION on Prevention of Unfair Competition and Conflict of Interests in Audit Service (http://www.audit.gov.az/uploads/Haqsiz_reqabet_ve_maraqlar_toqqushmasina_dair_Telimat.pdf),

METHODICAL INSTRUCTION on the organization of the control of Chamber of Auditors of Azerbaijan Republic over the auditors' activities in the direction of fulfillment of obligations under the law of the Republic of Azerbaijan on "The fight against the legalization of money and other property acquired through the crime and terrorism financing" (http://www.audit.gov.az/uploads/XXI.pdf),

REGULATIONS on the preparation of an exemplary report form of quality review of the audit organizations' and independent auditors' activities, their compliance with audit standards and existing legislation acts (http://www.audit.gov.az/uploads/XVIII.pdf),

REGULATIONS of the Quality Control Committee of the Chamber of Auditors of the Republic of Azerbaijan (http://www.audit.gov.az/uploads/XVII.pdf),

INSTRUCTION on the appointment of audit of financial and economic activities of independent auditors and audit organizations on the basis of risk assessment (http://www.audit.gov.az/uploads/Risk_qiymetlendirilmesine_dair_Telimat.pdf),

Regulation regarding inspections by order of authorized state bodies (http://www.audit.gov.az/uploads/Shura_289_1_qayda.pdf),

METHODICAL INSTRUCTIONS on the establishment and implementation of Internal Control System for "The fight against the legalization of money and other property acquired through the crime and terrorism financing" (http://www.audit.gov.az/uploads/Shura_288_1_metodik_gosterish.pdf),

Training strategy and curriculum for "The fight against the legalization of money and other property acquired through the crime and terrorism financing" (http://www.audit.gov.az/uploads/Shura_288_5_program.pdf) and others.

These documents have been approved by the CAAR Council and are currently being implemented.

Since 2013, quality controls have been carried out by CAAR at least once in three years for each auditor and auditor firm. At present there are 90 audit firms and 60 independent auditors at the Chamber. 35 quality controls were conducted in 2016, and 47 in 2017.The Chamber currently has 106 audit organizations and 45 independent auditors. 47 quality control inspections were conducted in 2017, 24 in 2018 and 46 in 2019. (Individual auditors also use ISQC 1, as they hire assistants, specialists and other auditors during the audit, and invite an external auditor to conduct internal quality control)

Individuals subject to mandatory audit in the Republic of Azerbaijan are specified in separate laws, e.g. On Banks, On Insurance Institutions, On Investment Funds, On Accounting, On Audit Service and others.(These are Socially Important Organizations, Socially Limited Company and Joint Stock Companies(excluding micro and small enterprises).

The draft law On Audit Activities developed by the Chamber includes an article on entities subject to mandatory audit and all the entities are specified in that article.
According to estimates, in 2018, there are more than 29,000 active businesses in the country that are subject to mandatory audits.

In addition to the aforementioned the following works were done by CAAR within the past periods:
CAAR conducts seminars regularly every year.
Seminars on compliance with SMO1 standards are conducted for auditors. (This refers to auditors of audit firms and independent auditors hiring employees, assistants).
Every year SMO1 subject is included in curriculum of training for audit professionals. (Look above).
Study of SMO1 requirements and best practices is in process.
The best QA analysis system was chosen among IFAC member (2007). Training program for reviewers was developed. Study, translate and publish Guidance on Quality Control for small and medium sized enterprises published by IFAC in March 2009. Conduct seminars on this matter (2012-2019).

QA rules and regulations were developed based on the program of the Chamber of Auditors of Lithuania, including works concerning organizational structure, table of analysis, collection of surveys and documents during analysis have been completed (2008). Regulations of CAAR QA System was adopted, QA Analyses surveys and detailed procedures of QA analysis were developed, Reviewer's Report was developed. IFAC ISQC1 was clearly translated, published and translated version was distributed to auditors (2009-2017). Auditors were informed on QA requirements and training programs were developed. Opinions of local professional audit companies and auditors were collected and submitted for review of QA Board (CAAR has many committees and among them there is the Quality Control Committee http://audit.gov.az/Az/page/420 . This committee carries out the bulk of the audit quality assessment work carried out on the spot by inspectors. The specified link contains the composition of, the Committee, the Control Rules, the composition of the QC inspectors, etc.)

All internal CAAR regulations may be found at http://audit.gov.az/uploads/Keyfiyyete_nezaret_komitesinin_esasnamesi_2017.pdf
http://audit.gov.az/Upload/Files/2019/Keyfiyyete_nezaret_qaydalar_2016.pdf

The following documents are currently being implemented in Azerbaijan: It means - these documents are being studied and preliminary work is underway to implement them in the future after approval.

1. International Standard on Quality Management 1;
2. International Standard on Quality Management 2;
3. International Standard on Auditing 220 (Revised). Quality Management for an Audit of Financial Statements.

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	2009	***At the beginning of each year, the Quality Control Department develops reports on audits conducted, deficiencies identified and measures taken during the past year and publicly discloses it making it available at its website. The reason for the disclosure of the report is to ensure transparency in the activity of the committee, and its objective is to make public the unbiased information about the auditors' work.*** **(That is - CAAR applies İFAC standards, supports their adoption, supports participants in the implementation of international standards).**	Ongoing annually	Key Management of CAAR	Audit Quality Control Department
2.	2011	Implement Quality Control Reviews and continuously improve them in line with both current and revised SMO 1 requirements	Continuous	Key Management of CAAR	Audit Quality Control Department
3.	2011	Carry out quality control of the members in accordance with the adopted Action plan of the Chamber	Ongoing Annually	Key Management of CAAR	Audit Quality Control Department
4.	2014	Expand the application of International Standards for Audit Quality Control **International Standards for Audit Quality Control** (Valid from December 15, 2009) **were translated into Azerbaijani and sent to the CAAR members and clearly communicated which significant areas are more subject to the audit quality control in order to increase overall quality level of external auditors as well as prior year findings may be shared without indicating the names.**	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

5.	2014	***Public control over audit* quality (This is Public control over the quality of audit, which is carried out not by the regulator, but by users of financial statements, the media and other interested parties.) *is carried out by users of financial statements, mass media and other parties concerned.*** ***CAR communicates regularly with these parties and strives to ensure transparent public control over the quality of audit.***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
8	2014	Application of risk approach for selecting firms for QA review	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
9	*Ongoing*	Conducting analysis of self-assessment check-lists on compliance with CAAR and IFAC requirements and update as required in chapter concerning SMO1. Inform the IFAC compliance personnel on updates in order to ensure publication of updated information	Ongoing	Key Management of CAAR	CAAR members and Audit Quality Control Department
10	*2014*	Conduct quality control reviews for cycle-based approach at least every three years (and every three years for audits of public interest entities).	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

11	*2015*	*Independence confirmation is obtained by the each QA team members. Independence confirmation is prepared based on Global Independence Policy. "For the completeness and reasonableness of the criteria included in the independence confirmation, it may be attached or make reference to the link where independence confirmations set by CAAR are presented".*	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
12	*2015*	***Quality control is carried out by professional auditors with 10+ audit background who have no any fault in their activity. These auditors attend regularly professional development courses, as well as special training is held for inspectors (professional development training is held every year, and the last training for inspectors was held in July 2018 and is planned to be held every year).***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
13.	2014	***Quality control results are documented by quality control inspectors in accordance with existing rules, a report is developed on each inspection and the report is evaluated by the Quality Control Committee (see Article 1).***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

14	2014	***The result of this assessment is evaluated by the Board (CAAR Council makes decisions) and an appropriate decision is made. Identified deficiencies administrative and disciplinary measures are taken on the identified deficiencies in accordance with the system of research and disciplinary actions adopted by the Chamber. Research and disciplinary measures are listed below.*** ***The system of research and disciplinary actions is available at the link below.*** ***http://audit.gov.az/Upload/Files/2019/Keyfiyyete_nezaret_qaydalar_2016.pdf***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
15	2010	Strict control of application of International Quality Control Standard No 1 (ISQC-1) and other IASs that are mandatory in the country ***When audit is conducted by quality control inspectors the availability and activity of the quality control system is examined, evaluated and special notes about it are made in the inspector reports on the quality control performed.***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

15A	2019	The following documents are currently being implemented in Azerbaijan: (It means - that these documents are being studied and preliminary work is underway to implement them in the future after approval). 1.International Standard on Quality Management 2 International Standard on Quality Management 3.International Standard on Auditing 220 (Revised). Quality Management for an Audit of Financial Statements	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
Maintaining Ongoing Processes					
16	July 2013	***Annual recommendations are issued through developing a review on the performed quality control, performed reviews and obtained results. Identified deficiencies and measures for their elimination are defined and a special seminar is held with the participation of auditors. Implementation of these measures will be included in the work plans for the next year. Exceptional quality control checks are carried out in audit firms that have the most faults in their operations. Time is provided for elimination of deficiencies, and elimination of deficiencies is supervised.***	Continuous	Key Management of CAAR	CAAR members and Audit Quality Control Department. New QC Regulations includes the framework for this activity, organization of review groups, conduction terms, the sequence of appropriate procedures, documentation, reporting and making public. Appropriate measures taken for organization of internal control by audit firms are supervised by CAAR
Review of CAAR's Compliance Information					

17	Ongoing	Perform periodic review of CAAR's SMO Action Plan and update sections relevant to SMO1 as necessary.	Ongoing	Key Management of CAAR	CAAR members and Audit Quality Control Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
18.	January 2011	Ensure full performance of obligation on exercise of Quality Control for CAAR members in compliance with SM01 requirements	Ongoing	CAAR Executive Staff, Quality Control Board	Members of the Quality Control Board, Quality Control Department
19.	January 2011	Investigation of compliance of CAAR internal documentation on quality control with international audit and accounting standards and identifying their actuality.	Ongoing	CAAR Executive Staff, Special Commission on Development of Audit Rules and Standards	Quality Control Department, Members of the Special Commission on Development of Audit Rules and Standards
20	2014	Review regularly activity and effectiveness of QA system at CAAR Board.	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department

Self-Assessment against the Main Requirements of SMO 1(2020)

Requirements	Y	N	Partially	Comments
Scope of the system 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	X			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	X			ISQC 1 and ISA 220 (2016-2017 version) appear to be adopted. Please consider indicating Partially.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	X			
Review cycle 5. A mixed approach is used to select a firm based on a periodic, risk-based or QC review.	X			
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	X			

Requirements	Y	N	Partially	Comments
QA Review Team 7. Independence of the QA Team is assessed and documented.	**X**			
8. QA Team possesses appropriate levels of expertise.	**X**			
Reporting 9. Documentation of evidence supporting the quality control review report is required.	**X**			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	**X**			
Corrective and disciplinary actions 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	**X**			
12. QA review system is linked to the Investigation and Discipline system.	**X**			
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body(and shares information on the functioning of the QA review system, as needed. (This means that the quality control committee cooperates with the Council of the Chamber. And CAAR is an independent financial body, it doesn't obey anyone.)	**X**			

Requirements	Y	N	Partially	Comments
Regular review of implementation and effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	**X**			

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

Action Plan Objective: Enhance monitoring of Continuing Professional Development (CPD)

Background:

Candidates for CAAR's membership have to (have a university degree in accounting, finance, economics and law and at least three years of work experience by specialty) complete CAAR's program for professional accountancy education, which comprises three-year practical experience and a final assessment. CAAR is regularly translating and adopting International Education Standards (IESs) (HANDBOOK OF INTERNATIONAL EDUCATION PRONOUNCEMENTS 2014 EDITION .) pronouncements, continues to publish those pronouncements for public consideration, and presents these pronouncements to the appropriate governmental authorities. Professional education is delivered by CAAR, universities and approved training institutions.

CAAR's Board annually adopts the action plan with the objective to study the advanced experience of foreign countries in developing audit legislation, the requirements of the international professional bodies ,professional education of auditors, especially in the sphere of audit quality control. CAAR's Department on Research and Education has established "Foreign audit experience school "for CAAR's employees. Starting with 2004, seminar sand classes were held on are gular basis and the available materials on best practices of international experience were discussed. The lecturers and presenters were CAAR's members and staff, auditors from "Big4", World Bank representatives, audit companies and regulation agencies of Azerbaijan.
Appropriate decision of CAAR Board and the Law of the Republic of Azerbaijan On Auditing Services forms the legal basis for adoption of IES for application. In accordance with Article 8 of CAAR Regulations initial and continuous development courses are conducted for auditors every year. Curriculum of initial and continuous development courses held by CAAR are developed by IESs.

Initial and continuous development courses for accountants are held by the Ministry of Finance and CAAR provides maximal support in this field. Compliance with all SMOs, including SMO 2 is one of the main provisions of "Development Concept of Audit Service in the Republic of Azerbaijan' (www.audit.gov.az/uploads/AUDIT_KONSEPSIYA_2013.pdf). This concept provides for presentation of IES application in the audit lgislation, its control, conducting awreness events, informing timely auditors on modifications and amendments to IESs, continuous educationa and training in this area.
CAAR prospective members have completed CAAR program for accounting professional education. This program consists of three year practice and final evaluation. CAAR regularly translates and approves the guidelines on International Education Standards (IES), continues publishing these guidelines for public review and submits them to relevant government agencies. IESs are available on CAAR website:
http://www.audit.gov.az/index.php?type=content&subid=74&cid=74
Professional training is provided by CAAR, universities and approved training centers.
CAAR studies the requirements of International Education Standards and takes them into account in the new draft law. This project is the Law of the Republic of Azerbaijan on the Audit Service. This draft law is currently under consideration of the relevant authorities. The e-version of the project is available on CAAR website
http://audit.gov.az/uploads/AXH_Qanun_layihesi_10_10_2014.pdf

CAAR also publishes audit manuals of major universities, and the 2nd revision of these manuals was issued in 2011. (Yes. Included in the plan for 2021)
At present, "Audit" manual developed and published by CAAR is used in Azerbaijan for teaching audit subject at the universities. The book was recognized by the Ministry of Education of Azerbaijan.
Information on publications is available at this link.
http://audit.gov.az/Az/page/59
Memorandum on cooperation was signed by CAAR with Azerbaijan State Economic University, Azerbaijan University, Azerbaijan Bank Training Center, Azerbaijan State Agriculture University, Baku Business University, Lankaran State University, Tourism and Management University, Association of Accountants and Risk Professionals of Azerbaijan (ARPA), and other educational and training centers to comply with IES.
Information about partners is available at the following link:
http://audit.gov.az/index.php?type=content&subid=17&cid=17
Training events are provided by ACCA together with education providers represented in Azerbaijan. Highly qualified teachers regularly take part in CAAR training program examination processes. Trainers appointed by CAAR in Azerbaijan held annual workshops.12 workshops were held in 2019. Every year CAAR provides continuous vocational training courses for auditors and assistants. Courses are 40 hours long minimum. In 2017, four courses were provided for 200 attendees. At the same time CAAR provides fee based courses on accounting and auditing for company employees and other interested parties. 5 courses were held in 2017. Information on courses is available in the Announcements and News sections on CAAR website. Topics of courses include ISA, IFRS, Code of Ethics, IPSAS, ISRE and other documents.
Curriculums and schedules of courses are approved by CAAR Council at the beginning of each year.
Every year, CAAR arranges two-stage (test and written) certified auditor's exam candidates to obtain an auditor's name. Exams are held by the Examination Commission whose composition is defined by law. Examination topics include audit, accounting, civil law, management, etc. Information on the exams and their results is available in the Announcements and News section on CAAR website.
An annual action plan aimed to study the experience of developed foreign countries in development audit legislation, the requirements of international professional bodies, professional training of auditors, particularly in the field of audit quality control is adopted by CAAR Council.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Sanctions and Continuous Professional Development (CAAR)					
21.	2002	***CAAR is trying to work with stakeholders for application of IESs***	Ongoing	Key Management of CAAR, Department of Research and Trainings Director of Research and Education Center	CAAR members

22.	January2017	***Inclusion of the article on application of education standards into the draft law On the Audit Service (submitted to the relevant authorities)***	Ongoing	Key Management of CAAR,	CAAR members
Maintaining Ongoing Processes					
23.	Ongoing	Maintain the ongoing process to monitor new and revised standards and incorporate them into education and examination requirements. In this area events included work plan of CAAR for 2015-2020 ***Study of updated education standards and their delivery to auditors***	Ongoing	Key Management of CAAR, Director of Research and Education Center & Examination Board	CAAR members
24.	January2012	***Encouraging auditors to international certification (ACCA, CPA, CIMA, etc.), considering these certificates in curriculum and providing support to auditors in this field***	Continuous	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Professional Development Commission, Personnel Training, International Relations and Publishing Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
25	2013	Organization of mutual relations with other IFAC members aimed to study of existing experience of auditors on application of monitoring and control mechanisms in compliance with IES-5.	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
26.	2013	Application of practical experience advanced methods on conducting activity control and monitoring	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
27.	2014	***Arrangement of trainings for accountants with appropriate level of knowledge (Annual training sessions are held by the Chamber, certified auditors participate in audit and accounting training at universities)***	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
28.	2014	***Going on with arrangement of professional training courses*** (CPD) ***(There are 5 to 7 training courses annually, 7 are finished courses in 2018 and 7 courses in 2019. Seven courses are planned for 2020)*** http://audit.gov.az/uploads/Tedris_proqrami_312_3.pdf	ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
29.	2014	Organize mandatory continuous professional development (CPD) courses in theoretical and practical directions ***60-68 hours professional development courses are arranged for the members of the Chamber in September-November every year. Auditors are encouraged to attend classes 4-5 years consecutively.***	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
30.	2014	Take into account requirements of International Education Standards to improve organization and application multi-tiered system of exams for getting qualification of the auditor ***Two-step certified auditor exams*** (CAAR has one examination board with 9 members.) ***have been held by the Chamber at least twice a year since 2015 in accordance with international practice.***	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
31	2014	***Audit seminars, round tables, symposium and international scientific and practical conferences are arranged by the Chamber every year. In 2017, two international conferences (with 60 delegates from 15 countries), 6 round tables and numerous seminars were held. 1 conference in 2018 and 2 in 2019. These events are available on the Chamber's website (www.audit.gov.az) under News section. Such events are held regularly at the Chamber.***	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
32.	2014	***Auditors are regularly informed about the changes made in IFAC documents. This information is made available on the Chamber's website, sent to their e-mail addresses and included in the agenda of seminars and trainings. IFAC updates are included in the auditor's professional development every year.***	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees

#	Start Date	Actions	Completion Date	Responsibility	Resource
33.	2014	***Training courses conforming to certified auditor exam topics will be held in November-December 2018.*** ***Training courses conforming to certified auditor exam topics will be held in May-December 2019.***	2018-2019	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	Personnel Training, International Relations and Publishing Department and CAAR employees
Review of CAAR's Compliance Information					
34.	2013	Review and update sections relevant to SMO 3, as necessary.	Ongoing	CAAR's Executive Staff, Advisor to Chair of CAAR on Methodological Issues	Audit Legislation and Procedural Guidelines Department, External Relations Department, Information Technologies Division

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Further improve and maintain processes for ongoing convergence with the International Audit &Assurance Standards Board (IAASB) Pronouncements

Background
In August 2005 CAAR's Board decided to adopt and implement AASB's International Standards on Auditing (ISAs). Between 2005-2009 in addition to developing a list of key term sand training programs CAAR caried out preparatory work on translation of ISAs. Since 1 January 2010 IASs are applied in the country.

In the past, CAAR prepared the national auditing standards, which were further confirmed by the Ministry of Justice and published for the public consideration. The existing Lawon Audit Services defines the notions of audit, independent auditor, and audit firm; specifies the requirements to become an auditor and outlines the rights, responsibilities, and liability of the auditor. However, neither the Lawon Audit Services (1994),nor any other legislative act defines which audit standards are to be used by auditors or makes references to auditing standards. In the absence of a clear legal requirement, CAAR was issuing national auditing standards based on a translation and adaptation of ISA of various years of publication by IFAC.
In accordance with Article 45 of the action plan concerning implementation of the National Strategy for Increase of Transparency and Combating Corruption approved by Order No 2292 of the President of AR dated 28 July 2007 CAAR was entrusted implementation International Audit Standards.
In accordance with Article 13.1 of **National** Anti-Corruption **Action Plan in 2012-2015** CAAR was entrusted to continue activities concerning application of International Standards in auditing. These documents comprise legal bases for identification of IAS application and executive body.
The new draft Audit Law (Opinions of all interested parties have been received. However it hasn't been adopted by the Parliament at present), prepared by CAAR and discussed with many international organizations, has a provision for CAAR to be responsible for setting auditing standards.

In April 2008 a CAAR translated the 2013 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements and it was issued in 2015 and provided to auditors. Translation and professional editing of ISA 2017 has been completed by the end of 2018.
The new draft Audit Law, prepared by CAAR and discussed with many international organizations, has a provision for CAAR to be responsible for setting auditing standards. In April 2008 a memorandum on translation of the ISAs was signed with IFA Cand so far, the translation activities were carried out in 3 main directions:
- Translation of ISAs into Azerbaijani by professional translators;
- Professional editing of the translated materials
- Correction and editing of translated materials

The process was carried out in the basis of an individual approach to each standard. The editing process was carried out once a week under the leadership of CAAR's chairman and involving professional auditors and members of the Big Four. During the process, the translations are also compared with Russian and Turkish translation versions. The correction and editing processes was conducted by professional linguists. "Professional ethics of professional accountants and International audit standards "Handbooks (796 pages) published in December 2009 and was targeted to auditors. Azerbaijan implemented ISAs in January 2010. For 2011-2013 the work plan was established aimed for the translation and publication of the Clarity ISAs. As the interim arrangement, before the Clarity Translation of the 2010 IAASB Handbook translation into Azeri language was finalized, CAAR purchased translated Handbooks of the Russian translation of the ISAs, performed by the IFAC member body in Russia, RCA. According to the memorandum signed with IFAC Handbook of 2014 was translated into Azerbaijani in accordance with requirements of the Translation Strategy of IFAC. These standards were published in November 2015 and distributed to auditors and all interested parties.

Translation and professional editing of BAS 2017 was completed by the end of 2018 and delivered to auditors in 2019.					
#	**StartDate**	**Actions**	**Completion Date**	**Responsibility**	**Resource**
35.	August2005	Fully implement ISAs by August 30, 2005. Sign a Memorandum with IFAC for translating and issuing ISAs in the national language to be delivered to the auditors.	July2009 Completed	CAAR Executive Staff and respective board	Sponsorship of CAAR members and at CAAR's own expense.
36.	January2010	Decide on the implementation of the ISAs and hold a seminar on this subject	January2010 Completed	Board of the Chamber	CAAR members
37.	August2008	Professionally edit ISA translations.	Completed	CAAR Executive Staff	Contract or as agreed. Professional edition of translated standards are carried out simultaneously. Standards up to No 530 have been edited until now. Representatives of audit firms, Big Four and CAAR officers Have been involved into professional editing groups.
38.	January2009	Communicate the translated ISAs to CAAR members and publish on CAAR website www.audit.gov.az.	April2009 Completed	Financial and Economic department, Information Technologies Division	CAAR members

39.	2015	Prepare workbooks about implementation of audit standards.	Completed	Audit Legislation and Procedural Guidelines Department, Task force for Standard Setting	Audit Legislation and Procedural Guidelines Department, Task force for Standard Setting
40.	September-October 2 courses annually (Training is planned CPD courses, and unscheduled and targeted seminars - as needed)	Develop and conduct training of Clarity ISAs to CAAR's members Familiarizing CAAR members with the activity principles of the International Audit & Assurance Standards Board (IAASB) and arrange their provision with the documents of the board	Ongoing	Human Resources Department	CAAR Employees
41.	September Annual	Hold seminars about application of ISAs Arrangement for study of new projects of international audit standards: -Conducting trainings and seminars on ISA study -Conducting events devoted to the increase of interest to ISA application	Ongoing	Human Resources Department	CAAR Employees

42.	August2009	Maintain efficient support to auditors in connection with implementation of ISAs http://audit.gov.az/Upload/Files/2019/illik_hesabat_2019_eng.pdf	Ongoing	Audit Organization and Regulation Department	CAAR members. Workshop sessions for auditors are planned to be held within practical support framework
Maintaining Ongoing Processes					
43.	Ongoing	Continue to support ongoing convergence with IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CAAR Executive Staff, Directors of Departments concerned, Chairs of Boards concerned	Respective boards members, technical staff responsible for respective boards
Review of CAAR's Compliance Information					
44.	2013	Coordination of possible methods on exchange of methodological materials on the application of standards with other professional organizations http://audit.gov.az/index.php?type=content&subid=15&cid=15	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

#	StartDate	Actions	Completion Date	Responsibility	Resource

45	2010	Familiarizing CAAR members (-CPD courses; - targeted seminars, translation of ISA and transfer of books to members, and other educational activities) with the activity principles of the International Audit &Assurance Standards Board(IAASB) and arrange their provision with the documents of the board	Ongoing	CAAR Executive Staff Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department and CAAR employees
46.	2014	Translation and publication of International Audit Standards	2015 completed	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
47.	2018	Translation and publication of International Audit Standards – Revision 2017	completed 2018	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

48	2014	Translation and publication of International Audit Standards for SMEs (http://audit.gov.az/uploads/Kicik_ve_orta_muessiselerin_auditinde_beynelxalq_audit_standartlarinin_tetbiqine_dair_Telimat_2017_II_cild.pdf)	2019	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
49.	2014	Launching the application of audit standards for SMEs (Look above).	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

50	2014	Improvement of existing The rules of examination for getting a title of auditor" and "The rules for CPD for auditors" taking into account requirements of International Educational Standards. Two-stage Certified Auditor Exam is conducted twice a year minimum. (HANDBOOK OF INTERNATIONAL EDUCATION PRONOUNCEMENTS 2010 EDITION) http://audit.gov.az/Az/page/429	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
51.	2014	Implementation of multi-tiered system of exams for getting auditor's qualification in Azerbaijan according to recommendations of International Federation of Accountants (IFAC) (Transition to a 2-level system)	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

52.	2014	Inclusion and training of added changes and additions to International Audit Standards and Ethics Code of Professional Accountants to CPD program for auditors (The latter, which have been translated and published and are in force from 15 July 2019.)	Ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

#	StartDate	Actions	Completion Date	Responsibility	Resource
53.	2014	Preparation and application of exemplary audit standards inside firms for national audit organizations (These are examples (samples) of in-house standards of national audit organizations. 4 examples have been prepared.)	ongoing	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
54.	2013	Review and update sections relevant to SMO 3, as necessary.	Ongoing	CAAR Executive Staff	CAAR staff
55.	2018	Translation and Publication of International Auditing Standards (2016-2017). http://audit.gov.az/uploads/Beynelxalq_Audit_2019.pdf	2018, completed	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: FurtherimproveandmaintainprocessestoensureongoingconvergencewiththeIESBACodeofEthics

Background:

Ethical requirements are defined by Articles 13 and 18 of the Law on Auditing Services.

In2009 previous version of IESBA's Code of Ethics for professional accountants (Code of Ethics) was translated, published and delivered to the auditors by CAAR. In accordance with the decision of CAAR Board this IESBA's Code of Ethics for professional accountants is applied in Azerbaijan and all auditors have to comply with this Code. In accordance with Memorandum signed with IFAC 2019 version of the Code of Ethics is currently translated in accordance with Translation Strategy and is going to be published.
Moreover, there is Professional Ethics Committee in CAAR. Its responsibility is to control the status of compliance of IESBA's Code of Ethics for professional accountants by auditors and to take up the matter with CAAR Board for the appropriate measures to be take in case if cases of non-compliance are disclosed. ***CAAR monitors regularly compliance with ethical requirements and takes the necessary measures by carrying out appropriate investigations based on the received appeals and information.***
REGULATION ON PROFESSION ETHICS COMMITTEE OF THE AUDITORS:
http://www.audit.gov.az/uploads/XXII.pdf
PROFESSION ETHICS COMMITTEE give report on the work done every year. The reports for 2015-2017 are available at:
http://www.audit.gov.az/index.php?type=content&subid=121&cid=121
Requirements of IESBA Code of Ethics have been included in the draft law On Audit Service.
NOCLAR adopted by CAAR in July 2017 have been brought to the attention of the parties concerned and it is planned to include their requirements in national legislation. Work on translation of the Code of Ethics into Azerbaijani was finished:http://www.audit.gov.az/uploads/muhasibler_ucun_beyxelxalq_etika_mecellesi_nesr_2016.pdf (Yes. But the Code of Ethics (with the MSN) of 2019 has been translated and published, we will post it soon.)
Currently Code of Ethics regularly included in professional development program for auditors and continuously taught, speeches and reports are made at the seminars, symposiums and conferences concerning ethical issues. Opinion of audit users on auditors' ethical conduct through surveys conducted by the Chamber as well as conditions for online surveys with this regard and online application of interested parties through internet site of the Chamber.
Compliance with the Code of Ethics is also one of the main provisions of the Auditing Service Development Strategy in the Republic of Azerbaijan (2012-2020) developed and adopted by CAAR (www.audit.gov.az/uploads/AUDIT_KONSEPSIYA_2013.pdf).This conception provides for IESBA'Ss Code of Ethics for Professional Accountant application to be reflected in audit legislation, its control, conduct of awareness activities related to ethical issues, timely delivery of modifications and amendments made to Code of Ethics to auditors, continuous implementation of educational and training programs in this area that is implemented regularly.
The work on translating the July 15, 2019 version of the Code of Ethics into Azerbaijani has been completed. (Already applied).

#	Start Date	Actions	Completion Date	Responsibility	Resource

Updating the Code of Ethics					
56.	2011	Initiate the translation and publication process of the new 2009 version of Code of Ethics	2012 Completed	CAAR Executive Staff	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards

57.	2014	Translation and publication of the IESBA's Ethics Code of Professional Accountants	2016-2019 Completed	CAAR Executive Staff Members of the Special Commission on Development of Audit Rules and Standards.	CAAR Executive Staff, Members of the Special Commission on Development of Audit Rules and Standards
58.	2014	Holding of regular seminars on the implementation of Ethics Code of Professional Accountants	2014-2020	Board of Ethics, Audit Organization and Regulation Department	CAAR members
59.	2014	***Control over observance of ethical requirements is carried out by the Chamber. Any complaint, appeal, information received from the various sources by the Chamber regarding non-compliance with these requirements is carefully examined and, as required, discussed by the Ethics Committee under the Board of the Chamber as required. When non-compliance with ethical requirements is identified, appropriate administrative and disciplinary actions are taken by the Board based on presentation of the Committee.***	Ongoing	Key Management of CAAR	CAAR staff, Audit Quality Control Department, representatives of stakeholders and audit firms, Audit Legislation and Procedural Guidelines Department
Education and Promotion Activities					

60.	January2009	Research and Education Department and Examination Board of CAAR review changes in IESBA Code of Ethics and update the curricula for professional education, training and examination programs.	Ongoing	Director of Research and Education Center, Examination Board	CAAR members
61	February 2009	***Members of the Chamber are required comply with the IESBA Code of Ethics. The subject of the Code of Ethics is included in the auditor's professional development trainings and auditor assistant training courses every year.***	Ongoing	Director of Research and Education Center	CAAR members and CAAR Council members
62.	Ongoing	Publish IFAC updates and discussion drafts on the CAAR website www.audit.gov.az and in the CAAR journal "Economy and Audit"	Ongoing	Editing and Publishing Department, External Relations Department, Information Technologies Division	CAAR respective departments
62A	2019	Works on translating the July 15, 2019 version of the Code of Ethics into Azerbaijani	Completed	Editing and Publishing Department, External Relations Department, Information Technologies Division	CAAR respective departments
Monitoring Activities					
63.	January2009	***CAAR monitors regularly compliance with ethical requirements and takes the necessary measures by carrying out appropriate investigations based on the received appeals and information.*** (Any materials from any sources are considered, disciplinary measures are analyzed and taken in accordance with the system of measures of investigation and punishment: http://audit.gov.az/uploads/Shura_288_4_elave.pdf)	Ongoing	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR members

Maintaining Ongoing Processes					
64.	November 2008	***This information is made available on the Chamber's website, sent to their e-mail addresses and included in the agenda of the seminars and trainings.***	Ongoing	Audit Organization and Regulation Department	CAAR members
Review of CAAR's Compliance Information					
65.	2013	Review and update sections relevant to SMO 4, as necessary.	Ongoing	CAAR Executive Staff, Director of Audit Quality Control Department	CAAR staff

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to use best endeavors to promote the use of IPSASs in Azerbaijan

Background

The Ministry of Finance of Azerbaijanis responsible for establishing public sector accounting standards. It has established convergence with International Public Sector Accounting Standards (IPSAS)as an objective. The adoption started in 2009. **Law of the Republic of Azerbaijan "On Accounting" http://e-qanun.az/framework/5458**

The Corporate and Public Sector Accountability Project (CAPSAP) is an important component of the World Bank Group's Country Partnership Strategy (CPS) for Azerbaijan. CAPSAP supports the implementation of the Accounting Law enacted in November 2004, which mandates transition to International Financial Reporting Standards (IFRS) for Public Interest Entities (PIEs - those commercial entities where the government of Azerbaijan deems there to be a public interest in their operations), the domestic National Accounting Standards for Commercial Organizations (NASCO) for other commercial entities (non-Public Interest Entities), and International Public Sector Accounting Standards (IPSAS) for budget organizations.
This law represented a major step forward in addressing transparency and accountability in the corporate and public sectors, and its development was supported by the IDA under accounting and auditing Report on the Observance of Standards and Codes (ROSC) technical assistance.
IPSAS as of 2011 have been fully translated into the Azerbaijani language; Regulation "on the organization and conduct of accounting in compliance with the National Accounting Standards for public institutions" has been approved. (Yes. http://maliyye.gov.az/static/226/ictimai-sektor-ucun-muhasibat-ucotunun-beynelxalq-standartlari) According to legislation accounting in the Republic of Azerbaijan is regulated by the Ministry of Finance. IPSASs developed by International Public Sector Accounting Standards Board (IPSASB) were translated by the Ministry and published on its internet site: (www.maliyye.gov.az/node/1507)

Within its authorities in the area of application of International Public Sector Accounting Standards CAAR does its best for these standards to be included in continuous educational programs for auditors and specialists, to be taught at the courses, discussions and presentations to be presented at the seminars and symposiums, and through coverage in mass media.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Promote the use of İPSASs					
66.	Ongoing	Continue to support implementation of IPSASs through participation in the IPSASB work program and maintaining an ongoing process to translate IPSASs into Azerbaijani. (CAAR supports the implementation of IPSAS through participation in events, educational measures,	As per grant project schedule	CAAR Executive Staff	CAAR staff. To be Carried out within World Bank's CAPSAP grant project

		through propaganda and agitation. It should be noted that the implementation of IPSAS is within the competence of the Ministry of Finance of the Republic of Azerbaijan. We do our best in implementation.) This program is implemented by the Ministry of Finance of AR and if necessary consultations are held with the CAAR			
67.	Ongoing	Continue to use best endeavors by identifying Opportunities to further assist in implementation of ISPASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Asper grant project schedule	CAAR Executive Staff	CAAR staff. To be Carried out within World Bank's CAPSAP grant project
Review of CAAR's Compliance Information					
68.	2014	Review and update sections relevant to SMO 5, as necessary.	Ongoing	CAAR Executive Staff	CAAR staff
69.	Ongoing	Develop application of IPSAS of the Azerbaijan Republic in the auditors' practice Achieve understanding of IPSAS by auditors within the Republic of Azerbaijan (Look paragraph 66)	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Financial Department
70.	2013	Providing CAAR members with information on IPSAS	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department

71.	2012	Organization of Round Tables on the issues related to application of IPSAS for CAAR members http://audit.gov.az/index.php?	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department
72.	2013	Preparation of plans on relationships with executive bodies responsible for IPSAS adoption and CAAR activity program for 2013-2014 on IRFS application in public sector	2014 Completed	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, CAAR Structural Divisions
73.	2014	In May 2018, in the context of the interpretation of the financial statements of mandatory audit subjects several measures have been taken by CAAR with the Ministry of Finance and other authorities. In February 2018, CAAR appealed to state authorities with a proposal for the creation of a single Internet resource for posting the financial statements. This issue is currently in the center of attention.	Ongoinq	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council

Action Plan Subject: SMO 6–Investigation and Discipline

Action Plan Objective: Continue to use best endeavors to maintain an investigation and disciplinary mechanism that addresses al ISMO6 requirements

Background:

CAAR established a mechanism for investigating and disciplining(I&D) its members in 2015.Recently, http://audit.gov.az/uploads/Shura_288_4_elave.pdf CAAR established the Committee (CAAR has 10 Committees: http://audit.gov.az/En/Home) on Discipline. Investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members and other related issues are considered by the Committee and appropriate arrangements are proposed. The Law On Auditing Services (Articles 14-15) and CAAR Regulations (Article 8) establishes regulatory basis for implementation of Investigation and Discipline functions by CAAR. CAAR has a system for I&D activities and the main targets of this system are as follows:

- Ensuring transparence in audit processes
- Ensuring transparence and rotation in selection of auditors
- Continuous application of control system to compliance with the principles of ethics (Compliance with requirements of Ethics is also subject to I&D.)
- Implementation of activities related to ensuring robust competition and preventing monopoly
- Prevention of conflict of interests in audit services and implementation related to activities aimed to elimination of unfair competition
- Application of strict sanctions to bad audit

Moreover, I&D system also carries out work aimed to continuous ensuring complete implementation of obligations against independent auditors and audit companies by the Anti-Money Laundering and Terrorist Financing Law of the Republic of Azerbaijan implementation of activities related to publication independent auditors' reports (opinions) with Financial Reports by entities subject to mandatory audit.

The system is operated by CAAR Quality Control and Legal ProvisionDepartment as well as by related Committees. Control is carried out through planned and operative inspections in mobile and desktop forms based on complaints, alerts and applications. Investigations are carried out by professional auditor, the results are discussed at related Committees and appropriate decision is made by CAAR Board based on the presentation of the Committee.

There is a complete chapter concerning I&D system in Conception of Audit Service Development in the Republic of Azerbaijan (2012-2020 and one of the main targets is continuous application of disciplinary actions by CAAR.

There are investigation, discipline and application system for accountant (All of these are taken into account in the I&D system about auditors. And there are articles about accountants in the Code of Administrative Actions and measures are taken by the Ministry of Finance) and auditor professions. The system is operable.

Information on behaviors that may lead to investigation actions is made publicly available. Approach based both on complaints and information is applied.

A committee exists for performing investigations. Members of a committee are independent of the subject of the investigation and other related parties. A separate Disciplinary Committee (http://audit.gov.az/Az/page/428 , http://audit.gov.az/Az/page/425) exists to make disciplinary decisions on referrals from the investigation committee. Members of the committee include professional accountants as well as non-accountants. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include loss of professional designation; restriction and removal of practicing rights; and exclusion from membership. A third appeals body exists which is separate from both the disciplinary committee and investigative committee. Establishing timeframe targets for disposal of all cases.Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established. Improvement and application of these procedures. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.

The results of the investigative and disciplinary proceedings are made available to the public. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented

#	Start Date	Actions	Completion Date	Responsibility	Resource
Ensuring I&D mechanism is in line with the revised SMO6 requirements					
74.	2013	Review CAAR's I&D policies and resources to ensure compliance with the revised SMO 6 requirements.	Ongoing	CAAR Management	CAAR employees and Members
75.	Ongoing	Continue to use best endeavors to ensure CAAR's investigation and disciplinary mechanism continues to addresses all SMO6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
76.	2014	***A88. Ensuring transparency in auditing processes implemented by public disclosure of quality control results and public oversight of audit*** CAAR cooperates with many authorities: http://audit.gov.az/Az/page/52 Also publishes annual activity reports on the website: http://audit.gov.az/Upload/Files/2019/illik_hesabat_2019_eng.pdf)	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
77.	2014	***A89. CAAR has signed cooperation agreements with relevant government agencies in the field of fight against corruption and money laundering. It takes part in government programs in this area. Numerous workshops on fight against corruption and money laundering and methodological materials are being prepared.***	ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council

78.	2014	***In order to ensure transparency in the selection and rotation of auditors, the Chamber has prepared a "Competition rules in the audit area and Methodical Guidelines for Auditor Selection and" and posted on the web site of the Chamber. http://www.audit.gov.az/uploads/Shura_288_2_qaydalar.pdf***	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
79.	2014	***investigation and INTENTIONAL MEASURES SYSTEM has been prepared by CAAR and posted on the web site of the Chamber. Http://www.audit.gov.az/uploads/Shura_288_4_elave.pdf***	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
80.	2014	İmplementation of sustainable maintenance of obligation which The Law of Azerbaijan Republic on "Legislation on criminally obtained funds or other property and financing of terrorism" create for independent auditors and audit	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
81.	2014	***For the purpose of eliminating unfair competition a document entitled "Signs of unfair competition in the auditor service market" has been prepared by the CAAR: Http://www.audit.gov.az/uploads/Shura_288_4_elave.pdf Table 2: Based on that document, appropriate admistrative and disciplinary actions are taken against auditors who have been subjected to unfair competition (instruction on elimination of defect, warning, suspension of the permit for audit activity, termination of the permit).***	Ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council

82.	2014	***In order to prevent unfair competition and clash of conflicts regular monitoring is carried out by the Chamber and appropriate measures are taken.***	Ongoinq	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
83.	2014	***As noted above, investigation and INSTALLATION MEASURES SYSTEM have been prepared and posted on the Chamber's website.*** ***Http://www.audit.gov.az/uploads/Shura_288_4_elave.pdf*** ***This system is regularly updated and implemented.***	ongoing	CAAR Executive Staff	CAAR staff. CAAR's internal audit department and ethical commission run regularly. This activity is included in CAAR's each annual work plan and the quarterly reports are submitted by the department to the Chamber's Council
Review of CAAR's Compliance Information					
84.	2013	Review and update sections relevant to SMO 6, as necessary.	Ongoing	CAAR Executive Staff	CAAR staff
85.	2013	In accordance with the provided procedure ensure control over analysis and performance of amendments and modifications to be made by CAAR Ethics Committee to the Law of the Azerbaijan Republic *On Audit Service*	Ongoing	CAAR Executive Staff, Auditors' Professional Ethics Committee, Department of Audit Legislation and Legal Provision	CAAR Executive Staff, Auditors' Professional Ethics Committee, Department of Audit Legislation and Legal Provision, Consultation Assembly
86.	2013	Development and approval of the list defining degree of responsibility of CAAR members for violation of discipline ***Activities in this area are continuing.***	Ongoing	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee

87.	Continuous	Assurance of disclosure CAAR Auditors' Professional Ethics Committee issues and placement of the results of the aforementioned issues, as well as adopted resolutions on CAAR internet site	Ongoing	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee
88.	2010	Defining consideration terms for violation of discipline ***As noted above, investigation and INSTALLATION MEASURES SYSTEM was prepared by CAAR in 2017 and posted on the Web site of the Chamber.***	2017 Completed	CAAR Executive Staff, Auditors' Professional Ethics Committee	CAAR Executive Staff, Auditors' Professional Ethics Committee
89.	2013	Development and approval of the procedure on consideration of CAAR incoming requests and claims	Ongoing	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee
90.	2010	***Each year, the Chamber's compliance with the professional requirements of its members is analyzed and reported to the public by preparing a report.***	Ongoing	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee
91.	2013	Introducing modifications to the procedures on acceptance of requests and claims at CAAR with consideration of conducted analysis	Ongoing	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee	Department of Audit Regulation and Transparency Assurance, Auditors' Professional Ethics Committee
92	2015	***The Chamber regularly carries out measures to improve performance and quality control, for this reason, training sessions are conducted, and appropriate guidelines are prepared. These events are regularly posted on the Chamber's website***	Ongoing	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance

93	2015	***The Chamber, through monitoring the activities of its memberwith regularly controls the carefully studying the Chamber's inquiries, complaints, and information obtained through media and taking appropriate measures.***	Ongoing	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance	CAAR Executive Staff, Department of Audit Regulation and Transparency Assurance

Self-Assessment against the Main Requirements of SMO 6(2014)

Requirements	Y	N	Partially	Comments
Scope of the system 1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	**X**			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	**X**			
Initiation of Proceedings 3. Both a "complaints-based" and an "information-based" approach are adopted.	**X**			
4. Link with the results of QA reviews has been established.	**X**			
Investigative process 5. A committee or similar body exists for performing investigations.	**X**			
6. Members of a committee are independent of the subject of the investigation and other related parties.	**X**			

Requirements	Y	N	Partially	Comments
Disciplinary process 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee. ***Decide on the relevant admistrative and disciplinary measures based on the materials included in the relevant commissions of the Chamber made by the Council of the Chamber.***	**X**			
8. Members of the committee/entity include professional accountants as well as non-accountants.	**X**			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	**X**			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	**X**			
Rights of representation and appeal	**X**			

Requirements	Y	N	Partially	Comments
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.				
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	**X**			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	**X**			
14. Records of investigations and disciplinary processes are established.	**X**			
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	**X**			
16. A process for the independent review of complaints on which there was no follow-up is established.	**X**			
17. The results of the investigative and disciplinary proceedings are made available to the public.	**X**			
Liaison with Outside Bodies	**X**			

Requirements	Y	N	Partially	Comments
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
Regular review of implementation and effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	**X**			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to use best endeavors to support the Ministry of Finance ongoing program for adoption and implementation of International Financial Reporting Standards (IFRSs)

Background:

Ministry of Finance is responsible for accounting standard setting in Azerbaijan
http://www.maliyye.gov.az/static/140/muhasibat-ucotunun-beynelxaq-standartlari
http://www.maliyye.gov.az/static/141/maliyye-hesabatlarinin-beynelxalq-standartlari-

The need for accounting reform was recognized by the Government of Azerbaijan in 2004 when the new Lawon Accounting was adopted. The Lawis focused on changing the role and significance of accounting and financial reporting in Azerbaijan and aligning it with good international practices in addition to setting the foundation for the development of National Accounting Standards (NAS),based on IFRS ,for medium-sized enterprises. According to the new Law, the Public Interest Entities (PIEs) should implement IAS and IFRS as of 2008.

IFRS 2011 (CAAR fully supports the implementation of M SFO by participating in events, educational measures, through propaganda and agitation. It should be noted that the implementation of IFRS is within the competence of the Ministry of Finance of the Republic of Azerbaijan. We are making every effort in implementation) have been translated into the Azerbaijani language and posted on the MoF website.

CAAR is also an active member of an Advisory Board of the Ministry of Finance, responsible for preparing National Accounting Standards. In accordance with the Law of Azerbaijan Republic on Amendments to the Law of Azerbaijan Republic On Accounting dated 04 May 2018 national accounting standards become invalid and International Accounting Standards and International Financial Reporting Standards come into effect.

#	StartDate	Actions	Completion Date	Responsibility	Resource
94.	Ongoing	Continue to support the implementation of IFRS in Azerbaijan through promoting the translated IFRSs, providing training and education in IFRS, and actively participating in the International Accounting Standards Board's (IASB's) work program. (look above)	September-October2009 Ongoing	CAAR Executive Staff Director of the Center	CAAR staff Vali Rahimov (director of CAAR's Department of Finance), Najaf Talibov CAAR Education Center
95.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS. This includes review of the existing activities and updating the Action Plan (look above) for the future activities where necessary.	Ongoing	CAAR Executive Staff	CAAR staff

#	StartDate	Actions	Completion Date	Responsibility	Resource
Review of CAAR's Compliance Information					
96.	Ongoing	Review and update sections relevant to SMO 7, as necessary	Ongoing	CAAR Executive Staff	CAAR staff
97.	2011	Generalization and promoting awareness of the practice aimed to IFRSs implementation inconsecutive and single form	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
98.	2009	Participate in the development of normative legal acts on audit, accounting and reporting based on international standards	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
99.	2009	Participate in development of the offer on training (CAAP organizes regular courses on IFRS, provides methodological assistance to specialists, conducts seminars and conferences) and expansion of specialization of specialists involved in development, presentation of IFRS accounting (financial) reports and audit.	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy

#	StartDate	Actions	Completion Date	Responsibility	Resource
100.	2009	Facilitate future application of IFRS (look above)	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy
101.	2013	Facilitate IFRSimplementation by small and medium size enterprises (look above)	Ongoing	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department	CAAR Executive Staff, Personnel Training, International Relations and Publishing Department, Department of Finance and Economy