



# SEEPAD

South Eastern European Partnership on Accountancy Development

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## Report on SEEPAD activities in the period 2002-2004

This report refers to period from the Constitutional General Assembly meeting, held in Istanbul, December 7-9 2001, with relation to the First General Assembly meeting held in Sinaia, in June 2004, until the Third General Assembly Meeting in Sofia, Bulgaria. During this period, SEEPAD activities were conducted on the basis of activity plan for 2002/03 and 2003/04, resolutions, conclusions and guidelines adopted on the Assembly and the Council meetings.

### ACTIVITIES OF THE MEMBERS

SEEPAD member-organizations have carried out certain activities related to the Assembly and Council conclusions, except Croatian Association of Accountants and Financial Experts, which ceased all activity in Partnership, so its status in the SEEPAD should be reconsidered, and informed constitutional organizations, namely international bodies, which initiated and support SEEPAD activities. Representatives of member-bodies, in major, attended and participated regularly on SEEPAD Assembly and Council meetings (**Appendix 3.1**).

Some of the member-organizations, although they demonstrated their activities, did not settle their financial obligations toward the Partnership (The Association of Accountants, Financial workers and Auditors of The Republic of Macedonia and the Citizens Association for Public Finance "JAFIS" from the Federation of Bosnia & Herzegovina), so their status in the following SEEPAD activities should be also reconsidered, and appropriate means developed to help them to join in future SEEPAD activities. (**Appendix 3.2**). Both Albanian member-organizations did not settled their financial obligations for years 2002/2003, but during 2004 they informed Secretariat that from now on, they will have joint, single activities in SEEPAD and will be represented in Assembly and Council by single, joint representative, and made advance payment for year 2004 in amount of 1000 EUR and 2500 EUR as membership fee for year 2003. (**Appendix 3.3**).

Within the framework of agreed activities, the Association of Professional Accountants and Auditors of the Republic of Moldavia - ACAP did not succeed in organizing SEEPAD Second General Assembly in Moldova which resulted in changes referring the resolutions of the First General Assembly and Council. Therefore Second General Assembly was held in Bucharest, Romania.

Second General Assembly was held on 25<sup>th</sup> May, 2003 in Bucharest, Romania, with CECCAR as host organization. Representatives from SEEPAD member-organizations were also guests on 3<sup>rd</sup> Conference of Federation des Experts Comptables Mediterraneens which was also held in Bucharest.

Second Council meeting was held within period from 7-8 November, and the Third Council meeting have been organized during 18-19 November, 2003, in Belgrade, together by the Serbian Association of Accountants and Auditors and USAID.

Professional association SOEL informed SEEPAD Secretariat about change of time schedule for education training for professional members of SEEPAD member-bodies. Due to objective reasons, the education program is rescheduled for the period September-October 2004.

Due to the fact that member-bodies rarely submit information about their activities, Secretariat have seriously limited materials and information to work with.

## **REALIZATION OF THE ASSEMBLY RESOLUTIONS**

First General Assembly meeting was held in June, 2002, Sinaia, Romania. At the Assembly, the following decisions have been made:

1. In order to proceed with the registration formalities of the South-Eastern European Partnership on Accountancy Development, the representatives of the member bodies have signed the SEEPAD Charter, approved on December 14<sup>th</sup> 2001, at Istanbul (**Appendix 3.4.**). It has been recommended to publish the Charter in the magazines issued by the members. In order to complete the members' files, it has been decided that each member should submit to the SEEPAD Secretariat the documents presented in art. 3.1.4 of the Charter until July 31<sup>st</sup> 2002.
2. The members present have unanimously approved the Agreement on Project Development "Development and support for regional associations", concluded between SEEPAD and OECD (**Appendix 3.5.**).

The General Assembly approved the actions undertaken until the present by the management of SEEPAD. On this occasion, the activities carried out until the present, in order to establish the location of SEEPAD at Belgrade (Njegoseva 19, 11000 Belgrade, Serbia) have been approved.

3. According to art. 5.1.2 (c) of the Charter, the SEEPAD Council has been approved for a period of two years, with the membership presented.

The SEEPAD Council held its first meeting on June 19<sup>th</sup> and approved the documents that are within its competency. These documents have been later on presented to the General Assembly.

4. There have been approved the form and contents of the SEEPAD logo (symbol), and the form and contents of the heading that can be used within the SEEPAD correspondence. It has been recommended that the SEEPAD symbol (logo) should be used by the members in their correspondence documents.
5. The Internal Rules of Procedure for the works of the managing organisms of SEEPAD (General Assembly, Council, Committees, and Administrative Office), presented in **Appendix 3.6**.
6. The document regarding the organization, structure, attributions, and functioning has been approved.

SEEPAD Working Committees, namely:

- the Membership Committee
- the Committee for Education, Ethics and Quality

It has been decided that within 30 days each member appoints specialists to participate in the working committees and informs accordingly the SEEPAD Secretariat. The committees should start their activity immediately after their establishment, according to the attributions already set.

7. The General Assembly has empowered the President and Vice-President to appoint the Executive Director of SEEPAD. Decision was not carried due to non fulfillment of 2002/2003 budget.
8. SEEPAD activity program has been approved (**Appendix 3.7.**)
9. SEEPAD's financial projections have been unanimously approved, having as objective the financial independence of SEEPAD starting with 2006. The projections are presented in **Appendix 3.8**. With a majority of votes, the members present at the meeting approved that, for the year 2002/2003, each member should pay a fixed contribution of 2500 Euros per year.
10. The General Assembly decided unanimously to intensify the assistance and specialty activities within the region of USAID, UNCTAD, OECD and of the professional organizations from the countries member of the European Union. It empowers the president and vice-president to negotiate and sign collaboration conventions, having as objective the development of the accounting profession and support of the member countries in introducing IAS and ISA.

11. The General Assembly approved unanimously the decisions that refer to the SEEPAD vision concerning the relations between member professional organizations and governments from the respective countries.

A circular letter was elaborated, signed by the management of SEEPAD and the OECD representative **Appendix 3.9.**

Second General Assembly meeting was held during May, 2003, in Bucharest, Romania. Assembly has made following decisions:

1. The President Report on SEEPAD activities between the two General Assemblies was adopted.
2. The financial report submitted by the SEEPAD Secretariat was adopted, with the conclusions:
  - SEEPAD budget was not realized due to the termination of SEEPAD activities funding by the founder;
  - Membership-fees for the year 2002 have not been settled by the following member-bodies: IEKA and LPKM from Albania, JAFIS from Bosnia and Herzegovina, ACA from Croatia, AAFA from the Republic of Macedonia, which is why it is necessary for SEEPAD founders to assist these associations regarding settlement of their elementary obligations
3. The audit report on SEEPAD financial statements for 2002. was adopted.
4. The Proposal of Methodology for determining financial contributions of the SEEPAD member-bodies, is return to the Membership Commission, which is going, within 60 days, to prepare the new proposal, bearing in mind the possibility of reducing the fix part and the criteria that bigger and stronger associations are contributing more, as well as to reduce or exclude contribution of associated organizations (that have the status of associated members or observers), which will be considered by the SEEPAD Council on its following session, to be held when the President and Vice-President agree on that.
5. The Council is entitled to determine the new SEEPAD Action Plan and to bring operation program for its realization, as well as to undertake activities on its application.
6. The SEEPAD founders are suggested to consider the possibility of further SEEPAD activities funding, until the 2005, through the USAID projects in the countries of member-bodies, to help weaker associations to become self-sustainable in the following years.

7. The Assembly made a decision with unanimity that, because of absence of participation in activities, current president of Committee for education, ethics and quality control should be relieved of function. As a new president of Committee for education, ethics and quality control Mr. Gavril Gavrilov (ICPA, Bulgaria) was unanimously voted.
8. The host of the next General Assembly, 2004, will be ICPA from Bulgaria and the 3<sup>rd</sup> General Assembly will be held in Sofia, Bulgaria.
9. The candidate for the 2005 General Assembly is the Association of Accountants and Auditors of the Republica Srpska, Banjaluka, Bosnia and Herzegovina

One of the important Assembly resolutions was to send a circular letter to all Governments and Treasury Departments of the registration countries in order to help the activities of SEEPAD member-bodies related to realization of the objectives and tasks determined by the charter and agreement between OECD and SEEPAD.

The Secretariat has no information whether the cooperation of SEEPAD member-bodies and Department improved after this notice, so we shall expect a report on this matter, in order to identify effectiveness of this activity.

#### **ACTIVITIES OF THE COUNCIL**

The most important activity is the Second Council session of SEEPAD held in Belgrade, 7 and 8 November 2002, attended by all members of the Council, except from Croatia, and beside the Council members there were members from Membership Committee and Committee for Ethics, Education and Quality Control that took part in. The Council session was also attended by USAID representatives from Bosnia and Herzegovina, Serbia and Montenegro, as well as ACCA and BPP representatives from London. On the basis of the entire work and the Committee proposals, the Council has made following decisions:

1. To approve the activity program of Working Commissions for 2003;
2. To approve criteria of SEEPAD membership admittance;
3. To intensify activities within each professional organization aiming to objectives of the Charter concerning:
  - practical application of IFAC-s Code of Ethics in all member bodies;
  - that all professional member bodies encourage the authorities in their countries to adopt and to apply IASs, following experience of The European Union;
  - introduction of standards published by IFAC-s Education Committee for education programmes and training of each country;
  - determination of measure system of quality control according to IFAC-s guidelines.;

4. To mutual acknowledgment of accountancy profession at the level of SEEPAD countries, provided that candidates acquired qualifications recognized in their parent countries and that they successfully passed the exams on the legislation of the country they want to be recognized in. The exam will be carried out in a native language;
5. To establish a methodology for determination of membership-fee, which should finance SEEPAD activities and that is to be approved by the General Assembly, by the end of February 2003;
6. To intensify the Secretariat activities concerning the solution for the implementation of the proposed budget for 2003, approved by the General Assembly;
7. To approve calendar plan of the following meetings, as it follows.
  - a. General Assembly, last week of June 2003, in Chisinau, The Republic of Moldavia;
  - b. Council meeting second part of 2003. (date and place to be determined);
  - c. General Assembly, June 2004. in Bulgaria (date and place to be determined).

Third Council meeting was held in Belgrade, 18-19 November, 2003. Council meeting was attended by all members except Croatian Association of Accountants and Financial Experts, Association of Professional Accountants and Auditors of the Republic of Moldova and Association of Accountants, Financial Experts and Auditors of the Republic of Macedonia. The Council session was also attended by USAID representatives of ACCA and USAID. The Council has made following decisions:

1. President report on SEEPAD and Secretariat activities for the period between two Council meetings was adopted;
2. the proposal of Institute of certified public accountants of Greece (SOEL) to organize education program during March-April, 2004 for professional accountants, members of SEEPAD member-bodies, was accepted. Education program will be held in Thessalonica in English, in accordance with the proposed syllabus; **Appendix 3.10.**
3. the Council accepts the proposal submitted by French Chamber of Chartered Accountants, on enhancing cooperation with international organizations and on future joint activities;
4. the Council entitles SEEPAD president and vice-president to continue negotiations with ACCA representatives regarding the ACCA proposal presented on the meeting;

5. *Bearing Point* initiative on providing assistance and cooperation relating future SEEPAD activities was supported;
6. on admission of written proposal of SEEPAD Secretariat, all member-bodies should, within a month, submit needed information to the Secretariat, according to which the Membership Commission will make the final proposal of the Methodology for determining financial contributions, that will be considered and adopted on the following Assembly.
7. each member-body should, as of beginning of 2004, after receiving the invoice from SEEPAD Secretariat, make a first installment of membership fee for 2004, in the amount of 1.000 EUR;
8. status of member-bodies that didn't settled their membership fees for 2002 and 2003 shall be determined after adoption of the Methodology of determining financial contributions at SEEPAD Assembly to be held the following year;
9. new SEEPAD Activity Plan for 2004 –2005, (**Chapter 9**) as well as the budget proposed for 2004 was adopted; **Appendix 3.11**
10. the Council adopts Membership Committee report on application of Society of Chartered Accountants and Auditors of Kosovo (SCAAK). The report points out certain limitations in organization and SCAAk activities, which seem to be obstacle for its admission as full SEEPAD member-body. It is decided to request additional information from SCAAk governance and to postpone admission to SEEPAD membership, until these barriers are being removed;
11. the Council adopts the proposal to forward the SEEPAD admission inquiry to interested professional accounting organizations in the region, to enhance activities of SEEPAD, as a regional organization, as well as supporter of IFAC activities, on accountancy development;
12. the following SEEPAD Assembly will be held during June, 2004, in Sofia, Bulgaria. Until approval of the final Agenda, member-bodies will within the period declared by the Charter, submit to the Secretariat certain issues to be considered at the Assembly

## **ACTIVITIES OF THE COMMITTEES**

During The Council session in Belgrade the following committees were constituted: Membership Committee and Committee for Ethics, Education and Quality Control. Both committees had working meetings and came to certain conclusions approved by the Council. Within committees activities, it was anticipated that the Membership Committee should intensify the work and propose Methodology for determination of financial contribution for SEEPAD members, so that The General Assembly could make a decision on this very important issue. Committee had no meetings, but with the help of the Secretariat, the communication between the Committee members was carried out successfully and on Second SEEPAD General Assembly which was held on 25th May, 2003 in Bucharest, proposal on methodology for determination of financial contribution was submitted to representatives of member-organizations.

Due to disagreement of certain representatives, Assembly did not adopt the proposal. Instead of adoption Assembly decided to return Proposal of Methodology for determining financial contributions of the SEEPAD member-bodies, to the Membership Commission, which is going, to prepare the new proposal, bearing in mind the possibility of reducing the fix part and the criteria that bigger and stronger associations are contributing more, as well as to reduce or exclude contribution of associated organizations (that have the status of associated members or observers). Revised proposal was considered by the SEEPAD Council on its following meeting, held in Belgrade on 18<sup>th</sup> - 19<sup>th</sup> November 2003

Committee for education, ethics and quality control had no significant activities during the 2003. The Assembly made a decision that, because of absence of participation in activities, current president of Committee for education, ethics and quality control should be relieved of function. As a new president of Committee for education, ethics and quality control Mr. Gavril Gavrilov (ICPA, Bulgaria) was unanimously voted.

## **ACTIVITIES OF THE PRESIDENT AND VICE-PRESIDENT**

The President`s and Vice-president`s activities have been directed to coordination with members and presentation of SEEPAD organization, mission and objectives to the external environment.

Within the scope of its activities President made a working visit to organizations in Macedonia and Republic of Srpska, and have had meetings with Rumanian professional accountants during their Congress in September 2002 and at the beginning of 2003, working meeting with Vice president and president of Membership Committee in Temisoara, with Bulgarian accountants during their annual international conference in April 2003, as well with representatives of association of Monte Negro.

President participated on 2002 and 2003 UNCTAD meeting in Geneva, which was focused on implementation of IAS and IFRS.

In September 2003 President was in Greece as a guest of SOEL. Visit was made regarding the SOEL proposal for education of auditors from SEEPAD member-bodies countries. SOEL proposal was presented during the Council meeting in Belgrade, on 18th – 19th November 2003, but according to SOEL information, beginning of program is rescheduled for period September - October 2004.

Presidents have had discussion with representatives from BiH federation, and with representatives of professional associations from Hungary, Ukraine and Poland, regarding participation of this organization in SEEPAD activities.

During his stay in Moscow, in period 18-21 may, 2004 President also have had several meetings with representatives of professional association of Russia, Ukraine and Poland.

President also paid a visit to IDES regarding preparation of 3<sup>rd</sup> SEEPAD General Assembly meeting.

President has had several meetings, concerning resumption of USAID support to SEEPAD but these efforts were not successful. Although the USAID representatives announced financial support at the constitutive Assembly in Istanbul 2001. for a period until 2005, it wasn't provided. Overall opinion is that activities focused on acquiring support should be continued as well as activities of development of self sustainability of SEEPAD member bodies.

SEEPAD Vice-president also had a activities oriented on SEEPAD efforts. Besides work visits to The Association of Accountants, Financial workers and Auditors of The Republic of Macedonia and Serbian Association of Accountants and Auditors, Vice-president participate on IFAC Congress in November 2002, and besides his own Organization, he was also entitled to represent SEEPAD, as well on UNCTAD meeting in Geneva on April 2003, which was dedicated to implementation of IAS and international education programs.

President and Vice-president were also presented on annual congress of l'Ordre des Experts-Comptables. During that visit SEEPAD officials have had a several discussions about support and cooperation of SEEPAD and l'Ordre des Experts-Comptables President and Vice-president was also present on UNCTAD meeting held on September 2003 in Geneva.

During these visits SEEPAD President and Vice-president have had a several meetings with international organizations representatives regarding the possibly cooperation. They also organized meetings with national accounting associations from South-eastern Europe in order to present SEEPAD and discuss the possibilities of new member acquiring.

Besides these activities, there is a full cooperation between the President and Vice-president, accomplished through several meetings in Serbia and Romania.

## **ACTIVITIES OF THE SEEPAD SECRETARIAT**

In a 2002-2004 period the two Council meetings, despite the fact that Secretariat is not appropriately organized, and don't have necessary staff structure, it successfully performs both member-bodies and President and Vice-president's tasks and requirements. Work of Secretariat is performed voluntary by employees of Serbian Association of Accountants and Auditors.

Financial Department of the Serbian Association is engaged in bookkeeping for SEEPAD and in doing other related work.

At the beginning of 2003 SEEPAD brochure have been made (1000 copies) in order to improve public presence and publicly introduce SEEPAD.

During the 2003, there was a problem with ownership of SEEPAD web-site, because the initial provider from Vienna was liquidated, so Secretariat had to buy up the official domain [www.seepad.org](http://www.seepad.org) at the price of 200 USD

Secretariat performs a update of SEEPAD web-page in order to provide information for member organizations and to present SEEPAD to external parties. However due to fact that member-organizations rarely submit information about its activities, Secretariat have seriously limited materials and information to work with. My opinion is that new on activities of member – bodies should be submitted to Secretariat in order to be announced on SEEPAD web page.

Secretariats also start to publish web-based newspaper about SEEPAD activities, which will be send on 6 months basis.

Besides these activities Secretariat keep ongoing communication with representatives of USAID and other potential donor organizations, in order to provide support to SEEPAD activities.

## **OTHER ACTIVITIES**

On the SEEPAD and USAID initiative project IBTC in Bosnia and Herzegovina (July/August 2002) the project of common training of accountants - trainers, for the representatives from the same language region, have been realized.

SEEPAD future activities should be directed the same way, and all the member-bodies should seek for the financial assistance from donors in their countries, or to fund on their own participation of their representatives.

The Association of Croatian Accountants, as for Marian Cingula, have informed SEEPAD Secretariat in written that because of misunderstanding between Croatian associations the participation in SEEPAD bodies is not possible in 2002. Some time later we have received a written notice that they will not participate in SEEPAD activities any more.

At the SEEPAD Council meeting in Belgrade, JAFIS, from the Federation of Bosnia and Herzegovina, have acknowledged SEEPAD membership admission requirement, as a recently established organization in the Federation, but such a written requirement still haven't been received by the Secretariat.

Certain activities with the association from Pristina, Kosovo have been realized, which resulted in their SEEPAD membership admission requirement. The application form for admission to SEEPAD membership have been considered by the Membership Commission, presented during SEEPAD Council meeting in November 2003, and SCAAK have been required to provide additional information, in order for their admission to membership to be decided at the Assembly which will be held in June 2004 in Sofia.

I have to emphasize that Serbian Association of Accountants and Auditors have done everything possible to make SEEPAD activities successful during the previous and the current year.

Other member-bodies have contributed, where I would like to highlight Romanian association and vice-president, Mr. Marin Toma. Of course, others have also contributed, and I would like to give thanks to all of them.

At the very end, I would like to point out that SEEPAD is not functioning according to rules defined by the Charter, and the main reason is unsolved issue of funding Secretariat, which should be the main actuator of all SEEPAD activities. This question need to be solved very soon. On the contrary, SEEPAD will not meet its establishing aims.

I truly hope that the new management will continue activities for the purpose of achieving even greater successes of SEEPAD.