

PAO GLOBAL DEVELOPMENT REPORT (GDR) ADDENDUM

ILLUSTRATIVE COUNTRY-LEVEL PAO PROFILES

AFRICA REGION

Zambian Institute of Chartered Accountants (ZICA)

ZICA stands as the official body representing all certified accountants in Zambia and strives to be a world class professional accountancy regulator and educator; upholding the highest professional standards in accountancy education and practice. The primary mandate of ZICA is to promote the accountancy profession, through the regulation of accountancy practice and education in Zambia.

Legal and Regulatory Foundation – PAO Enabling Environment

The Zambian Institute of Chartered Accountants (ZICA) was established under the Accountants Act of 1982 (repealed) and continues today by virtue of the Accountants Act (2008). According to this law, ZICA membership is mandatory and is thus open to all accountants in Zambia. The Accountants Act of 2008, Section 12 (1) states that: “A person who intends to be employed or to practice as an accountant in Zambia shall apply to the Institute for registration in the prescribed manner and form upon payment of the prescribed fee.” The Accountancy Act of Zambia may serve as a model for strong legislation enabling of the profession. Through this legislation, ZICA is empowered to undertake all core PAO functions including the establishment of accounting standards (both the public and private sector); establishment of auditing standards; development of the Code of Ethics and the procedures for investigation and discipline of professionals. One significant example of this empowerment being ZICA’s participation in the formulation of the Public Finance Act of 2004, which was a revision of the law relating to the control and management of public finances of the Republic of Zambia and repealing the earlier 1969 Act.

PAO Organizational Capacity

ZICA maintains strong organizational capacity through its professional staff, skilled volunteers and modern structure. ZICA operations are managed by a Council consisting of twelve members – ten of which are elected by members at the Annual General Meeting (AGM) and two are nominated by the Minister of Finance and National Planning. From amongst its Council, ZICA names a President and Vice President. To further PAO operations, ZICA maintains a modern committee structure inclusive of committees to address finance and administration, education and training, technical aspects, public sector issues, audit and risk management, and membership relations. In addition to these committees, ZICA also maintains a few select independent committees to undertake specific functions – these include Disciplinary Committee, Practice Review Committee, and Benevolent Committee. In order to fully separate the education and regulatory functions of the institute, the Council also established two independent boards for education and training as well as standards and regulation.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

To fulfill its remit in preparing capable and competent accountancy professionals to meet the demands of the marketplace and government, ZICA maintains a fully developed Accountancy Program. Introduced in 2007, the ZICA accountancy program works to embody all IESs in the structure and operation of its programming. Following a trend seen in the region, ZICA maintains a tiered system of

education, assessment, practical experience and continuing professional development - each tier and its requirements being specifically designed to meet the needs of a particular echelon of the marketplace. Prior to commencing the Accountancy Program, candidates are required to maintain education equal to university entrance requirements. At the Technical Level, education is comprised of seven subjects that prepare the candidate for clerical accounting work (accounting assistants). At the Licentiate Level, education and training are conducted at the intermediary level and cover eight subjects. This level of certification is intended to prepare students for general accounting work carried out by middle management accounting officers. At the third and final level, ZICA maintains Professional Level designation. The final stage covers five subjects and prepares the candidate for high level advisory accounting work usually carried out by Chief Finance Officers in the organizations. Theoretical education is combined with practical experience. Following successful completion of the Professional Level, the graduate undertakes a compulsory three year practical training program under the supervision of a Chartered Accountant. Then he/she is eligible for Associate membership in the organization, with a view toward Fellow membership having completed sufficient years of membership. The ZICA Accountancy Program and certification is comprehensive and provides candidates with the education and skills to in organizations in the public and private sector. Following professional certification, ZICA members are required to complete 40 hours of CPD per year which is enforced by the Membership Committee.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

ZICA is responsible for the development of a Code of Ethics for its members. As an institute, ZICA adopted the most recent version of the IESBA Code of Ethics for Professional Accountants (effective 2011) as the Code of Ethics to be used by all accountants in the country. As a compulsory component of membership, all ZICA members are required to comply with the IESBA Code of Ethics. To facilitate this, all members are provided a CD containing the IESBA Code of Ethics upon induction in ZIA membership. To ensure proper implementation of the ethical standards, ZICA incorporates ethics presentations into CPD programs for ZICA members to raise awareness about the Code of Ethics including any updates and modifications to the standards.

Support to Adoption and Implementation of International Financial Reporting Standards (IFRS)

ZICA is the entity responsible for approving the accounting standards used in Zambia. Since 2005, ZICA has adopted the use of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (and revisions) without modifications. In application of these standards, Zambia uses a three-tiered financial reporting framework. The degree to which entities are required to apply IFRS depends on which of the three tiers they belong. Under the three tier financial reporting framework, entities are categorized as follows:

No.	Type of Entity	Financial Reporting Framework
1.	Listed Companies, Public Interest Entities and Government Owned Enterprises	Full IFRS
2.	Economically Significant Companies – companies that are not public companies or quoted at the stock exchange market with turnover of K20 billion and above.	IFRS for SMEs or Full IFRS if the Company opts to use it
3.	Micro and Small Entities – entities with Turnover of less than K20 billion	Zambian Financial Reporting Standard for Micro and Small Entities

To further the implementation of IFRS, ZICA has conducted training workshops in IFRS for Small and Medium Entities (SMEs) and the Zambian Financial Reporting Standard for Micro and Small Enterprises as well as training workshops related to New IFRSs and IFRS Updates. Additionally, ZICA works to ensure that all updates to the standards are incorporated appropriately into its Accountancy Program. Finally, to strengthen application of IFRS, ZICA undertakes a system to review and consider the level of application of the IFRS by Zambian listed companies. This function is carried out by its Technical Committee which approves standard review criteria and undertakes the compliance reviews of listed companies.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

The Accountants Act of 2008 gives ZICA the mandate to approve the auditing standards to be used in Zambia. Through recommendations from the Technical Committee, ZICA has adopted all the ISAs and revisions issued by the International Auditing and Assurance Standards Board (IAASB) without modifications. ISA are required to be used by all auditors in the Country in the audit of historical financial information. As ISA are adopted as issued, it is important for ZICA to participate in the IAASB standard setting process. As such, ZICA actively comments on IAASB discussion papers and exposure drafts. To ensure proper knowledge and understanding of the standards and any modifications or additions, ZICA regularly undertakes trainings on this subject. To raise awareness and ensure timely notification to members of any modifications or updates to members, ZICA posts all new auditing standards on the ZICA website to facilitate communication with members. Additionally, ZICA has a section of its Quarterly Accountant magazine dedicated to reporting on modifications/additions to the standards. Finally, as ZICA maintains a system of quality assurance, it seeks to monitor compliance with ISA as part of the Audit Quality Review System which carried out through a collaborative effort between the Association of Chartered Certified Accountants (ACCA) and ZICA's Practice Review Department.

System of Investigation and Discipline (I&D)

The power to discipline members of ZICA rests in the hands of the Disciplinary Committee. This committee was established under the Accountants Act of 2008. The Accountants Act follows the principles of SMO 6; however it deviates from the requirements of the SMO through its utilization of one body – the Disciplinary Committee – to undertake both the investigative and disciplinary function. In all other manners, it follows SMO 6 and includes very specific guidance as to the grounds for a case, initiation of the case, manner in which cases should be heard, the processes of investigation and discipline conducted, and sanctions to be applied. The system is linked to the ethical requirements of the organization and investigates and disciplines members not only for breaches of professional standards, but also for breaches of professional ethics.

Quality Assurance (QA)

ZICA maintains responsibility for reviewing the quality of the services provided by its members who undertake audits of financial statements. Though ZICA maintains its own Practice Review Department, the organization has presently contracted operation of the program to the Association of Chartered Certified Accountants (ACCA) for a period of six years (expiring July 2014). The rationale for this contract was to allow ZICA to gradually build capacity in the area of quality assurance over a medium-longer term with a gradual handover of program operations from ACCA to ZICA as it build capacity. In-line with this concept, in April 2012, the ZICA Practice Review Department took over the reviews of the small and medium sized firms from ACCA as part of this process. ACCA will continue the review of large firms until the expiration of the six year period, by which time ZICA Practice Review Department plans to have developed sufficient internal capacity to perform the reviews itself. Both the ACCA Quality Assurance

(QA) program and ZICA's Quality Assurance QA and training programs for the Practice Review Department embody the requirements of *SMO 1 Quality Assurance*.

Support for International Public Sector Accounting Standards (IPSAS) Adoption and Implementation

ZICA is responsible for approving the accounting standards to be used in Zambia. The Public Sector Committee of ZICA recommends the adoption of International Public Sector Accounting Standards (IPSASs) as issued by the International Public Sector Accounting Standards Board (IPSASB). Presently, the public sector has adopted and is utilizing cash based IPSASs as its basis of accountancy. As IPSASs are adopted as issued, it is important for ZICA to participate in the IPSASB standard setting process. As such, ZICA actively comments on IPSASB discussion papers and exposure drafts. To ensure proper knowledge and understanding of the standards and any modifications or additions, ZICA regularly undertakes trainings on this subject. ZICA actively promotes the adoption of IPSASs by all departments in Zambia's Government. In 2012, this will entail supporting the Accountant General's office to ensure that the road map for adoption of IPSASs is being implemented. As the Accountant General and ZICA continue to promote and support IPSAS implementation, additional donor assistance to strengthen their efforts in raising awareness, education and training, and ensuring achievement of implementation roadmap milestones, could assist in furthering the impact of ZICA efforts and the resulting level of implementation of these standards.

Support to Public Financial Management (PFM)

ZICA maintains a strong orientation toward the public sector and as such plays a key role in supporting PFM throughout Zambia. As an organization its promotion of a certification system geared to produce accountancy professionals which are ready to meet the needs of the public sector demonstrates the role which this PAO maintains in building PFM capacity. Additionally, its remit which includes encouraging and finance research into *any* matter affecting the accountancy profession; protecting and assist the public in *all matters* relating to the practice of accountancy; and advising the Government on matters relating to the economic development of Zambia – solidifies its role as a partner in the strengthening of public financial management and the economy. ZICA and its public sector orientation may be seen as a model for the region as well as the global profession in addressing how PAOs may best contribute to this area.

The Institute of Chartered Accountants of Nigeria (ICAN)

The Institute of Chartered Accountants of Nigeria (ICAN) seeks to be the leading PAO on the continent, pervasive in influence, indispensable in all economic endeavors, whose world class output will consistently provide high value added technical services in the public interest. ICAN is presently the only accountancy body in Nigeria recognized as an IFAC member. As one of the leading professional accounting bodies in the West African sub-region, in 1982, ICAN initiated and contributed significantly to the formation of the Association of Accounting Bodies in West Africa (ABWA). As such, it maintains membership in this IFAC Acknowledged Accountancy Grouping. In fulfilling its mission, the Institute has certified more than 32,000 Chartered Accountants who are engaged in value creation in various sectors of the Nigerian economy. Apart from being in professional practice, ICAN members are engaged in the public service as well as the private sector. In addition to ICAN, the country maintains another PAO, the Association of National Accountants of Nigeria (ANAN). ANAN was founded in 1979, and chartered by Act #76 of 1993 (Now Cap A26 LFN. 2004).

Legal and Regulatory Foundation – PAO Enabling Environment

ICAN maintains legal establishment and recognition by Act of Parliament No. 15 of 1965. According to this act, ICAN is a self-regulatory organization, which is legally responsible for determining the standards of knowledge and skills to be attained by the candidates to ICAN membership, securing the establishment and maintenance of a membership register, and performing through its Council the functions conferred on it by ICAN Act. The main legal text for corporate accounting and auditing practices in Nigeria is the Companies and Allied Matters Act 1990 (CAMA). The Act includes accounting and auditing requirements, all Nigerian Companies being required to prepare financial statements and have them audited every year. CAMA also prescribes the format and content of financial statements. Additionally, Nigeria maintains additional laws and regulations related to the banking sector, insurance sector as well as to those companies publicly listed on the Nigerian Stock Exchange¹. The recent adoption of the FRC Act in June 2011 is significantly modifying the accounting and auditing regulatory architecture in Nigeria by establishing the Financial Reporting Council (FRC), and providing this independent oversight institution with a large range of regulatory responsibilities. In accordance with the FRC Act, the FRC's responsibilities and powers include setting auditing, ethics, private sector and public sector accounting standards in accordance with international standards; investigating and disciplining any breach to the FRC Act or the ethical standards adopted by the FRC; maintaining a register of professional accountants; and establishing a Quality Assurance review system for all audits. Before the adoption of the FRC Act, accounting standard-setting was actually undertaken by the National Accounting Standards Board (NASB) and auditing standard-setting was delegated to the professional accountancy organizations.

PAO Organizational Capacity

With a headquarters in Abuja and 46² district offices, ICAN maintains a strong presence in the country, region and continent. ICAN maintains a well-defined organizational structure which includes a Presidency (and Vice-Presidency) to guide the organization, a Council to carry on the business of the institute, as well as a committee structure to support ICAN core functions (e.g., Professional Practice Monitoring Committee). ICAN maintains numerous technical as well as administrative staff to undertake its activities on a day to day basis and to further the strategic direction set by the Presidency and Council. ICAN maintains six 'faculties' which have been formed to provide technical support to members in areas of specialization include: Audit, Investigations and Forensic Accounting; Taxation and Fiscal Policy Management; Consultancy and Information Technology; Insolvency and Corporate Re-Engineering; Public Finance Management; and Corporate Finance Management. The Faculties bring together experts a particular field and serve the specialized needs of ICAN members. Additionally, ICAN established the Accounting Research Foundation in 1989 and charged it with the responsibility of providing grants in support of research into accounting and related fields to further the development of the profession.

¹ Securities and Exchange Commission (SEC) regulates securities markets participants' activities and their financial reporting under the Investment and Securities Act of 1999 and the Securities and Exchange Commission Rules and Regulations (1999). The NSE, established by the Nigerian Stock Exchange Act of 1961, supervises the securities market operations and regulates the second-tier capital market. The Central Bank of Nigeria (CBN) is the main statutory regulator for banks and nonbanking financial institutions under the terms of the Banks and Other Financial Institutions Act (1991). This Act contains provisions on financial reporting by banks and requires them to submit a audited financial statements to the CBN for approval before publication in a national daily newspaper within four months of year end. The National Insurance Commission (NAICOM) regulates financial reporting practices of insurance companies under the Nigerian Insurance Act of 2003. Audited financial statements are submitted to the NAICOM within 6 months of year-end, and published in a national daily newspaper.

² The Institute has District Societies for effective coordination of the social and professional activities of members in all the sectors of the economy. Currently, there are 46 District Societies, and the Society of Women Accountants of Nigeria (SWAN), which initiates laudable programmes aimed at empowering women in the Accountancy profession. Of these 46 district societies, 44 are in Nigeria while there is one each in the UK and USA.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

Candidates for ICAN membership are required to complete a program of professional accountancy education, three years of practical experience and pass a final level of qualifying examination. The broad education requirements are set in law and ICAN supplements these requirements with detailed standards. The professional accountancy education program is delivered by ICAN as well as universities and other training institutions which are legally required to use ICAN syllabus in their teaching. The Institute conducts two examinations: the Professional Examinations (PE) and the Accounting Technicians' Scheme (ATS) Examinations. Holders of a Bachelor's degree or Higher National Diploma in any discipline obtained from recognized tertiary institutions and holders of the ICAN AAT qualification are eligible to sit the Institute's Professional Examinations. ATS examinations are now being conducted under the auspices of ABWA as ATS West Africa (ATSWA) to enhance mobility of middle level manpower within the West African sub region. Prior to membership, all members are required to complete an 80-hour mandatory practical Technology Competence Initiative (TCI) to accelerate the training of Chartered Accountants the use of Information Technology. In addition, after acceptance into membership ICAN members are required to follow 60 hours of mandatory CPD over a two year rolling period. On a continuous basis, the ICAN Technical Team updates the training curricula in accordance with new and amended IES, as well as updated accounting and auditing standards. Over the past 12 months, key focus areas for ICAN in its efforts to continuously improve accountancy education and training have included promoting International Education Standards (IES) to universities, improving its Practical Experience Requirements, and reviewing skills and knowledge requirements for candidates to membership.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

ICAN is responsible for adopting and implementing ethical requirements for its members. As such, ICAN has incorporated, with modifications, the requirements of the revised Code of Ethics (2011) of the International Ethics Standards Board for Accountants (IESBA) in its own Code during the course of 2010. The differences between the revised 'ICAN Professional Code of Conduct and Guide for Members' and IESBA Code of Ethics are due to local circumstances. In accordance with the IESBA policy, the requirements of the revised 'Professional Code of Conduct and Guide for Members' are no less stringent than the requirements of the revised IESBA Code of Ethics. To further implementation and application in practice, ICAN has updated its pre-qualification program to incorporate courses on the revised ICAN 'Professional Code of Conduct and Guide for Members', updated CPD programs to incorporate training on the revised ICAN Code, and developed and delivered courses on this new code.

Support to Adoption and Implementation of International Financial Reporting Standards (IFRS)

In accordance with the FRC Act and the Decision of the Nigerian Federal Council (Council) of July 28, 2010, publicly listed entities and significant public interest entities are now required to use IFRS in the preparation of their financial statements since January 1st 2012. The Report of the Committee on Road Map to the Adoption of International Financial Reporting Standards (The Committee Report), which was published by the Securities Commission in January 2010, provides the definition of the "significant public interest entities", which include government business entities, banks and financial institutions. All other entities required by CAMA and other laws to prepare financial statements have to use the Statements of Accounting Standards (SAS) issued by the FRC up to when the IFRS, the IFRS for SMEs, or other specific standards, depending on the size of the entity, are adopted by the FRC. In addition to being legally responsible for setting accounting standards in Nigeria, FRC is also responsible for monitoring compliance with the accounting standards.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

In accordance with CAMA and the FRC Act, all financial statements should be audited and all audits should be conducted in accordance with the pronouncements of the International Auditing and Assurance Standards Board (IAASB) which should be adopted by the FRC. In accordance with the FRC Act, FRC is now in the course of establishing an ongoing process for the ongoing adoption of the IAASB pronouncements. The FRC is intending to collaborate with both ICAN and ANAN on the adoption of the International Standards on Auditing (ISAs) in Nigeria which have some experience in this area.

Prior to the adoption of the FRC Act, ICAN, in accordance with CAMA, adopted the National Standards on Auditing (NSAs) and required its members licensed to deliver audit services to use them in the course of their activities. Following the publication in 2008 of a Policy Statement about the adoption of ISAs and the first adoption of a set of the international standards, with modifications, as NSAs, ICAN improved their ongoing standard-setting mechanisms, establishing a committee (Nigerian Auditing Standards Committee) in charge of reviewing Exposure Drafts and issuing the NSAs. As a result, ICAN had adopted clarified ISAs and other subsequent pronouncements issued by the IAASB (with modifications due to local regulatory specificities). ICAN has established ongoing mechanisms for the adoption of new and revised IAASB pronouncements, including the Clarified ISAs and to further assist with the implementation of the standards. To facilitate implementation of the standards, ICAN intends to hold regular seminars to raise ICAN members' awareness of new and revised NSAs, update mandatory CPD programs to incorporate courses on new and revised NSAs, and update pre-qualifications materials to reflect changes to standards.

System of Investigation and Discipline (I&D)

Section 11(3) of the Institute of Chartered Accountants' of Nigeria Act (The Act) creates the Accountants' Investigating Panel and which has the duty of: conducting a preliminary investigation into any case where it is alleged that a member has misbehaved in his capacity as an accountant, or should for any other reason be the subject of proceedings before the Tribunal; and deciding whether the case should be referred to the Tribunal. The Accountants' Disciplinary Tribunal was created by Section 11(1) of the Act and it is charged with the duty of considering and determining any case referred to it by the Panel and any other case of which the Tribunal has cognizance of under the Act. The Tribunal is independent of Council. To implement this legislation, ICAN has implemented mechanisms for investigating and disciplining (I&D) its members for breach of professional standards and misconduct in-line with aforementioned legal requirements and SMO 6. Additionally, ICAN includes an option for accused persons to appeal any decision of the Tribunal. As such, its general structure and orientation follow the key tenets of SMO 6. To raise awareness and ensure that members are educated regarding the function of this system, the Institute has developed activities to further raise member awareness of these mechanisms including the publication of a booklet containing Disciplinary Procedure and Investigating Panel Procedural Rules.

Quality Assurance (QA)

In accordance with the article 8 of FRC Act, the FRC is now responsible for establishing a Quality Assurance (QA) review system. The scope of the QA review system covers the review of compliance with the accounting, auditing, ethics, and other professional standards adopted by the Council. In addition, it includes the monitoring of compliance with the International Standards on Quality Control (ISQC) 1 which shall be implemented by the firms. QA reviews shall be undertaken every year for firms delivering audit services to more than twenty Public Interest Entities and every three years for all other audit firms. QA reviewers shall be hired by the FRC and can access any working documents of the audit firms. In

accordance with the requirements of the FRC Act, the Council can also decide to undertake QA reviews on the basis of the complaints made by the public. The FRC is authorized to use a large range of sanctions, including withdrawal from the register of FRC, in case of confirmed breach of the standards. At this stage, the Compliance staff has no information about the status of implementation of the QA review system of FRC.

ICAN is also in the course of implementing a QA review system for all audits of financial statements undertaken by its member firms. The QA review system defined by ICAN is cycle-based and the professional body plans to review all audit firms every three years. The QA reviews, which started by the end of 2009, are undertaken by ICAN's Practice Monitoring Department which has hired QA reviewers. The first QA reviewers who were hired by ICAN have been trained and provided with tools and checklists for their reviews. QA Reviewers are members in practice with a minimum of 10 years post-qualification experience as well as retired partners of large and medium-sized firms. The scope of the reviews covers compliance with the Nigerian Standard on Quality Control (NSQC) 1, which was adopted by ICAN and is based on ISQC 1. The PAO is assisting audit firms with the implementation of the quality control standards by delivering training on the quality control requirements as part of the Continuous Professional Development (CPD) program.

Support for International Public Sector Accounting Standards (IPSAS) Adoption and Implementation

In accordance with the FRC Act, the FRC has responsibility for setting the public sector accounting standards in accordance with the international standards and should therefore adopt IPSAS in the near future. The FRC has set out a Roadmap to adopt International Public Sector Accounting Standards (IPSASs) from January 1, 2015. ICAN is undertaking some awareness activities and capacity building initiatives on the Road map for effective implementation of the IPSASs.

Support to Public Financial Management (PFM)

As part of its responsiveness to the Nigerian people, the ICAN makes representations to the government on annual budgets, rolling plans and other relevant economic issues. It regularly submits memoranda to the government to enhance policy formulation in the country. It also organizes awareness seminars on economic, tax and other accounting-related issues as part of the Institute's proactive efforts to create awareness and raise compliance levels of economic agents to universally accepted standards and statutory regulations. Through these activities as well as through ICAN's activities to support the adoption and implementation of IPSAS the organization works strongly to support PFM throughout Nigeria. ICAN and its role and responsiveness to the Nigerian people may serve as a model for other PAOs working to orient their activities toward the public sector and to serve as a resource for government.

The Ordre des Experts-Comptables et des Comptables Agréés du Bénin (OECCA-BENIN)

OECCA-BENIN was established on April 27, 2006, in accordance with requirements included in the WAMEU directive number 04/97/CM/UEMOA of November 2, 1997. This marked an especially important milestone for the development of the accountancy profession in Bénin and triggered interest in the development of the profession. In five years, the number of experts-comptables (Certified Public Accountants) registered with the professional accountancy organization has risen by 50%, which constitutes an increase from 30 to 45. Currently, there are approximately 50 registered trainees, who are in the course of completing their practical experience requirements. The awareness building which occurred as a result of the World Bank AA ROSC report in 2009, as well as the support provided by the

World Bank to improve the capacity of OECCA-BENIN and its members with respect to public financial management (2009) and improve the national accountancy education program and ensure it complies with the IES (2010) were very important to the overall development of the institute.

Legal and Regulatory Foundation – PAO Enabling Environment

In accordance with the WAEMU Directive N°04/97/CM/UEMOA of November 2, 1997, OECCA-BENIN was established by the law number 2004-03 on April 27, 2006 (Law number 2004-03). This law addresses the main powers, responsibilities and governance arrangements of OECCA-BENIN, the rights and responsibilities of experts-comptables and commissaires aux comptes, the ethics framework and disciplinary arrangements and the authority of professional standards. The law number 2004-03 also sets specific provisions for the supervision of OECCA-BENIN's activities by the Ministry of Finance, which ensure the legality of the professional accountancy organization's activity. OECCA-BENIN is the only legally recognized professional accountancy organization in Bénin. In accordance with the article 1 of the Law number 2004-03, OECCA-BENIN membership is mandatory and includes experts-comptables, comptables-agrèés as well as accounting/auditing firms. The Law number 2004-03 describes the services OECCA-BENIN members are authorized to provide. It is not compulsory to be a member of OECCA-BENIN to provide taxation services and advisory services in business law.

The Law number 1981-01 of March 23, 1981 established the Accounting National Council (Conseil National de la Comptabilité, CNC), which is accountable to the Ministry of Finance and participates in the regional accounting standard-setting process. The CNC provides technical input to the regional accounting standard-setter and facilitates transposition and implementation of these standards at the national level. At the regional level, the WAEMU Treaty provides the WAEMU Commission with the responsibility of setting the accounting standards for the member States. The WAEMU Council adopted the Regulation number 04/96/CM/UEMOA on December 20, 1996, adopting a specific set of standards, the Système Comptable Ouest-Africain (SYSCO) for all WAEMU member states. In accordance with the WAEMU regulation number 3/97 adopted on November 28, 1997, the WAEMU delegated its accounting standard-setting activities to the Conseil Comptable Ouest Africain (CCOA), which is currently chaired by OECCA-BENIN. When the CNC-OHADA was established in 2008 through an OHADA Regulation (Uniformed Act modified on January 1, 2008), this new body, which is accountable to the OHADA Council, became responsible for accounting standard-setting with respect to the OHADA member states. OHADA adopted the first set of OHADA accounting standards in 2001. The WAEMU adopted the directive 04/97/CM/UEMOA in 1997 and established the Accountancy Profession Permanent Council (Conseil Permanent de la Profession Comptable, CPPC). Since the adoption of a WAEMU regulation in 2009 (Regulation number 01/2009/CM/UEMOA), the CPPC has been responsible for defining auditing, ethics and quality control standards, as well as establishing a register for gathering all professionals of UEMOA countries which facilitates cross-border establishment.

PAO Organizational Capacity

OECCA-BENIN is a young and active professional accountancy organization which is strongly committed to the development of the accountancy profession and the enhancement of accounting and auditing practices. Prior to the establishment of OECCA-BENIN in April 2006, there was no PAO, as such in the country. The accountancy profession was organized and regulated by the Court of Appeal of Cotonou. The Chapter 6 of the Law number 2004-03 supplemented by the internal regulations of OECCA-BENIN set the governance structure of the professional accountancy organization. OECCA-BENIN's governance structure includes a General Assembly, composed of all OECCA-BENIN members, which elects the members of OECCA-BENIN's Board, votes the annual budget of the professional accountancy organization, approves annual management documents, sets membership dues, and addresses any

issues related to the evolution of the Order. Additionally, the governance structure includes a Board, composed of six members – three experts-comptables and three comptables agréés – elected for a three-year term and chaired by a President, manages the professional accountancy organization, represents ONECCA-Bénin in all its acts, and elects the members of the commission of the OECCA-BENIN's register. The Board is also represented by the President, who is elected by the General Assembly among the members of the Board. ONECCA-Bénin has established various commissions (or committees), including an Ethics and Membership Obligations Committee, a Professional Education Committee and a Taxation Committee. As a relatively young organization it maintains a very small staff to support its functions however; it maintains a strong volunteer base which works to support the furtherance of its mission.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

In accordance with the articles 5 and 8 of the Law number 2004-03, candidates who wish to be registered by OECCA-CI as experts-comptables have to fulfill the following obligations: achieve the diploma of expertise-comptable recognized by the government or any diploma judged equivalent; and completing a three-year practical experience requirement. The two diplomas recognized by the Government of Bénin are the French diploma for experts-comptables (Diplôme d'Expertise Comptable, DEC) and the regional diploma for experts-comptables (Diplôme d'Expertise Comptable et Financière, DECOFI), which is developed by the WAEMU. The possibility of obtaining the WAEMU regional diploma was made possible through the enactment of WAEMU regulation number 12/2000 of November 22, 2000. In accordance with this regulation, the related professional accountancy education is organized at the regional level by the Commission Régionale pour la Formation des Experts-comptables et Financiers (CREFEFCF). OECCA-BENIN is also involved in the development of the professional accountancy education program at the national level. In order to obtain the Diplôme d'Expertise Comptable delivered by the French professional bodies, a candidate needs to: follow a five year long professional accountancy education program; complete a first assessment; complete three years of practical experience requirements with a member of the French CSOEC; and pass a final assessment, which includes two written (one in accounting and auditing, and one in ethics) and one oral examination.

The Diplôme d'Expertise Comptable delivered by the WAEMU was developed on the same basis, with the same requirements. It is delivered by local education centres in the WAEMU region and the practical experience requirements needs to be completed with a member of OECCA-BENIN. It commenced in 2008, with the first students having graduated in 2010. As a result, OECCA-BENIN membership is composed at 95% of members who obtained their degree from the French accountancy education system. OECCA-BENIN members are also required by the Law number 2004-03 and the code of ethics of the professional body to complete 48 hours of Continuing Professional Development (CPD) each year. CPD courses are delivered by OECCA-BENIN, which requires its members to submit proof of meeting CPD requirements. Sanctions for non-compliance include exclusion from membership. In accordance with the law, OECCA-BENIN members are also required by the professional accountancy organization to pay annual membership fees and contract civil and professional responsibility assurance in order to be authorized to renew their membership on an annual basis.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

OECCA-BENIN reviewed its relevant ethical texts following the findings from the 2009 ROSC A&A which recommended strengthening ethical requirements. In accordance with the partnership signed on June 2010 between France DDPI and OECCA-BENIN, the Code of Ethics has been revised for full compliance with the requirement of the Code of Ethics for Professional Accountants of the International Ethics

Standards Board for Accountants (IESBA). At the WAEMU level, The World Bank is currently involved in the development of a code of ethics for the eight members of the monetary union based on the requirement of the IESBA Code of Ethics.

Support to the Adoption and Implementation of International Financial Reporting Standards (IFRS)

In accordance with the WAEMU Regulation number 04/96/CM/UEMOA, the OHADA Uniform Act Organizing and Harmonizing Company Accounting Systems of February 22, 2000, and the OHADA Uniform Act Relating to Commercial Companies and Economic Interest Groups of April 17, 1997, entities in WAEMU or OHADA are now preparing their financial statements in accordance with the OHADA standards. The OHADA standards apply to private enterprises, semipublic enterprises, mixed economy companies and cooperatives in Bénin. One of the features of the OHADA accounting standards is related to the existence of three levels of requirements depending on the size of the enterprise. OECCA-BENIN anticipates in the coming months to set up a Joint Committee between OECCA-BENIN and the Ministry of Finance to propose a plan on the implementation and promotion of IFRS for public interest entities of Benin to the CNC in accordance with OHADA review of the Uniform Acts to converge to IFRS for Public Interest Entities.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

In accordance with the OHADA Uniform Act Organizing and Harmonizing Company Accounting Systems of February 22, 2000, and the Uniform Act Relating to Commercial Companies and Economic Interest Groups of April 17, 1997, audit of financial statements is mandatory for all corporations and for limited liabilities that exceed specified thresholds. In accordance the WAEMU Banking Law and the CIMA Code, audit of financial statements of Banks, financial institutions and Insurance Companies is mandatory. Pursuant to the national regulations, audit of financial statements is reserved to experts-comptables, members of OECCA-BENIN. At this stage, the regional and national regulations do not set the specific standards statutory that auditors are expected to follow in the course of their activities. As mentioned above, the CPPC has responsibility for adopting auditing standards at the regional level but would need to make further progress in this respect and require the use of specific requirements. Therefore OECCA-BENIN, through its internal regulations, has required that statutory auditors follow the ISAs for statutory and contractual audits. In addition, in accordance with 2009 ROSC A&A recommendation N° 66 on ISA adoption, OECCA-BENIN seeks to promote to Government the necessity of legally adopting ISAs as national auditing standards.

System of Investigation and Discipline (I&D)

Article 38 of Law 2004-03 establishes the powers and responsibilities of the National Chamber of Discipline of OECCA-BENIN, which is responsible for judging and sanctioning members of the professional accountancy organization in case of misconducts and breaches of professional and ethics standards. The investigation & disciplinary (I&D) processes are investigation and complaints based, and are overseen by a Magistrate delegated by the Ministry of Justice. Respondents may appeal decisions of the Commission to the Administrative Chamber of the Supreme Court. Decisions from the Commission are notified to the Ministry of Finance, the Public Prosecutor, to the WAEMU Conseil Permanent de la Profession Comptable by the President of the Council. Additionally, decisions are published in the country's legal newspaper. Generally, OECCA-BENIN's system has been designed and developed in-line with SMO 6; however, in regards to its operationalization, the low number of cases heard may necessitate additional awareness building activities amongst the membership to ensure that they are both aware of the system and their rights to utilize its functions.

Quality Assurance (QA)

At this stage, no Quality Assurance (QA) review system has been established in OECCA-BENIN. The World Bank is currently financing a project for the implementation of a QA review system in the West African Economic and Monetary Union (WAEMU) countries. Anticipating the subsequent tools and guidance on ISQC 1 (guidance, soft, hard, publications, questionnaires, templates, technical solutions, etc.) developed by the selected Consultant which is France Département pour le Développement des Partenariats Internationaux (DDPI), and on behalf of WAEMU, OECCA-BENIN set up a first module of training session on ISQC 1 to sensitize members. Further to this sensitization/information session, OECCA-BENIN set up a mentoring program and mentors were nominated to assess and advise firms on how to improve practices and management. This has helped to raise awareness of quality control and assists firms members in implementing quality control standards in accordance with best practices. In respect to the ROSC Accounting & Auditing recommendations on Quality Assurance, OECCA-BENIN is presently advocating for the adoption of International Standard on Quality Control 1 (ISQC) 1.

Support for International Public Sector Accounting Standards (IPSAS) Adoption and Implementation

International Public Sector Accounting Standards (IPSAs) are not in use in Benin. In accordance with WAEMU Regulation number 09/2009/CM/UEMOA, WAEMU is responsible for setting the public sector accounting standards for the WAEMU member states. The public sector accounting standards issued by the WAEMU and implemented in Bénin are not set in accordance with the International Public Sector Accounting Standards (IPSAS). The PAO is planning to further raise WAEMU's and the Government's awareness of the International Public Sector Accounting Standards Board (IPSASB) along with the new and revised IPSAS. OECCA-BENIN plans to inform public authorities regarding IPSASB works through literature in French on public sector accounting standards and will provide additional updates when available. At the level of the WAEMU, there are early plans for the IPSAS to be implemented in the member countries of the Union by 2015. In accordance, two members of each PAO in each WAEMU country received training on IPSAS with additional trainings to be organized at the national level.

Support to Public Financial Management (PFM)

In 2010, OECCA-BENIN received a grant from the World Bank to reinforce its capacity with respect to public financial management and assist its members with public sector accounting by means of training. Through this grant, OECCA-BENIN organized seminars and trainings to assist its members in having a better understanding of public budget, finance and legal framework, and to assist the government in enhancing accountability and transparency in public sector accounting. Additional support of this nature may help to further the capacity building in the areas of accountancy and financial management among the public sector.

Ordre des Experts Comptables de Tunisie (OECT)

The Institute of Chartered Accountants of Tunisia is a professional organization established in 1983 as an organization bringing together professionals authorized to practice the profession of accountant in Tunisia. OECT undertakes significant international engagement and maintains IFAC membership and representation in many international organizations including: FIDEF, and Mediterranean Federation of Accountants (FCM), the Arab Federation of Accountants and Auditors (AFAA), and the Intergovernmental Working Group of the United Nations.

Legal and Regulatory Foundation – PAO Enabling Environment

The exercise of the profession of accountancy in Tunisia is established and governed by several legal texts which outline the framework for the profession and include: the organization of the profession and the operating procedures of the OECT (Law 88/108 of 08/18/88 & Decree 89/541 of 25/05/89); professional duties (decree of 26/07/91); revision of the accounts of public enterprises (Decree 87/529 of 01/04/87); legislation regarding fee schedule (decree of 12/10/84 - 28/02/2003 - 24/09/2003).

PAO Organizational Capacity

OECT is governed by a Board and maintains headquarters in Tunis. OECT operates under the Ministry of Finance with the Ministry maintaining representation in OECT through the appointment of one Commissioner to the organization. OECT maintains a small, but suitable sized staff which maintain technical expertise. OECT draws considerable support from its volunteers who actively work to promote the goals of the organization. OECT undertakes strategic planning and maintains a formal mission and vision statement. Through these, the OECT works to ensure the operation of the accounting profession, work to enforce the rules and obligations of the profession, and defend the honor and independence of the profession. OECT also maintains a Council and Executive Council (Privy Council). In addition to these entities, the OECT maintains the following committees: Control Commission; Chamber of Discipline: Development Commission of the Profession; Commission of Education and Training / Internship Comptroller General; Committee on Standards, Ethics and Conduct; Legal Commission; Commission of the Registration; Conciliation and Arbitration Commission.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

In Tunisia, the Ministry of Education has responsibility for adopting the pre-qualification education requirements. Universities are responsible for delivering the professional accountancy programs and OECT cooperates with them to update and continuously improve the syllabus. Candidates for OECT membership must complete a practical experience requirement as well as a final assessment of the individual's professional capabilities and competencies. The practical experience requirement mandates at least 3 years of practical experience be achieved. OECT supervises, controls and approves this training period. In regards to assessment, a committee charged with the final assessment consists of members from the OECT and representatives of the Ministry of Higher Education – together they work to create a national professional examination. OECT is in the course of adopting CPD requirements, delivering CPD courses and implementing monitoring mechanisms to ensure compliance with these requirements. Presently, OECT is has drafted and is working to achieve regulation on CPD requirements in accordance with International Education Standards (IES) 7, Continuing Professional Development. The proposed CPD system intends to follow an input-based approach and, in accordance with the new requirements: (a) OECT members shall accumulate a minimum of 120 hours over a three-year basis; (b) of the 120 hours required, a minimum of 60 hours must be verifiable learning; (c) member shall retain documentation to provide sufficient evidence to demonstrate their compliance with the CPD requirements.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

OECT has responsibility for drafting the ethical requirements with regards to its members. OECT adopted a French translation of the version of the IESBA Code of Ethics (issued in June 2004), which was performed by the European Union. Additional ethical requirements for accountants are set in various Tunisian Laws, such as the Law 88-108 which established the OECT, the Financial Securities Law or the Companies Law. OECT is now in the process of adopting, with limited modifications, a French translation of the revised Code of Ethics which was done by the French member bodies, Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC) and the Compagnie Nationale des Commissaires aux Comptes

(CNCC). The professional body will also monitor the issuance of the French translation of the amendments from the International Ethics Standards Board for Accountants (IESBA) and is planning to further support the implementation of the standards. In light of these efforts to strengthen alignment with international ethical standards, additional donor support to OECT as it works to incorporate the most recent version of the Code of Ethics could greatly aid the process of adoption and implementation of the standards. In addition, technical assistance to support training and guidance to professional accountants in the application of the Code of Ethics could greatly improve standards implementation and the ethical behavior of professionals in practice as well as the overall quality of financial reporting.

Support to Adoption and Implementation of the International Financial Reporting Standards (IFRS)

The national accounting standards are set in law. The Conseil National de la Comptabilité (CNC) has responsibility for issuing the standards (Système Comptable des Entreprises) and International Financial Reporting Standards (IFRS) have not been adopted in the country. OECT participates in the activities of the accounting standard-setter and promotes the adoption of IFRS. In the coming months, OECT plans to develop a document detailing fiscal impacts of IFRS Implementation and present this to facilitate discussion on the subject of possible IFRS adoption and implementation in Tunisia. Additionally, to raise awareness and also to educate its membership, OECT undertake seminars and trainings as well as reviews its CPD program, in order to provide a full range of courses and conferences to help OECT members developing the knowledge they need to plan and execute a successful transition to IFRS (once adopted), and to understand the technical intricacies of these standards. Additional support to OECT, standard setters, and the government may facilitate the decision-making process.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

According to a Decree of the Ministry of Finance, the auditing standards to be used in Tunisia are the ISAs. OECT has responsibility for drafting the auditing standards whereas the Ministry of Finance is responsible for approving them. The Professional body adopted the ISAs published by the IAASB as of 2008 and translated to French language by the Institut Canadien des Comptables Agréés (ICCA) in 2009. In the coming months, OECT will be working to review and enhance auditing standards so as to incorporate the updated Clarified ISAs. In light of these efforts to strengthen alignment with international standards, additional donor support to OECT as it works to incorporate the most recent version of the ISAs could greatly aid the process of adoption and implementation of the standards. In addition, technical assistance to support training and guidance to professional accountants in the application of ISA, new additions to the standards, common challenges and particular issues surrounding the application of the standards for SMP practitioners could greatly improve standards implementation and enhance the level of quality of financial reporting.

System of Investigation and Discipline (I&D)

According to the Tunisian law, the Control Committee is in charge of overseeing compliance by all members with the rules, regulations and standards of the profession. In case of an infringement, it passes the matter / complaint to the Disciplinary Chamber of OECT, whose procedures are defined by the OECT. In Tunisia, the representatives of the Justice Ministry and the Finance Ministry also have responsibility for investigating and disciplining accountants. In general, the investigation and discipline mechanisms of the OECT Disciplinary Chamber incorporate the major elements set out in SMO 6. In the coming years, OECT plans to incorporate the remaining requirements of SMO 6 into the I&D mechanisms and raise its members' awareness of these procedures. In 2009, OECT undertook a review to compare the current Investigation & Discipline (I&D) mechanisms with SMO 6 requirements to fully understand where modifications and improvements would be needed. As OECT utilizes this information

to strengthen its system, additional donor support to assist in considering where adjustments and modifications need to be made in order to align with SMO 6, undertaking implementation of recommended actions, as well as providing support to the piloting of the new system may facilitate the design and development of a strong system of I&D in-line with international standards. Additionally, seeking to unite OECT with a PAO which operates a more established system of I&D may present an effective and efficient manner for supporting the development of the OECT I&D system.

Quality Assurance (QA)

In accordance with the law 88-108, the Control Committee has established a Quality Assurance (QA) review system and undertakes QA reviews of OECT members. Although the Control Committee is formally independent from Ordre des Experts-Comptables de Tunisie (OECT), the body includes OECT members and is supported by OECT Secretariat. The QA review system of the Control Committee needed to be slightly modified to incorporate all the requirements of SMO 1. OECT and the Control Committee are currently working on the improvement of the QA review system and promote the development of a complete public oversight system. Additional donor support to further development of the Control Committee in a manner coordinated with further development of OECT membership in the area of quality control may further OECT and the Control Committee's efforts to design, develop and operate a system of quality assurance in line with international standards and best practices. Additionally, seeking to unite OECT with a PAO which operates a more established system of QA may present an effective and efficient manner for supporting the development of Tunisia's QA system.

Support for International Public Sector Accounting Standards (IPSAS) Adoption and Implementation

The Ministry of Finance has responsibility for adopting public sector accounting standards and has not adopted the International Public Sector Accounting Standards (IPSAS). In furtherance of SMO 5, OECT works to promote IPSASs to the appropriate Government authorities and raises awareness of the importance of IPSAS through the organization of trainings, workshops and conferences. Additionally, OECT supports IPSAS through participation in the IPSASB work program.

Support to Public Financial Management (PFM)

Additional support and assistance to OECT as it works to enhance its orientation to the public sector and explore what role it may have in furthering PFM may greatly advance the impact it may have in furthering public sector accountancy and PFM more generally.

ASIA – PACIFIC REGION

Institute of Chartered Accountants of Bangladesh (ICAB)

The Institute of Chartered Accountants of Bangladesh (ICAB) was established in 1973 by Presidential Order and holds as its mission to provide leadership in the development, enhancement and coordination of the accountancy profession in Bangladesh in order to enable the profession to provide services of consistently high quality in the public interest. The structure of ICAB is modeled after the Institute of Chartered Accountants of England and Wales (ICAEW) due to strong historical ties between the two institutes. In addition to ICAB, there is also the Institute of Cost and Management Accountants of Bangladesh (ICMAB). ICMAB is responsible for issuing cost accounting and cost auditing rules which are mandatory for companies in Bangladesh to follow. The focus of ICMAB's activities is in the area of cost and management accountancy. Both ICAB and ICMAB maintain membership in IFAC, CAPA and SAFA.

Within Bangladesh, there have been some significant projects financed by donors such as ADB, World Bank, USAID and DFID, to strengthen institutional capacity in core areas of economics and public administration. In recent years, the World Bank has been a major player in the strengthening of ICAB and ICMAB as well as other central regulatory agencies.

Legal and Regulatory Foundation – PAO Enabling Environment

In regards to the legal and regulatory foundation enabling accountancy and the work of PAOs, the Bangladeshi Companies Act of 1994 provides the basic requirements for accounting and reporting applicable to all companies incorporated in Bangladesh. Additionally, for certain sectors of the economy (e.g., banks, listed companies, insurance) there are specific regulators and regulations guiding their financial reporting³. ICAB is accountable to the Ministry of Commerce through the Presidential Order in 1973 and is the standard-setter for Bangladesh. Presently, there is no functioning independent oversight board to oversee the audit profession. Generally, the legal and regulatory framework permits the ICAB to undertake core functions including quality assurance, standard setting, certification, and investigation and discipline of members. In regards to public sector standard setting, the auditor-General and Accountant-General maintain legal authority for this activity.

PAO Organizational Capacity

ICAB has a charter that sets forth the structure and responsibilities for its activities. There are seven standing committees and 17 non-standing committees that report to the Executive Committee. Committee members serve for three-year terms. All standards recommended by the Technical and Research Committee must be approved by majority vote of the Executive Committee. All committees are staffed by volunteers who are active in the ICAB. Additionally, there is a strong membership base to furthering the sustainability of the organization. This can be seen through its long existence (est. 1973) 1973.

³ In Bangladesh, the SEC Rules of 1987 and 2000 regulates listed companies; the Bank Company Act of 1991 authorizes Bangladesh Bank to regulate financial reporting for Banks; and the Chief Controller of Insurance is authorized under the Insurance Act of 1938 to regulate financial reporting for insurance companies.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

The professional certification scheme of ICAB, begins with entry criteria being achievement of university degree, followed by mandatory practical training requirement. This requirement can be fulfilled by seeking experience under any Chartered Accountant (CA) firm. In addition to practical experience, candidates for membership in ICAB should participate in accountancy education courses throughout the course of their practical experience. These courses are provided by ICAB and provide a sound base of professional education. Finally, upon completion of coursework and practical experience, candidates are required to pass professional assessments (i.e., exams) to attain certification. After passing the three-layers of examinations of the Institute: (1) Professional Stage Knowledge Level, (2) Professional Stage Application Level and (3) Advanced Stage; a candidate is eligible for the membership of the Institute as an ACA (Associateship). Fellowship (FCA) membership in the ICAB is offered to members having at least five years post-associateship experience, maintaining a minimum of 60 CPD credit hours and fulfilling relevant other requirements. ICAB has undertaken efforts to strengthen its professional certification scheme in recent years. In 2009, the curriculum of ICAB was revised utilizing the curriculum of the ICAEW as a model.

ICAB developed a Board of Studies (BOS) upon the inception of the Institute to guide the education, development and training of members. Following this initiative, the Directorate of Studies (DOS) was assigned to perform the education activities as guided by the BOS. In 2010, the Learning and Professional Development Department (LPDD) was introduced as an outcome of ICAB's twinning project with ICAEW. As such, the DOS was replaced by LPDD which now performs all activities relating to education and CPD within the institute. The LPDD also performs all other activities which were within the scope of the previous BOS.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

Initially, ICAB defined its own Code of Ethics, however; in later years, the institute has adopted the IESBA Code of Ethics as its own. The adoption of the 2008 IESBA Code of Ethics has been published and disseminated to all members; however, the degree to which the current code in practice is aligned with the most recent version of the Code (2011) is uncertain. It should be noted that ICAB does maintain a process for monitoring developments and amendments to the IESBA Code, so that they can be incorporated into ICAB's Code on a timely basis. To further facilitate implementation, ICAB has conducted a number of CPD seminars and workshops for building awareness on compliance with the Code of Ethics by all members.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

ICAB is responsible for the adoption and implementation of IFRS in Bangladesh. As such, ICAB has been undertaking a convergence process to move toward IFRS. It also updates these standards as an ongoing process. The Technical Department of the Institute is actively working with the Technical and Research Committee (TRC) to manage, undertake, and ensure successful process of convergence. To ensure order, an established due process has been developed and guides convergence. ICAB has adopted IFRS as the Bangladesh Financial Reporting Standards and published accordingly. The TRC reviews whether the Financial Reporting and Accounting Standards need to be converged or updated every year on the updates of the IFRS publications. In regards to IFRS for SMEs, the BFRS for SMEs was published by ICAB in June 2011 and are essentially the adopted version of IFRS for SMEs with few modifications. To further implementation, ICAB undertakes training and educational activities as well as working to ensure that the standards and any updates are included in assessment and CPD materials.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

ICAB maintains responsibility for setting auditing standards. The TRC adopts ISAs as Bangladesh Standards on Auditing (BSAs) with limited modifications that are necessary due to local laws. ICAB has been undertaking convergence with ISAs since 1998. ICAB also updates these standards as part of an ongoing process to ensure timely inclusion of modifications and additions to the standards. As with the process of IFRS, an established due process is maintained for such convergence. The TRC reviews whether the ISAs need to be updated yearly based on the updates of the IAASB. ICAB's project to adopt the Clarity ISAs was completed in 2009, even before the publication of the BSAs, which were later prepared on the basis of the adopted Clarified ISAs. With a view to ensuring proper implementation of the standards, ICAB has been organizing training, seminars and workshops on an ongoing basis as well as working to incorporate standards and their modifications into assessment.

System of Investigation and Discipline (I&D)

ICAB has an Investigation and Disciplinary Committee (IDC) which performs the functions assigned to it under ICAB's by-laws and any other relevant functions delegated by the Institute Council. The Committee has its own working procedures to conduct the investigation process and to take discipline measures. The Committee is presently operational with ICAB noting its completion of 17 cases in 2010. Currently, the Institute Council is working on revising the rules governing the functioning of the Committee to enhance their alignment with the requirements of SMO 6. The by-laws of the Institute will be modified accordingly.

Quality Assurance (QA)

ICAB formed a Quality Assurance Board (QAB) in 2004 to guide the development of the quality assurance function within the institute. This QAB has been carrying out its assigned tasks in a planned and systematic manner. The quality assurance system was set up with the support of a twinning project with ICAEW to provide technical support for capacity building of ICAB members and firms. To undertake quality assurance activities, ICAB created a Quality Assurance Department (QAD). Presently, QAB monitors and guides the activities of QAD related to quality assurance in accordance with SMO 1. Following a phased approach in introducing quality assurance, in 2008 and 2009, the Institute adopted and published ISQC 1 as BSQC 1 and an Audit Practice Manual and disseminated these to all of its practicing members. In 2010, the institute commenced quality assurance reviews of firms with listed clients and has been gradually extending the scope of its reviews to all other practicing firms licensed by the institute. Through a true mentoring relationship, ICAB maintains on-going dialogue and discussion with ICAEW and receives ongoing advice and guidance in the area of quality assurance. To continue to support the implementation of its system of quality assurance, the institute conducts many workshops and seminars on quality assurance issues.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

Bangladesh has passed legislation in regards to IPSAS adoption and maintains a process to adopt IPSASs. As such, ICAB has recently formed a separate *Committee on Public Finance and Public Sector Accounting* to perform defined activities and further support the convergence of IPSASs in Bangladesh. The Committee has taken first steps in discussing with relevant government authorities, especially the Auditor-General, the convergence procedures. By the Country's Constitution, the Auditor-General has the responsibility for issuing standards for the public sector. Through its SMO Action Plan, ICAB has noted its strong efforts in conduct training session for Officers of the Accountant and Auditor General in

the area of IPSAS, as well as efforts to formulate an IPSAS Transition Team involving government officials and relevant stakeholders.

Support to Public Financial Management (PFM)

ICAB has recently established a committee to deal with the public sector. As the Institute has no mandate to cover the public sector, plus the institute members are primarily private sector focused, there is little capacity relating to the public sector. However, recent efforts show the Institute's ability to engage in dialogue and the Institute is trying to establish contacts with the appropriate government bodies and officials to establish a working relationship. ICAB has starting training classes and workshops covering public sector issues involving accounting and auditing for government staff.

Fiji Institute of Accountants (FIA)

The FIA was subsequently established in 1971 and now has approximately 720 members of which 31% are Chartered Accountants. Today, the FIA esteems to be an internationally recognized professional body in Fiji, promoting the accounting profession, developing highly-respected world-class accountants, and providing leadership. FIA has been a member of IFAC since 1977 and is also a member of CAPA. In comparison to other Pacific Developing Members Countries (PDMCs), Fiji is not heavily aid-dependent. With the various coups over the years and not a very stable political environment, many assistance projects were disrupted, curtailed or suspended. The 1987 turmoil triggered an exodus of professionals from the public sector. In order to address this issue to strengthen public sector financial management, significant efforts were made to professionalize the government accounting cadre. In 1998, the Institute of Public Sector Accountants of Fiji (IPSAF) was established. IPSAF convenes an annual conference and provides some support for professional training activities for its members. In regards to current donor assistance efforts, the ADB along with New Zealand and Australia, have continued to provide technical assistance in various sectors – including financial sector. In Fiji the IMF manages the Pacific Financial Technical Assistance Center (PFTAC) which is funded by ADB, AusAID, IMF, NZAID and UNDP.

Legal and Regulatory Foundation – PAO Enabling Environment

Organization of the profession in Fiji began with the establishment of the Public Accountants Registration Board in 1963 to register and supervise professional accountants. Due to its limited supervisory powers, it was not especially effective in the overall development of the profession. In response to the advocacy from practicing accountants, the government approved the Fiji Institute of Accountants (FIA) Act of 1971 which expanded the role of the professional organization to exercise control over the training, education and examination of professionals, determine the qualifications of persons for admission to membership of the FIA, and to grant or issue diplomas or certificates to members of the Institute. Additionally, the FIA is responsible for setting accountancy standards in Fiji (except for the public sector standards). They have no mandate for the public sector. In addition to the standards set by the FIA, for certain sectors of the economy (e.g., banks, listed companies, insurance) there are specific regulators and regulations guiding their financial reporting⁴.

⁴ Relevant financial legislation includes: Companies Act of 1984 – Registrar of companies administers this Act, Capital Markets Development (CMD) Act of 1996 – Administered by the Capital Markets Development authority, Public enterprise Act of 1996 – Ministry of Public Enterprises and Public Sector Reform administers this Act, Reserve Bank of Fiji (RBF) Act of 1983 – RBF administers the RBF Act, Banking Act of 1995 – RBF administers this Act, Insurance Act of 1998 – RBF administers the Act.

PAO Organizational Capacity

A nine member Council governs the Institute and provides for the direction of activities under its remit. To further the core functions of the organization, the FIA has established various committees to address the topics that that FIA is responsible for under its mandate. Although FIA is responsible for setting standards, the Council has final say and approval of standards. FIA sustains its operations through admission and membership fees as well as through the organization of the FIA Annual Conference – a landmark event for both public and private sector accountancy professionals in Fiji. Despite its small size and limited resources, the Institute has developed into a strong and effective professional body. However, the accountancy profession in Fiji is facing two major challenges. First, the continued emigration of qualified accountants has considerable social and economic implications, but it also affects the FIA's ability to maintain critical mass and limits the institute's resources. Second, globalization has brought about major changes in professional requirements and in accounting and auditing standards. In order to respond to these challenges with their limited resources, FIA has developed a four year corporate plan to serve as a roadmap in moving forward.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

There is a high demand for accountancy education in Fiji due to recent emigrations. The Fiji accountancy education infrastructure has three key components – the University of the South Pacific, the Fiji Institute of Technology and the Fiji National Training Council. Applications for admission as Chartered Accountants or provisional members/associate accountants must demonstrate that they have completed a full three-year Bachelor's degree including 20 specified units. Applicants for full Chartered Accountant membership must also complete at least three years of practical experience of which at least two years have to be gained under supervision of a qualified mentor who is a Chartered Accountant with at least four years practical experience after being admitted as a Chartered Accountant. Mentor practical experience will need to demonstrate experience gained in at least three out of six areas, with in-depth experience of at least one. Those members who wish to advance to full Chartered Accountant must also provide evidence of successful completion of the compulsory segments of the CPA Australia program or alternatively, four units of the accredited units of the Post Graduate Diploma in Professional Accounting offered by the University of the South Pacific, two of which are compulsory units. Since 2004, FIA has engaged services of independent professional academics to review the quality of tertiary education being provided by those education institutions from which the Institute principally draws its members. The latest review was conducted in 2011. The FIA does not currently propose to introduce a final assessment before admission to full Chartered Accountant membership as recommended in IES 6. During the past ten years the Professional Development Program organized by the Institute has provided members an opportunity to complete at least 30 hours of CPD and in the past five years an average of 40 hours annually.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

Following the issuance of the IESBA Code of Ethics in 2005, the FIA adopted the 2005 edition to be effective July 2008 for its members. In 2011, the Institute completed a review of the latest version of the Code and adopted the 2011 version in 2012. As the FIA has recently undertaken new adoption of these standards additional support may be especially helpful to their efforts to educate and raise awareness amongst their membership of the requirements of this version of the Code of Ethics as well as to provide local examples for applying the Code in practice.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

The FIA has adopted all the IFRSs commencing on or after January 1, 2007 for all listed and other publicly accountable accounting entities. FIA has adopted the IFRS SMEs as of January 2011 and held workshops in 2010 and 2011 on the SME standards in furtherance of their implementation. The Institute has identified a trainer who will be responsible for identifying and training a number of additional trainers so as to multiply the capacity for IFRS education and training with a view toward strong application in practice.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

The Fiji Accounting and Auditing Standards Committee completed a review of the ISAs in October 2001 and produced a set of Fiji Standards on Auditing comprising 37 Fiji Standards on Auditing and nine Fiji Auditing Guidance Statements based on the International Auditing Practice Statements. In July 2008, the FIA adopted all the IAASs in accordance with its obligation as member of IFAC. The Institute reviewed the finalized set of Clarified Standards issue in 2009 and has adopted the Clarified Standards effective for January 2011. The FIA seeks to continuously monitor the work of the IAASB to ensure incorporation and updating of auditing standards in a timely manner. Additionally, in support of ISA implementation, the FIA regularly undertakes education, training and seminars on the topic of ISA application.

System of Investigation and Discipline (I&D)

The Investigation and Discipline Committees of FIA are established by the FIA Act (Cap 259). The Act requires that the members of the two committees be appointed from among FIA members. Of the five members of each committee, three are required to be appointed from the Council and two from those who are non-Council members. The powers of the Committees are set out in the FIA Act. A set of draft amendments to the FIA Act was considered and endorsed by the FIA membership at a general meeting held in April 2006. The amendments were submitted to the Fiji Cabinet in June, 2006 and endorsed in November 2006 for presentation to Parliament at the following February sitting. However, Parliament has not met since 2006 and therefore, no action on the amendments. Additional support to further the efforts of FIA and strengthen its system of investigation and discipline could greatly enhance the function of this PAO. Technical assistance aimed at simplifying the legal and regulatory requirements for modifications to the investigation and disciplinary function could greatly enhance the timeliness of incorporations of international standard and best practices into the current system of investigation and discipline.

Quality Assurance (QA)

In January 2011, FIA has adopted ISQC 1 and the Clarified Auditing Standards developed by IAASB. These standards represent the foundation upon which a strong quality assurance program can develop. Presently, FIA has an independent Surveillance Panel responsible for the quality review of audits of public interest entities, including all listed companies - indirectly of the members undertaking those audits. Selection of review audits is at the discretion of the Panel and the system embodies many of the aspects of SMO6. Additionally, there is a requirement for independent review of audit practitioners and in-line with this requirement and with SMO 6, FIA proposes to further build the capacity of its quality assurance program and increase staff dedicated to servicing this function.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

The FIA has no authority over the public sector and therefore, cannot mandate the adoption of the IPSASs. The Fiji government is currently considering a report prepared by an IMF consultant which advocated the cash basis of accounting for government. If the government adopts the report, FIA may have an opportunity to support the implementation of the cash basis of these standards.

Support to Public Financial Management (PFM)

Presently, the FIA maintains little orientation toward the public sector and as such is not generally involved in activities supporting public financial management. However, as the FIA maintains strong organization and has emerged as a leader in the area of accountancy, it has the ability to play a key role in the support of PFM activities. Additional assistance in this regard would be needed to facilitate the development of committees, education and training, and support to PFM.

Indonesia Institute of Accountants (IAI)

Established by the first local accounting graduates in 1957, the Indonesia Institute of Accountants (IAI) faced immediate problems when demand for accountancy services collapsed in the 1960s. Economic liberalization renewed development momentum in the 1970s, but it was not until the mid-1990s that IAI standards and practices approached international norms. Today, IAI has matured into an internationally respected professional institute. Its 8,000 members, of whom 65% reside in Jakarta, comprise accountants from public practice, management, government and academia. IAI maintains membership in IFAC as well as AFA. In addition to IAI, Indonesia maintains the Institute of Public Accountants (IAPI). This PAO maintains roughly 1200 members and will be seeking membership in IFAC in the coming years. Throughout the years, there has been significant support for accountancy development and public sector reforms with the ADB, World Bank, AusAID and USAID providing funding for accountancy development projects, strengthening of accountancy education and certification programs, financial governance reforms civil service reforms, auditing reforms as well as capacity building.

In 1997, IAI introduced the Public Accountant Exam (USAP) and Public Accountant Qualification (BAP) which are recognized by the Ministry of Finance.

Legal and Regulatory Foundation – PAO Enabling Environment

There is no formal law which established the IAI. However, more generally the accountancy profession is governed by The Use of Accountant Title No. 34 (1954) Law. The Ministry of Finance is responsible for administering this law. Additionally, there is a new accountancy law that was passed by Parliament on May 3, 2011 (Law No. 5 of 2011) called The Public Accountants Bill – however, the full impact of this legislation is yet to be seen. IAI maintains legal responsibility for issuing financial accounting standards. To achieve this, IAI maintains The Financial Accounting Standards Board with responsibility for drafting accounting standards. A sister organization – Indonesia Institute of Public Accountants (IAPI) is responsible for issuing the Auditing and Ethics Standards. There is strong coordination between the two institutes. Similar to IAI, IAPI is also accountable to the Ministry of Finance. In addition to the standards set by the IAI and IAPI, for certain sectors of the economy (e.g., banks, listed companies, insurance) there are specific regulators and regulations guiding their financial reporting⁵. In Indonesia there is a

⁵ Other laws related to financial management oversight in Indonesia consist of the following laws: Indonesia Company Law No. 40 2007 – this requires annual financial statements in accordance with standards recognized by the government, Capital Market Law

need to modernize and update the legal and regulatory framework to strengthen the accounting profession and eliminate confusion (e.g., overlapping oversight functions between institutions). Although there has been progress over the past decade, additional donor support to this area could greatly enhance the clarity, roles and responsibilities and impact on overall quality of financial reporting.

PAO Organizational Capacity

IAI maintains a governing board and various committees to deal with emerging and ongoing issues facing the accountancy profession. Most notable amongst its committees and board is the IAI Financial Accounting Standards Board which facilitates the drafting of accountancy standards for approval by IAI and the Ministry of Finance. Operating mainly through volunteer efforts, the Board faces challenges in terms of resource constraints and the convergence of Indonesia standards with IFRS. To meet the needs of rapidly growing economy as well as support IFRS convergence, IAI may need to strategically plan its orientation going forward. IAI has already take the first steps in this regard through its development of an SMO Action Plan, however; additional technical assistance to IAI to strengthen its operations to meet the demands of the marketplace may greatly enhance the effectiveness and efficiency of its operations and further its contribution to financial sector development and economic growth.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

Effective in 2004, only those accountants, who graduate university with a focus in accounting (minimum of 144 credits) and undertake the Professional Accounting Education Program (PPAk)⁶ conducted by accredited universities, may earn an “accountant designation” and obtain a State Registered Accountant Certificate. A university or college must be recommended by IAI and licensed by the Ministry of Education in order to deliver the Professional Accounting Education Program. The IAI Committee on Evaluation and Recommendations of Professional Accounting Education (KERPPA) reviews the recommended PPAk program. Based on KERPPA recommendation, the directorate of Higher Education endorses the PPAk program at the respective university. The university must then comply with the KERPPA approved syllabus. No further education or training is required of the accountants unless they wish to practice as auditors – in which case additional educational requirements apply. Under IAI membership requirements, members are required to achieve aforementioned accountancy education, pass a professional assessment and comply with CPD requirements. For a member in public practice, a total of 30 credits per year must be obtained. When a member is not in public practice, the requirement is for 15 credits per year. All public accountants must submit statements regarding their CPD credits during the year to the Ministry of Finance by the end of January of the subsequent year in order to maintain their license. IAI organizes training programs for their members to enable them to comply with the CPD requirements and to enhance their role as competent and capable professionals.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

IAPI is body responsible for developing professional standards for public accountants in Indonesia which includes responsibility for the development of a professional Code of Ethics. In 2008, IAPI issued its Code of Ethics (effective 2010) which was prepared based largely upon the current IESBA Code of Ethics at the

No. 8 1995 - requires listed companies to submit their financial reports to Bapepam-LK, Bank Indonesia Law No. 6 2009 – empowers Bank Indonesia to regulate and supervise banks, Insurance Business Law No. 2 1992 and Pension Fund Law No. 11 1992 – requires insurance companies and pension funds to submit their annual reports to Bapepam-LK.

⁶ PPAk is a professional education program that stands as a course that could be enrolled after completing bachelor degree in Economics, majoring in accounting. Graduated students of PPAk deserve to bear the title “Accountant” and get the accountant registration number form the financial department.

time. Presently, therefore the Code of Ethics is not aligned with the most recent version of the IESBA. Additionally, the Code of Ethics differs from the IESBA Code in that it covers only public accountants and not professional accountants in business – a significant departure from the IESBA Code of Ethics which is applicable to all professional accountants (e.g., business, academia). IAPI plans to amend the existing code in order to align it with the current IESBA Code of Ethics this year. In light of these changes, additional donor support to IAI and IAPI as they work to update the Code of Ethics in-line with the IESBA standards could be greatly aid the process of adoption and implementation of the standards. In addition to technical assistance to support training and guidance to professional accountants in the application of the Code of Ethics could greatly improve standards implementation and the ethical behavior of professionals in practice as well as the overall quality of financial reporting.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

As previously noted, IAI is responsible for setting financial reporting standards in Indonesia. IAI has established the Financial Accounting Standards Board (DSAK-IAI) with members representing the accountancy profession and various regulatory bodies. The IAI has also established the Syar'iah⁷ Accounting Standards Board (DSAS-IAI) for setting Syar'iah financial reporting standards in Indonesia. The Indonesia Accounting Standards (PSAK) is applicable to public companies, banks and financial institutions as set forth by the various regulatory bodies. In 2008, IAI stated that Indonesia GAAP would fully converge with IFRS by 2012. Any changes to IFRSs as well as new IFRSs will be subject to Board deliberations with a target date for convergence in 2013. In 2012 the IAI Standards Board will study the implementation of the new standards and develop a new strategy for full adoption of IFRS. In light of these changes, additional donor support to IAI and the Indonesian profession as it works to converge with international standards could be greatly aid the process of adoption and implementation of the standards. In addition to technical assistance to support the activities of the DSAS-IAI in the technical process of standard setting, assistance to the IAI in providing education, training and guidance to professional accountants in the application of IFRS could greatly improve implementation and the resulting quality of financial reporting.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

IAPI is authorized to set and issue auditing standards in the form of Indonesia Public Accountant Professional Standards for the audit profession. The IAPI plan envisions adoption of international professional standards by translating the standards, and if necessary, modifying some of the provisions in the standard to comply with local professional and regulatory requirements. IAPI has noted that it intends to follow the IFAC Modification Policy to guide this undertaking. Presently, adoption is an ongoing process. In light of these changes, additional donor support to IAPI and the Indonesian audit profession as it works to translate, modify and adopt international audit standards could be greatly aid the process of adoption and implementation of the standards. In addition to technical assistance to support the activities of the IAPI in the technical process of standard setting, assistance to the IAI and IAPI in providing education, training and guidance to auditors in the application of ISA could greatly improve implementation and the resulting quality of financial reporting.

System of Investigation and Discipline (I&D)

With the introduction of the Public Accountants Law No. 5/ 2011, the need arose to review the Investigation and Discipline (I&D) mechanisms and make necessary changes to comply with the new

⁷ Syariah refers to Sharia law dealing exclusively with Islamic religious requirements.

Law. Reviews have addressed the three categories of the I&D system which deal with the process, structure and sanctions. Necessary changes to align the system with the new law have been undertaken. The system maintains a panel comprised of a Head as well as four current (or previous) partners of the firms. The process includes verification that the complaint meets specified requirements (e.g., in written form and supported by evidence of the complaint) and obtaining additional necessary information – only then can investigation commence. Upon investigation, a team is developed to investigate and review the member. Based upon evidence obtained, the team will issue a preliminary conclusion and inform the member in question. The member can object and provide additional evidence. Based on the updated evidences and information, a decision letter will be issued and sent to the member and head of the institute. Sanctions which can be imposed include written warning and addition CPD requirements or restriction of scope of services which may be provided, suspension of membership and in extreme cases, termination of membership. As the institute continues to align its program with the requirements of the law, additional support to assisting it in enhancing its structure and operations to embody the key tenets of SMO6 (e.g., separate panels for investigation and disciplinary procedures) may be especially helpful to enhancing the regulation of the profession.

Quality Assurance (QA)

There are two bodies that are responsible for conducting quality assurance activities for public accountants practicing in Indonesia. The two bodies are the IAPI and the Center for Supervision of Accountants and Appraiser Services (PPAJP) which operates under the auspices of the Ministry of Finance. The mandate for these systems is provided by the Public Accountant Law No. 5/2011. QA activities performed by PPAJP are mainly for monitoring and supervision purposes. The focus is on the working papers related to the audit and whether or not they support the audit and comply with the professional standards. The activities performed by IAPI are mainly done for constructive learning and development purposes on the quality of the audit engagement system performed by its members. The focus is on the design and implementation of quality assurance guidance developed by each member's firm. Under PMK 17/2008, specific to IAPI members that those members affiliated with international or foreign firms be required to have a QA review by their head office at least every four years. Additionally, the Supreme Audit Board (BPK) has authority to review the work of IAPI members who conduct audits on behalf of BPK or public sector audits. Commencing in 2009 (and completing first round of reviews in 2011), the IAPI system has been conducting reviews of its members. As this is a newly formed system, additional support in further refinement and in utilization of findings from QA reviews to adjust educational and training offerings could greatly enhance the quality of financial reporting in Indonesia.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

As IAI does not maintain a mandate to address the public sector, it uses its best endeavors to encourage the use of IPSAS in the formulation of the Indonesia Government Accounting Standards developed by the Indonesia Government Accounting Standards Board. Additionally, through its representation on the Indonesia Government Accounting Standards Committee (KSAP)⁸ - the body tasked with formulation of government accountancy standards - it provides strong contribution to the development of these standards. KSAP intends to base the Indonesian public sector accountancy standards on IPSAS and modify as necessary to meet government requirements. In addition to technical assistance to support the activities of the KSAP in the technical process of standard setting, assistance to the IAI and IAPI in providing education, training and guidance to professionals in the application of Indonesian public

⁸ The committee is comprised of a member from IAI, academics, government practitioners and so forth.

sector accounting standards may enhance the implementation and the resulting quality of government accountancy.

Support to Public Financial Management (PFM)

As IAI and IAPI do not maintain responsibility for setting public sector accountancy standards, the orientation and membership of these organizations is directed more toward the public sector. However, as Indonesia moves to utilize IPSAS in the development of their public sector accountancy standards, additional efforts to support the public sector orientation of IAI and IAPI may facilitate enhanced understanding and support to this aspect of public sector accountancy and further strengthen a public sector orientation amongst these bodies.

Institute of Chartered Accountants of Sri Lanka (ICASL)

Immediately following independence from Britain in 1948, a Commission recommended that an Institute of Chartered Accountants of Ceylon be created. It was not until 1959 that a Parliamentary Act established the Institute of Chartered Accountants of Sri Lanka (ICASL). Until 1970, Sri Lankan financial reporting requirements were primarily based upon British legislation and professional promulgations, when the ICASL issued the first Sri Lanka Accounting Standard. ICASL is one of the largest professional organizations in Sri Lanka with a membership of 37,000 members. It is one of the largest tertiary education providers outside of the university system of Sri Lanka with a student base of over 36,000 (in addition to the 37,000 membership base). The Institute provides insight and leadership to the accountancy and finance profession in Sri Lanka as well as globally. It has been a member of IFAC since 1978 and also maintains membership in SAFA. Its training provides financial knowledge and guidance based on the highest professional, technical and ethical standards thereby assisting communities and organizations to gain long-term sustainable economic growth. Other Sri Lankan accountancy bodies include the Association of Accounting Technicians of Sri Lanka (AATSL), the Society of Certified Management Accountants of Sri Lanka (CMASL), the Institute of Internal auditors (IIA) and the Institute of Public Finance and Development Accountancy (IPFDA). Both the CMASL and AATSL are members of IFAC. Japan, China, ADB, USAID, AusAID and World Bank are the major donors to Sri Lanka providing \$1 billion assistance in 2009. The donors provided this assistance through loans, grants and technical assistance. Projects included public administration reform, modernization of Central Bank of Sri Lanka, development of financial markets, enhancing the accounting and auditing standards and development of public expenditure management systems.

Legal and Regulatory Foundation – PAO Enabling Environment

Sri Lanka generally maintains a strong legal and regulatory environment to support PAO development and functions. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the regulations made under the Act have defined specified business enterprises required to prepare financial statements in compliance with Sri Lanka Accounting Standards, and to ensure statements are audited in accordance with Sri Lanka Auditing Standards by members of the ICASL holding a certificate to practice. Companies Act No. 7 of 2007 requires private companies and not-for-profit companies limited by share capital or guarantee to prepare annual statutory financial statements according to Sri Lanka Accounting Standards and to be audited in accordance with the Sri Lanka Auditing Standards. Listed entities in the Colombo Stock Exchange (CSE) are regulated by the Sri Lanka Accounting Standards CSE Listing Rules established by the ICASL and the CSE as amended December 31, 2005. Other key financial laws include the Public Finance Act, Finance Companies Act, Banking Act and the Securities Council Act.

PAO Organizational Capacity

ICASL is the only accredited authority that formulates Accounting and Auditing Standards in Sri Lanka. The application of these Standards is mandatory for all companies enacted under the Companies Act of 2007. ICASL's structure is largely drawn from the model set by the Institute of Chartered Accountants of England and Wales (ICAEW) who have provided support and guidance to the development of the institute over the years. The Council of the Institute is the governing body responsible for policy formulation and strategy development. The Council is structured to accommodate a President, Vice-President, six members elected by the members and six members appointed by Minister of Internal Trade and Cooperatives. The main duties of the Council are: conduct qualifying examinations and preside courses of study; supervise and regulate student education and training; maintain standards; encourage research in accountancy and related subjects and secure the well-being and advancement of the profession. Members have the opportunity to become actively involved by participating in the various committees of the Institute. ICASL represents a model for the region in its maintenance of a Public Sector Committee which acts (among other duties) to supports and act as a resource to government.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

ICASL requires candidates to obtain relevant accounting education, pass a final assessment and have three years of practical experience in order to be certified as a Chartered Accountant. Since 2010 ICASL education requirements have been designed to align with the International Education Standards (IESs). In an effort for continuous improvement and updating to reflect current international standards and best practice, the qualification is due for revision in 2015, following the introduction of revised IESs. Additionally, in January 2012, ICASL introduced revised CPD guidelines to strengthen their requirements and to enhance consistency with IESs. ICASL provides training to many stakeholders in the financial community and it is one of the largest tertiary education providers outside the university system in Sri Lanka.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

ICASL maintains the Ethics Committee for the purpose of reviewing and proposing changes to the Sri Lanka Code of Ethics. Presently, the ICASL makes modifications to the IESBA Code in developing its own Code. Modifications are generally slight (e.g., inclusion of a paragraph referring to the second schedule of the ICASL Act in the preface of the Code). The current Code is generally aligned with the IESBA Code – although its alignment is with the 2009 version of the Code and therefore not up to date with current requirements. In recognition of this, the ICASL Ethics Committee is in the process of reviewing the Code to further align it with the most recent version IESBA Code. Additional donor assistance to ICASL could focus on providing technical assistance support the activities of the ICASL in their efforts to update and align their Code of Ethics with the most recent version of the IESBA Code. Additionally, assistance to providing education, training and guidance to auditors in the practical application of Code could greatly improve implementation and the resulting quality of financial reporting and accountability.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

ICASL is the body responsible for setting accounting standards in Sri Lanka. The Sri Lanka Accounting Standards for listed companies and other public interest entities are effectively the IFRS, with slight modifications. This requirement for modification is specified by the Sri Lanka Accounting and Auditing Standards Act. In March 2012, the World Bank provided funds for technical assistance in adopting and implementing the IFRSs. IFRS-aligned Sri Lanka Accounting Standards are due to be implemented

starting in 2013. In terms of areas for focus for donor assistance, technical assistance to support the activities of the ICASL in providing education, training and guidance to accountancy professionals in the application of the newly modified Sri Lankan Accounting Standards could greatly improve implementation and the resulting quality of financial reporting.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

According to the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, ICASL is the sole accounting and auditing standards setting authority in the country. The Act has defined certain enterprises to be specified business entities for which these standards have been made mandatory. With this mandate, ICASL Auditing Standards Committee regularly reviews IAASB pronouncements and recommends to the Council the recommendation of Sri Lanka Auditing Standards and Sri Lanka Other Audit Pronouncements. Efforts are currently focused on supporting the implementation of Sri Lanka Auditing Standards that are in line with the Clarity International Standards on Auditing. The intention is for these to become effective from January 2013. Additional donor support to ICASL may focus on supporting ICASL's education, training and guidance to accountancy professionals in the application of the newly modified Sri Lankan Auditing Standards (in-line with Clarity ISA) which may enhance the application of these standards in practice.

System of Investigation and Discipline (I&D)

ICASL maintains a functioning system of investigation and discipline. When a complaint is received against a member, the Secretary acknowledges receipt of complaint and requests the information on the specific complaint form and informs the complainant, that it would be addressed. The complaint is referred to the member against whom the complaint has been made, and his observations/explanations are requested. On receipt of observations/explanation of the person against whom the complaint was made, the complaint is referred to the Ethics Committee. The Ethics Committee or a Panel of the Ethics Committee studies the complaint. Where necessary the complainant as well as the member against whom the complaint was made is interviewed by the Ethics Committee or its Panel. Any evidence/documentation available is considered to see whether there are grounds for a case. Legal opinion is consulted where necessary. If the case is unfounded, both parties are informed accordingly and the process and findings are intimated to the Council. If there grounds for a case, a report is submitted to the council. The Council appoints a Disciplinary Committee constituting three members. Every Disciplinary inquiry is filmed on camera. At the conclusion of the inquiry, the Disciplinary Committee submits a report of the findings to the Council and send a copy of such report to the person against whom the inquiry was held. The Council will take appropriate action thereafter. If the complaint is determined sound, sanctions including (1) warning, (2) reprimand, (3) or suspension from membership can be imposed. From the period May 2011 – April 2012, ICASL noted that six cases were reviewed. Three cases were upheld and the remaining three are pending. Only one case was dismissed during this period.

Quality Assurance (QA)

According to the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, ICASL is the sole accounting and auditing standards setting authority in the country. With this mandate ICASL has adopted the Sri Lanka Standard on Quality Control 1 based on the ISQC 1 and is in the preliminary stages of establishing the basis for a Quality Assurance Review System. SLSQC 1 will be applicable from 1 January, 2013. The adoption of these standards provides a solid foundation for the development of the system of quality assurance. In March 2012, a grant was received from the World Bank to implement a Quality Assurance Review Program to promote the high quality of services amongst its membership.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

In Sri Lanka enabling Acts of Parliament, Financial Regulations, Guidelines and Circulars issued by the General Treasury, Ministry of Finance & Planning and Line Ministries govern the issue of general purpose financial statements for public sector entities. ICASL has no power to require the public sector to comply with the Sri Lanka Public Sector Accounting standards. In line with the current IPSASB initiatives to improve the quality of financial reports in the public sector, ICASL and the Ministry of Finance & Planning issue jointly the Public Sector Accounting Standards. The ICASL Public Sector Accounting Committee includes four senior officials from the Ministry. By the end of 2012 ICASL will have adopted all accrual basis IPSASs. In March 2012, the World Bank provided a grant to ICASL to introduce a separate qualification aimed specifically at public sector accountants.

Support to Public Financial Management (PFM)

As discussed in the section above, ICASL represents a potentially strong partner in supporting public financial management. Their active involvement in supporting the government in the issuance of public sector accounting standards, demonstrates their ability to act as a resource to government. The existence of the ICASL Public Sector Committee signifies a strong understanding of the role the profession can play in supporting PFM. Additionally, their efforts through support from the World Bank, to strengthen the accountancy knowledge and skills amongst public sector accountants all denote ICASL as a sound model for PAO engagement and support to PFM. Additional efforts to both strengthen the engagement of ICASL in PFM as well as explore opportunities for replication of the ICASL model may offer insight into further development for other Asia-Pacific region PAOs.

LATIN AMERICA AND CARIBBEAN REGION

Argentine Federation of Professional Councils in Economic Sciences (FACPCE)

The Argentine Federation of Professional Councils in Economic Sciences (Federación Argentina de Consejos Profesionales de Ciencias Económicas, FACPCE) is recognized through specific federal legislation and organizes the 24 provincial Professional Councils of Economic Sciences operating across Argentina, representing 120,000 professionals undertaking careers in accountancy, management, economics and actuarial sciences. For a Council to join the membership of FACPCE, the Council must further governance in its territory through the creation of national or provincial laws; formally determine to join FACPCE through decision of Assembly or other decision-making body, and provide formal written request and evidence of the two previously mentioned requirements.

Legal and Regulatory Foundation – PAO Enabling Environment

The legal and regulatory framework permits the establishment of professional accountant organizations in the country as provincials or local PAOs. These organizations are legally recognized as provincial professional councils. The legal framework does not note the operation of systems of certification, licensing, quality assurance and investigation and discipline of accountancy professionals. The license granted to a public accountant in Argentina is based on the system of university accreditation that is traditionally found in Latin America. This system does not require passage of a professional assessment or achievement of a period of practical experience. Moreover, licensed accountants and auditors are not subject to any CPD obligations. Each provincial council is responsible for monitoring and enforcing professional rules among its membership. So far, professional councils have put the emphasis on ex-post enforcement of known alleged cases of non-compliance, and no quality assurance mechanism aimed at ensuring compliance through ex-ante monitoring has been established. For financial statements of listed entities, a regulation establishes the set of accounting standards to be used for preparation of financial statements. In March 2009, FACPCE approved Technical Resolution no. 6 adopting IFRS for listed companies and applicants for listing. Under the Resolution, extant IFRS and those to be issued in the future will be mandatory. Entities outside of the scope of the Resolution will be able to apply IFRS voluntarily. In any cases, entities required to apply IFRS or who opted to apply them will have to apply them wholly and without modifications, including their interpretations (IFRIC and SIC).

Federal or sub-national laws do not address how accounting and audit standards are to be set; in practice, the provincial professional councils defer to FACPCE for standard setting, the only significant exception being Buenos Aires. FACPCE undertakes significant efforts to secure endorsement for its technical resolutions by all accounting professional councils throughout the country. Additionally, in support of strong adoption and implementation of international standards, FACPCE as well as the jurisdictional professional councils have been devoting significant efforts to achieve closer relations with regulatory agencies, especially the Argentine National Securities Commission.

PAO Organizational Capacity

FACPCE maintains by-laws that include the charter of its constitution. FACPCE also maintains bodies for the governance and control of its organizations. These include an Assembly, Board of Directors and the Board. The Board of Directors is comprised of a President, First Vice-President, Second Vice-President, Secretary, Treasurer, deputy clerk and deputy treasurer. The responsibilities of Board members and

those of the staff are not noted through by-laws; however, these most likely exist through internal organizational documents. The PAO does not utilize strategic planning techniques. FACPCE's process to develop standards is fairly transparent but it relies almost exclusively on pro bono work and is furthered by the volunteer efforts of members of the profession.

There is an operational system of internal control and financial reporting in the PAO. The powers and duties of the Audit Committee include those of: overseeing the administration, examining the books and documents of the Federation at least once every three months, making known its report to the Governing Board, and exercising its functions without interfering with the regularity of social administration. Annual financial audits of the financial statements of the PAO are conducted.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

As programs of accountancy education are conducted at the university level, entry requirements are at least equivalent to that for admission into a recognized university degree program or its equivalent and therefore are aligned with IES. Accountancy education and completion of a university degree in accountancy are the main requirements for professional practice and affiliation. Professionals who have completed their university degree in accountancy register and obtain licenses with the Professional Council in his / her jurisdiction. As accountancy education and preparation for practice as a profession, mainly occurs at the university, the Ministry of Education establishes the requirements for the accounting profession.

In regards to professional assessment, to practice as an accountancy professional in Argentina requires no professional assessment of a candidate's professional capabilities and competencies before qualification. However, it should be noted that there are plans to introduce a final assessment of professional capabilities and competence. Additionally, as university degree is the sole qualification for recognition as an accountancy profession, presently there is no requirement for a period of professional practical experience prior to recognition as a professional. Generally, international standards and best practices require the inclusion of a period of practical experience of three years so as to gain the practical skills, knowledge and experience required to function as a competent and capable professional. However, as noted in Argentina this does not exist and there do not appear to be any plans to introduce a practical experience requirement in the near future.

Continuing professional education (CPE) is regularly offered by the professional councils or through FACPCE's SFAP (Sistema Federal de Actualización Permanente) training program. The SFAP training program was created in 2006; however, attendance is not mandatory. As a result, there is no assurance that auditors have adequate capacity to fulfill their responsibilities or that their skills are up to date. Auditors employed by international audit firm networks are required to participate on a regular basis in the training sessions offered by those firms. The absence of compulsory Continuing education and training tends to exacerbate the capacity divide that exists between the large international firms and local firms, particularly between firms in the capital and those in less economically significant provinces. The non-mandatory nature of continuing education in Argentina is not aligned with international good practice and the International Education Standards (IES).

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

FACPCE and the Professional Councils are responsible for establishing ethical requirements for its members. Local codes of ethics were developed prior to 2004 and at that point were not based on the IESBA Code. In following years, the 2006 version of IESBA Code of Ethics was adopted without

modifications. Currently, the Code is being revised to eliminate differences with the last version of the IESBA Code of Ethics. FACPCE continues to progress towards completion of the actions as established in the plan to converge to the requirements of the IESBA Code and communicate and train professionals on the already mentioned differences.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

FACPCE is responsible for developing accounting standards. The standards must be approved by the Professional Councils for each of the country's provinces, to become mandatory standards for all professional accountants. In parallel to this system, standards must also be approved by government agencies for corporate control, to become mandatory standards for all companies.

Among the agencies for corporate control is the National Securities Commission (CNV) (Securities market regulator) which holds authority for the acceptance of standards, thus making them mandatory for all listed entities. The IFRS adoption was the result of joint work between CNV and FACPCE, which generated a plan of adoption of IFRS for listed companies. In March 2009, the Technical Resolution (TR) 26 for the adoption of IFRS issued by the IASB in the official Spanish translation was approved by FACPCE. FACPCE provides implementation support including CPD, train-the-trainers, educators and academics, regional seminars and conferences as well as distribution of support materials.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

FACPCE has the authority to establish auditing standards for listed and non-listed entities. The auditing standards for listed entities and non-listed entities are the same set of standards. The PAO has recognized convergence with IAASB pronouncements as an objective. A Special Commission has been created in the scope of CENCyA⁹, FACPCE's technical body, which is working with specific objectives aimed for the implementation of the ISAs. Also, FACPCE encourages the promotion of ISAs through professional bodies and universities by making a wide dissemination campaign to universities, controllers, users, public in general to educate about the changes produced by adopting IAASB's pronouncements. Furthermore, it continues to support ongoing adoption and implementation of IAASB pronouncements. Recently, FACPCE published the 2007 version of the ISAs in Spanish language in furtherance of implementation throughout the country. To promote understanding and education of ISA, FACPCE is widely distributing the publication at an accessible price and also giving it away at educational conferences and events. Additionally, FACPCE led the initiative to create and lead a *Latin America Review Committee* to review the 2011 translation of ISAs done by Spain in order to produce a table of equivalencies and further the development of a single Spanish translation of the clarified ISAs. This effort was finished and issued in 2012.

System of Investigation and Discipline (I&D)

Local Councils have responsibility for investigating and disciplining their members against the local codes and regulations. Investigations may commence when there are criminal activities, instances of fraud, gross professional negligence, less serious professional negligence that cumulatively may indicate unfitness, acts/omissions to bring the profession into disrepute, and substandard work. Investigations may also commence when there is a breach of professional standards (including ethical requirements). Processes for investigation, discipline and appeals are publicly available. The PAO is obligated under local laws to report possible involvement in serious crimes and offences by its individual members or

⁹ Consejo Emisor de Normas de Contabilidad y de Auditoría

member firms to the appropriate public authority and disclose related information to that authority. A single committee/panel to conduct investigations and administer disciplinary action exists. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee. There is an Ethics Committee, a Discipline Court and a disciplinary regime but they work in exceptional cases and they are not commonly engaged. A third appeals body exists, which is separate from both the disciplinary committee and investigative committee; said body is barred from including a prosecutor or a member of the first tribunal, or any other individual who was concerned with the original conviction. Individuals on each committee must be independent from both the accused and others who are considered in the case.

In all cases, FACPCE confirms at the start of the investigation that any individual chosen to assist in an investigation is independent from: (a) the subject of the investigation, and (b) anyone connected with or interested in the matter investigated. Members of the investigation committee or the disciplinary tribunal permitted to serve on both at the same time, or in relation to the same case. However, as one person can be part of the different stages of the investigation, it does not warrant a fully independence of the system. The PAO establishes time limits for completion of all cases maintained and operates tracking mechanisms to ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at the appropriate stage. The following actions can be imposed by those who judge such issues: (1) reprimand; (2) loss or restriction of practice rights; or, (3) exclusion from membership.

Quality Assurance (QA)

Presently, a foundational aspect of a strong QA system, the adoption and implementation of ISQC 1 is under consideration by FACPE. At the time the FACPCE SMO Action Plan was originally published in July 2008, a quality assurance review program existed only for financial institutions subject to regulation by the Central Bank. The Central Bank continues to be the responsible body for that program. Since July 1st, 2008 the General Resolution (GR) No. 505 of the National Securities Commission (CNV) is in force, which introduces a quality control system for external auditors of companies that make public offering of its securities. The GR 505 draws inspiration from ISQC 1 and is aimed primarily to force audit firms to develop and implement a quality control system.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

FACPCE does not maintain responsibility for setting accountancy standards for the public sector. FACPCE works to make technical recommendations to the public sector in Argentina and plans to progress with the dissemination of the IPSAS in Argentina. During 2009 and 2010 events were held in different parts of the country to educate stakeholders about the Public Sector Technical Recommendation (RTSP) No. 1 (Conceptual Framework). This standard was sent to the IPSASB, as a contribution to developing IPSASB's conceptual framework. In regards to educational and training events, one provincial Council has early incorporated an IPSASs module into its training courses. During 2010 the Draft RTSP N° 2 "Presentation of State Budget Execution" was produced, distributed for comment, and finally approved in 4Q2010. FACPE has begun the development of further accounting standards recommendations needed for this sector, based on IPSAS. RTSP N° 3 is in progress.

Support to Public Financial Management (PFM)

In Argentina, the FACPCE and jurisdictional Councils appear to maintain a working relationship with government only on the subject of IPSAS, but not on broader issues relating to PFM. Perhaps as the support of FACPCE to the government progresses in the area of IPSAS adoption and implementation,

there will be additional opportunities for further collaboration. On area which FACPCE may be able to provide valuable support to the development of PFM is in regards to the current efforts by the Court of Accounts of the Province of Buenos Aires which is striving to achieve partial eligibility as auditor of projects. Technical assistance combined with the expertise of FACPCE could provide strong support to the development of this aspect of Argentine PFM.

Collegium of Professional Accountants of Costa Rica (CCPCR)

The Collegium of Professional Accountants of Costa Rica (Colegio de Contadores Públicos de Costa Rica, CCPCR) is the PAO uniting the profession across Costa Rica. This PAO maintains IFAC membership. In addition to the CCPCR, the Colegio de Contadores Privados de Costa Rica (CCPR) is another PAO in operation maintaining national representation in its organization and uniting private accountants in Costa Rica. Costa Rica has two professional accountancy organizations (PAO), each of which is responsible for a different segment of the profession's operations. The Colegio de Contadores Públicos de Costa Rica (CCPCR) represents those in the public accounting and auditing profession. Their members are referred to as "authorized public accountants" (Contador Publico Autorizado) and have the exclusive legal responsibility to deliver statutory audit services. The Colegio de Contadores Privados de Costa Rica (Collegium of Private Accountants) represents accountants and accounting technicians that are normally employed within private sector entities. This PAO is not member of IFAC. The Collegium of Private Accountants' members are commonly called "Private Accountants". In the private sector, members of Collegium of Private Accountants (including those that are also members of CCPCR) have the exclusive responsibility under the law for the preparation of accounting records and financial statements. CCPCR members may also work in the private sector, but must also have Collegium of Private Accountants membership to prepare financial statements.

CCPCR has received donor support as part of the IDB supported project entitled "Improving the quality of financial reporting" (PROMECEF) a Multi-Lateral Investment Fund (MIF) Project which commenced in 2004. The objective of this project was to help improve the business and investment climate as well as boost the efficiency of the financial market by raising the quality of businesses' financial reporting through the application of international financial reporting standards (IFRS) and international standards on auditing (ISA) so that it is high-quality, more transparent, objective, and comparable. This project included a specific component to address the training and quality control in the accounting profession and the oversight and use of IFRS and ISA.

Legal and Regulatory Foundation – PAO Enabling Environment

The Commercial Law and the CCPCR and Collegium of Private Accountants Laws, 1038 and 1269 "regulate" the accounting profession. Although the legal framework for the accountancy profession has been modified through the years, it still focuses on PAOs' organizational articulation and corporate rights and privileges rather than providing a comprehensive enabling framework for the high quality corporate financial reporting. Additional efforts are needed to develop a financial reporting law that incorporates aspects relating to: (i) standards-setting, (ii) adoption and implementation of appropriate financial reporting and auditing standards (including for SOEs); (iii) enforcement; (iv) requirements for professional accountancy organizations and their members; as well as (v) quality assurance functions.

The Council of Regulatory Agencies (CONASSIF) is responsible for setting accounting standards for regulated entities i.e., listed companies and financial sector entities (banking, financial companies, pension, and insurance) throughout Costa Rica. For non-financial listed companies, CONASSIF has

accepted the standards set by CCPCR (for private companies) and the Ministry of Finance (for SOEs). Regulated entities are required to apply the IFRS; and state-owned enterprises (SOEs) are required to do so from 2014. CCPCR has adopted the International Standards of Auditing (ISA) for use by accountants in undertaking the audit function. The accountancy body for accounting technicians, the Colegio de Contadores Privados de Costa Rica has yet to adopt IFRS or IFRS for SMEs.

CONASSIF maintains an "Accounting Technical Committee," which convenes on an ad hoc basis. The Committee is comprised of representatives from each sector regulator. Meetings are called at the request of one of the superintendents to review accounting standards or other financial reporting regulations. If the meeting is called to revise or update accounting standards, the Technical Committee will produce an exposure draft that is submitted to CONASSIF, which is responsible for disseminating it among interested parties. The final version of the standard is issued by CONASSIF.

PAO Organizational Capacity

The principal function of CCPCR is promoting the progress of accounting science and its related fields. It currently has approximately 6,700 members, all under the title of Certified Public Accountant. In 2005 adopted the International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs), International Standards for the Public Sector (IPSAS) in 2006 and International Standards Financial Reporting for Small and Medium Entities (SMEs) in 2009. The principal support for the applicability of private sector standards is 57th article in Regulations of Law on Income Tax, which establishes that the International Accounting Standards approved and adopted by the CCPCR should be followed, as well as should any future modifications or additions to these standards. For the implementation of IPSAS, the Presidency of the Republic and the Ministry of Finance, through Decree No. 36961-H extended the deadline for implementation of these standards for all public institutions until January 2016. CCPCR has established in its work schedule permanent committees, some created by law mandate, and others born in response to emerging needs (Example: Admission, Standards and Procedures, Quality Control, Treasury, Tax, and others). It intends to create a Corporate Governance Committee that will be responsible for studying the structure of the PAO as well as the arrangements on professional issues in both public and private sectors.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

CCPCR membership requires a university degree with a focus on accounting in addition to two years of practical experience. To meet the education requirement, the applicant must provide evidence of either (a) a bachelor's degree in accounting; (b) a bachelor's degree in Business Administration with an emphasis in Accounting; or (c) the completion of 120 credit hours in courses equivalent to these degrees, including at least two years of consecutive study. Applicants must also demonstrate two years of practical experience (one year less than that required by the IESs). There is no other specified program of study or entry examination to obtain CCPCR membership, which diverges from international best practice and IESs.

Entry requirements for the Collegium of Private Accountants are less stringent than those of CCPCR, because accepts graduates with accounting expert diplomas ("Peritos Mercantiles") from technical institutes. In addition, provides more flexibility by allowing non-degree holders to enter the organization by passing an examination on basic accounting concepts.

There is need to strengthen university curricula to embody IFRS, ISA, and professional ethics. Recent training efforts by CCPCR to transfer knowledge regarding these standards and their application

amongst the universities have helped to ameliorate this situation. Given that only a university education in accounting is a prerequisite for a public accountant (CCPCR) license, the question of quality of university education holds increased importance. System for the accreditation of university programs exists in Costa Rica, the National System of Accreditation of Higher Education (SINAES), but so far, only two university accounting programs have been accredited.

CCPCR has taken active steps to adopt a system for mandatory assessment and Continuing Professional Development (CPD). However, attempts to make these requirements mandatory have been challenged on the basis of their legality. As such, mandatory assessment and CPD prior to practice as an accountancy professional remain non-existent. As opposed to the creation of professional assessment as a requirement, to further professional knowledge and competence, CCPCR has taken steps to develop a voluntary certification program on the subject of IFRS with the support of a non-reimbursement project granted by the Multi-Lateral Investment Fund (MIF), which concluded in 2010.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

CCPCR Code of Ethics incorporates many of the elements of former versions of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). The Code was approved on August 17, 2006, and amended in January 2010, following an administrative ruling that required CPD to be voluntary rather than mandatory. CCPCR plans to update its Code in accordance with the current version of the IESBA Code of Ethics to meet the requirements of the IFAC SMO 4, IESBA Code of Ethics for Professional Accountants in the coming year.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

CCPCR adopted IFRS in 2005 and its members must ensure their application in the financial statements that they audit, as a result of their affiliation in CCPCR. There is no formal ongoing endorsement process for IFRS by CCPCR as IFRS are adopted by reference in law; therefore, the most recent version is always what is required. Neither CCPCR or Collegium of Private Accountants, nor the sector regulators, have participated in IASB's standard-setting process (e.g., through sending comments to exposure drafts). Since CCPCR has adopted IFRS on such a broad basis, taking a more active role in the standards-setting process may strengthen the orientation of these standards and their suitability to the Costa Rican context. The tax administration authority (DGT) has adopted the accounting standards issued by the CCPCR and therefore IFRS as well. CCPCR opted for full adoption of IFRS years ago but continues to face challenges in familiarizing its members with IFRS and supporting the creation of an enforcement structure. CCPCR efforts in this regard have focused on provision of courses, presentations, and attendance in meetings and seminars but a need for continued efforts remains. Thanks in part to the IDB-financed PROMECIF project, IFRS training and certification program has been established, with 958 certificates issued for different modules. The program was established for both CCPCR and Collegium of Private Accountants members. However, CCPCR's members do not use IFRS yet.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

In 2005, CCPCR ratified ISA adoption, updated all relevant agreements for the latest standards, and agreed that any subsequent modifications to ISA would be incorporated automatically. Auditors of the financial statements of all regulated and non-regulated entities are expected to follow the requirements set by CCPCR. Effective enforcement of auditing standards appears to maintain some deficiencies. Neither the regulators nor the PAOs appear to have the resources or structure to conduct effective quality assurance, oversight or enforcement activities; indeed, to date only a few extreme cases of infraction have been dealt with. CCPCR has only recently initiated a process that provides for timely and

complete dissemination of international auditing standards. Furthermore, CCPCR does not have sufficient capacity to ensure strong implementation of the IAASB pronouncements, including international standards on quality control and ISA. In 2011, dissemination activities had been postponed in order to define a platform that can support this properly.

System of Investigation and Discipline (I&D)

CCPCR Board has the authority and responsibility to apply disciplinary actions that are considered adequate caused by non-compliance of legal or regulatory regulations, ethics code and the fees established. It has the power to impose sanctions, which can include a fine, temporary suspension to practice, or expulsion. However, its organizational structure and processes do not support the disciplinary function that would be necessary to strengthen compliance with accounting and auditing standards and make it difficult to carry out disciplinary actions against violators of applicable standards and professional codes. CCPCR's Prosecutor's Office conducts ex-officio inspections and also conducts complaints-based investigations, which can ultimately result in punishment of members – but judgment with respect to breaches of ethical requirements is the responsibility of the Honor Tribunal. While the bylaws of the professional accountancy organization refer to the Honor Councils (Tribunal de Honor), this body is essentially inactive. Upon review, no sanctions are posted on the CCPA's website or in any of the newsletters published recently.

Quality Assurance (QA)

CCPCR has taken initial steps toward establishing a quality assurance review system for its members, but it is still far from compliance with the relevant SMO in this regard. CCPCR coordinates a voluntary quality assurance review system, with support from the accounting firm KPMG, which has developed a detailed quality assurance proposal. Piloting of this approach is under way, and CCPCR is providing training on this subject. A number of issues are still to be defined including whether QA is mandatory and the modality for reporting on the QA process. The CCPCR is also looking to contract a person to be in charge of its Quality Control Committee.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

IPSAS have been adopted by the government of Costa Rica. The first IPSAS instructors already have been certified. Moreover, seminars have been designed to give training on these standards. In 2011, CCPCR created a program designed to answer the problem of the dissemination and awareness of the Standards and the benefit to the country. Next year CCPCR seeks to carry out wider events to raise awareness in the government's constituent parts, about the importance of implementing these standards. The PAO's SMO Action Plan has contemplated the design of seminars to train public sector professionals, the promotion of these seminars among professionals that have already attended IFRS trainings and to visit with entities such as the National Accounting Office. Costa Rica has decreed that IPSAS should be implemented commencing in 2016. The National Accounting Office (CN) is leading this project as lead agency in the public sector regulations and has made progress in updating IPSAS that have been translated into Spanish. By January 2013, there is a plan to finalize the Accounts Manual and the training of CN staff, so it can be replicated in the rest of Central Government Institutions and Municipal Sector (local governments).

Support to Public Financial Management (PFM)

CCPCR has maintains an active the Bipartite Commission composed of two members of the Board of CCPCR, the director of the Fiscal Reform in the Ministry of Finance and the Director of the National

Accounts, to promote discussions with respect to IPSAS implementation and PFM issues. CCPCR could support PFM activities, but their small staff and heavy reliance upon volunteer efforts to undertake activities hold back strong efforts in this regard. This does not allow a monitoring and/or research on issues of PFM as a true area of focus for the CCPCR.

Ecuador - The Institute of Chartered Accountants of Pichincha (CCPP)

Currently, Ecuador does not maintain an IFAC member PAO. The Federación Nacional de Contadores de Ecuador (FNCE) which previously held IFAC membership no longer maintains this status. The FNCE is a federation of provincial associations with which the most populous provinces - with the greatest portion of economic activity and professionals (Guayas and Pichincha) - are not affiliated.

The Institute of Chartered Accountants of Pichincha (CCPP) is a non-profit organization whose main objective is to foster the development of the accounting profession, for which it has developed and executed several training programs. These programs are a complement to the education provided by the Institutes of Higher Education—the training programs for certified public accountants (CPA) and baccalaureate authorized accountants (CBA)—issued by the state through the Secretaría Nacional de Educación Superior, Ciencia, Tecnología e Innovación (SENESCYT) and the Ministry of Education, respectively. In 2011, CCPP had 6,115 members from the 24 provinces around the country.

In 2011, the Colegio de Contadores Públicos de Pichincha (CCPP), province of the national capital Quito, contacted IFAC staff expressing interest in applying for membership. CCPP has signed MOUs with Guayas and Azuay, trains professionals from every province of Ecuador and has the highest membership of any PAO in the country. Although it would be desirable to have a representation of the accounting profession at a national level, we can support the CCCP on a temporary basis to allow strengthening of the legal and regulatory framework.

Legal and Regulatory Foundation – PAO Enabling Environment

The Ecuadorian Accounting Law permits the establishment of PAOs. However, the accounting profession is self-regulated. In 2008, a Presidential Decree eliminated mandatory affiliation to a PAO as a requirement to exercise the accounting/auditing profession. Therefore, the legal and regulatory framework enables (but does not obligates) the operation of systems of certification, licensing, quality assurance and investigation, and discipline of accounting professionals. In Ecuador, the Superintendence of Companies is empowered to set accounting and auditing standards. The standards adopted are IFRS and ISA. The independent oversight boards for the audit profession are the Superintendence of Companies and the Superintendence of Banks and Insurance. The Act of Companies in Ecuador establishes mandatory External Audits for enterprises with assets over USD \$1 million. The Superintendence of Companies and the Superintendence of Banks and Insurance are both responsible for rating the External Auditors. These institutions must review the audits performed to the corporate sector in the country.

PAO Organizational Capacity

The CCPP has by-laws that include the charter of its constitution. Governance and decision-making bodies within the PAO include: the Provincial Assembly, the Board of Directors, and the Honor Tribunal. CCPP maintains a Supervisory Committee which is charged with the internal audits of the organization. The Board of Directors is composed of the following: President, Vice-President, Secretary, Treasurer,

and four Directors. There are also several Permanent Commissions, including professional qualification, law, administration and finance, technical advisory, CPD, internal audit, and social corporate responsibility. All members of the Board and Permanent Commissions work on a voluntary basis.

There is an operational system of internal control and financial reporting in the PAO and the By-laws mandate annual financial audits of the PAO. One of the main objectives of the CCPP is to provide training in accounting standards, tax regulations, and financial techniques to its members and has developed an action plan for selecting and recruiting trainers. CCPP has shown a desire to strengthen operations in-line with international standards and best practices and affiliate with IFAC. As such, it has developed an action plan for further alignment of its organization and activities in this regard.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

In Ecuador, PAO membership is not mandatory to practice the profession of accounting and auditing. However, there are requirements for a voluntary affiliation to the CCPP. A university degree in accounting is one requirement to become a licensed accountant or auditor. Also, CCPP accepts graduates with “accounting expert” diplomas (Contadores Bachilleres) from technical institutes. While there are certification programs for public accountants and auditors (CPA) and bachelors authorized accountants (CBA) granted by the Government through the SENESCYT and the Ministry of Education, they have not been implemented for lack of support. CCPP plans to implement a professional assessment for accountants and establish a minimum number of hours of mandatory CPD to maintain membership.

Although PAO accounting education requirements are not aligned with International Education Standards, CCPP has undertaken activities to promote and disseminate the IES to its members, regulatory bodies, the Ministry of Education, Universities, training providers, and other stakeholders. Additionally, FNCP y CCPP has developed an ongoing system for raising awareness of IESs and their updates among the relevant stakeholders (PAO, Ministry of Education, Universities, Training Providers).

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

Currently, CCPP maintain its own Code of Ethics that applies to both auditors and accountants; however, there are some doubts about its real implementation. Furthermore, it is not presently aligned with the current IESBA Code of Ethics. The CCPP plans to carry out a comparative analysis between CCPP’s current Code of Ethics and the IESBA Code of Ethics, and undertaken needed updates. The CCPP also intends to disseminate the Code of Ethics to its members through the website and printed materials, and to incorporate its aspects in training programs.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

In 2006, the Superintendence of Companies adopted IFRS for companies subject to its control. In July 2008, it ratified this implementation and the Internal Revenue Service has also accepted these standards. In view of its complexity, the Superintendence of Companies established the following timetable for their implementation: (i) full-IFRS for listed companies =2010; (ii) full-IFRS for companies with assets of US\$ 4 million and plus= 2011; and (iii) IFRS for SME= 2012. Nonetheless, CCPP’s has recently commenced promoting knowledge and raising awareness of IFRS (full-IFRS and IFRS for SME). The goal to be met by November 2012 is the development of a plan to promote the knowledge of IFRS and its interpretations among professionals, universities, government and business through courses and

workshops. CAPP also seeks to define a plan to regularly review the standards and ensure that the dissemination of the IAASB pronouncements are being evaluated and adopted by the regulations established by the Superintendence of Companies. However, there is still a need to update the university curricula with courses about all these standards.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

CAPP does not maintain responsibility for setting auditing standards for Ecuador. This is a responsibility of the Government, and is undertaken through resolutions adopted by the Superintendence of Companies. Presently, ISA are adopted and essentially enforced by large international and local auditing firms. CAPP intends to support the implementation of these standards in practice through awareness raising activities and maintains efforts to disseminate and promote the latest version of ISA. Also in this area there is a need to update the university curricula with courses about these auditing standards.

System of Investigation and Discipline (I&D)

Although there is existence of a system of investigation and discipline, this system deviates from the requirements of SMO6 – particularly in regard to the lack of enforcement in the area of ethical standards. CAPP is presently undertaking efforts to review the current system of I&D and strengthen in-line with international best practices.

Quality Assurance (QA)

In Ecuador, mandatory quality assurance reviews are required for auditing financial statements of public interest entities. This is a requirement of the Superintendence of Companies and the Superintendence of Banks and Insurance for listed companies. CAPP has set a goal to verify the existence of a quality review system established by the supervisory authorities and to support ongoing implementation of these systems.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

The CAPP is not responsible for the development of accounting standards for the public sector. Its role is to review the standards issued by the IPSASB and make technical recommendations for their application. Nonetheless, one objective of the PAO to be completed by the end of 2012 is inform the control entities (Internal Revenue Service, Superintendence of Banking and Insurance, Superintendence of Companies, and Comptroller General's Office) about how the country would benefit from the establishment of a system of Certification of Accountants. The PAO also seeks to ask these oversight institutions to collaborate with the support and dissemination of this professional formation process.

Support to Public Financial Management (PFM)

CAPP maintains an active dialogue with the Ecuadorian Internal Revenue Service (IRS) in addition to providing training and education to the IRS staff on accounting, audit and tax issues. As an organization working to strengthen operations in-line with international standards and best practices, additional support to facilitating the development of CAPP's public sector orientation could greatly enhance the ability of this PAO to contribute to PFM issues.

The Institute of Chartered Accountants of Trinidad & Tobago (ICATT)

The Institute of Chartered Accountants of Trinidad & Tobago (ICATT) was established by an act of Parliament (ACT 33 of 1970) to regulate the accounting and auditing profession in the Republic of Trinidad & Tobago. ICATT is the sole organization in Trinidad and Tobago with the right to award the Chartered Accountant (CA) designation. ICATT is a member of the Institute of Chartered Accountants of the Caribbean (ICAC). ICATT is also a member of the International Federation of Accountants (IFAC). In 2004, the Multilateral Investment Fund from the Inter-American Development Bank provided a non-reimbursement technical cooperation “Improving the application of and compliance with International Accounting and Auditing Standards” (ATN/MT-8113-TT) in support of ICATT. This project held as its objective to strengthen the accounting profession in Trinidad and Tobago and enhance the usefulness of the annual financial statements of business entities in the country.

Legal and Regulatory Foundation – PAO Enabling Environment

As discussed above, ICATT maintains strong legal recognition through Act 33 of 1970 which recognizes the organization as the regulatory body for the accountancy profession in Trinidad and Tobago. Act 33 gives ICATT the authority to approve auditing and accounting standards in Trinidad & Tobago. As the approved standard setter, ICATT has adopted, International Financial Reporting Standards (IFRS); International Financial Reporting Standards for SMEs (IFRS for SMEs) and International Standards on Auditing (ISAs), as the approved accounting and auditing framework for Trinidad & Tobago.

PAO Organizational Capacity

Based on the rules of ICATT, a Council of 12 to 15 members is elected by its members, headed by an Executive Committee which consist of a President and Vice President (as elected by Council), Immediate Past President, General Manager and Corporate Secretary. Several committees are established, each headed by a Council Member and consisting of persons from ICATT’s membership; however, the Disciplinary and Appeals Committees include non-ICATT members (which is in-line with SMO6). All committees are active and meet periodically and report on activities to the Council. In order to ensure continuity, the Immediate Past President is retained as a member of the Executive Committee for a year after his term. Also, in 2011 Council made a decision to elect a 2nd Vice President.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

ICATT does not conduct its own professional assessment system (i.e., examination system). The Association of Chartered Certified Accountants (ACCA) and ICATT operate a joint examination system – a partnership between ICATT and ACCA to provide access to ACCA's internationally accepted scheme of exams. Local accountancy students in Trinidad and Tobago register with both bodies and are thereby able to satisfy the exam criteria for membership of both bodies simultaneously. To ensure understanding of the local business and tax context of Trinidad and Tobago, ICATT is exploring the development of a local tax and company law component to supplement the joint examination scheme or alternately working with ICAC to set regional business law and taxation examinations. In addition to passage of examinations, candidates in Trinidad and Tobago are required to achieve a minimum of 3 years practical experience for admission to membership in ICATT; to obtain a Practicing Certificate a member must have two years approved practical auditing experience which must be certified by his/her supervising principal who must be in full time practice.

Presently, ICATT is undertaking a comprehensive review of its Rules and Regulations that includes requirements for compliance with IFAC SMOs (including SMO 2 on education); these rules are currently being reviewed and an analysis of the required amendments to ACT 33 of 1970 based on the proposed new rules and regulations will be forthcoming. It is expected, that in-line with SMO 2 (the IESs), the new rules will include updated requirements for practical experience and CPD, (40 hours per annum). A number of accredited CPD programs are conducted annually by ICATT. ICATT also accredits CPD courses conducted by other bodies, such as ACCA and established educational institutes and professional accounting firms. CPD requirements will take the form of a combination of structured and un-structured learning and development. Under the existing rules and regulations of ICATT, Practicing Members should complete at least 40 hours of CPD for a 2 year reporting cycle with a minimum of 10 hours for each year; 50% must be structured and non-practicing members must complete at least 24 hours of CPE/CPD every 2 years with a minimum of 8 hours each year. At least 50% of the total number of hours should be structured.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

ICATT has adopted the 2009 version of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as part of its ongoing adoption of all international standards. The main challenge facing ICATT in regards to the Code of Ethics is insufficient awareness and training on the Code of Ethics among ICATT membership. This deficiency was addressed in 2010 by inclusion of aspects of the Code of Ethics and its practical application as part of ICATT CPD offering to its members. Looking forward, ICATT intends to update its Code of Ethics using the 2011 version and all subsequent revisions. A number of ethical training programs are conducted by ICATT and ACCA on an annual basis to further implementation of these standards.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

ICATT has the responsibility for setting financial reporting standards in Trinidad & Tobago and has adopted IFRS as well as IFRS for SMEs without modification. Most of the financial services sector is under the supervision or moving to the supervision of the Central Bank of Trinidad and Tobago – presently, all regulated entities are required to prepare financial statements in accordance with IFRS. All publicly listed and Public Interest Entities (PIEs) are also required to prepare financial statements in accordance with IFRS. IFRS for SMEs was adopted by ICATT in February 2010. Bound Copies of the full IFRS as well as IFRS for SME's are made available to members on an annual basis; in addition, training is conducted on both IFRS and IFRS for SMEs as part of ICATT's annual CPD initiatives.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

ICATT is the only body in Trinidad & Tobago that has the authority to set audit and accounting standards. ISAs and IAASB pronouncements have been adopted by ICATT as the approved framework. ICATT has adopted all ISA for at least the last 10 years and currently regulates members using the pre-clarity version of ISA. However, there is intent is to adopt Clarified ISAs. ICATT disseminates information to members, including changes to standards. Additionally, copies of the IAASB handbook are made available to members. CPD training, aimed at covering most of the changes, is done on an ongoing basis. However, ICATT needs to enhance the communication, training among members and also introduce a more robust feedback mechanism. A scientific approach is being adopted for 2012 CPD activities, by determining the relevance of suggested training, and feedback from membership on their training requirements. CPD training aimed at covering most of the changes are done on an ongoing basis. ICATT focus areas will be on the communication, training among members and utilization of feedback to develop and refine trainings provided.

System of Investigation and Discipline (I&D)

As the body responsible for regulation of the accountancy profession in Trinidad & Tobago, ICATT maintains authority for the investigation and discipline of its members. The proposed amendments to ACT 33 of 1970 are intended to strengthen ICATT's current system of I&D in-line with SMO 6 and international best practice. These proposed amendments stem in large part from the 2009 revision of the ICATT Rules and Regulations for Investigation and Discipline. This was conducted as part of a comprehensive revision of the proposed new rules and regulations of ICATT in order to meet the requirements of SMO 6. The proposed new rules as indicated previously are not currently enforced; however, initiatives are in place to ensure adoption in the near future. Under the anticipated new Rules and Regulations, Members of Council, will no longer be eligible to serve on any Investigation or Disciplinary Committee – as presently, this may have the appearance of conflict of interest. The proposed rules provide for the establishment of an Appointment Committee to select a panel of members and non-members (other professionals) who are willing to serve on the Investigation, Disciplinary or Appeal Committees. It is anticipated that this will further enhance the alignment of the I&D system with SMO 6.

Quality Assurance (QA)

ICATT has established a mandatory quality assurance system (Practice Monitoring System) for all practicing members covering the audits of both public and non-public companies. The Practice Monitoring reviews were outsourced to ACCA under contract that covers ICATT and several other Institutes in the Caribbean. This system of practice monitoring is currently being partially funded by ACCA under a 6 year agreement, subject to renegotiation at the end of the 6 year term. Prior to the implementation of the Practice Monitoring System, a training session was conducted to assist in preparing firms for practice reviews. Additionally further training on ISQC1 and ISA were conducted and ICATT continues to provide training opportunities for interested firms. Actual practice reviews commenced in January 2009. As of August 2011, 22 firms were reviewed in 2009 and 21 firms were reviewed in 2010 and the remainder was expected to be completed in 2012. Firms with unsatisfactory reviews were revisited in accordance with SMO 6 to ensure incorporation of recommended actions to correct deficiencies.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

In Trinidad and Tobago, the Public Sector is still using cash basis public sector accounting and there is no plan in place to convert to IPSAS. ICATT has initiated talks with the Ministry of Finance, the Comptroller of Accounts and the Auditor General on the subject of IPSAS adoption and implementation. There appears to be active interest in this area, but to date, progress is unknown. Additional support to ICATT in raising awareness of the benefits of IPSAS and in supporting any potential government decision to adopt and implement the standards would help to further efforts in this regard.

Support to Public Financial Management (PFM)

Although ICATT has active dialogue with government in regards to IPSAS adoption and implementation, the degree to which this extends beyond to supporting PFM activities is unknown.

EUROPE AND CENTRAL ASIA REGION

The Croatian Audit Chamber (CAC)

Croatian Chamber of Auditors was established in 2006 as a professional organization of auditing firms, independent auditors and certified auditors operating in Croatia, under the provisions of Article 30 Paragraph 1 Audit Act ("Official Gazette" No. 146/05). The CAC presently holds associate status within IFAC and maintains membership in the Federation of European Accountants (FEE). In addition to CAC, Croatia maintains the Croatian Association of Accountants and Financial Experts (CAAFFE). CAAFFE functions as a voluntary body for those interested in accountancy (both private and public sector). CAC maintains a cooperation agreement with the Croatian Association of Accountants and Financial Experts (CAAFFE), which is also an IFAC member.

Legal and Regulatory Foundation – PAO Enabling Environment

The Croatian Audit Act established CAC as a professional body for statutory auditors, outlined its main powers and responsibilities, set basic audits requirements as well as provisions regarding the conditions of access to the profession. Among other aspects of the law, the Audit Act also established requirements with regards to the governance and operations of CAC; set requirements on the supervision of the professional body, certified auditors and audit firms by the Ministry of Finance (this last role being now undertaken by the Audit Public Oversight Board APOB); established International Standards on Auditing (ISAs) as the standards to be used for statutory audits; and granted responsibility to CAC for undertaking Quality Assurance (QA) reviews. Additional laws pertinent to the development of the profession include the Companies Act, which came into force in 1993. The Companies Act regulates business activities in Croatia and sets basic accounting requirements for listed and non-listed entities. This Act is completed by the Accounting Act, which was adopted in 2005 and requires the use of IFRS for the preparation of the financial statements of listed entities and large entities, as well as financial institutions (including banks), the other entities having the option of using IFRS or the Croatian Financial Reporting Standards which are adopted by the Croatian Financial Reporting Council (FRC).

PAO Organizational Capacity

The governance structure of CAC is largely defined in law through the Croatian Audit Act. As part of its governance structure, CAC is comprised of an Assembly, which is mainly responsible for issuing CAC statutes and other general acts of the professional body, determining audit fees and adopting the Code of Ethics. CAC also maintains a Governing Council, which has responsibility for taking decisions on matters strategic to the development of the audit profession, proposing programs for the development of CAC and monitoring their implementation, issuing guidance for the conduct of audits, establishing methodology for QA and standards for quality control, promulgating translated ISAs or defining and implementing policies set in accordance with the Audit Act. The Governing Council is composed of eleven members appointed for four years, including the CAC President, one member appointed by the Ministry of Finance and nine members who are certified auditors elected by the Assembly. The Governing Council has established various boards which focus on specific topics. They include the Committee for Monitoring the Financial Operations of CAC, Audit Standards and Ethics Board, Professional Education and Continuous Professional Education Board, International Cooperation Board and Oversight Board. All Boards are accountable to the CAC Administrative Board and the APOB

pursuant to Law and CAC statutes. In regards to internal organizational capacity, CAC maintains a small group of full time staff – including a General Secretary.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

As mentioned previously, the Audit Act provides the general conditions of access to the profession, requiring certified auditors to obtain a license from CAC and to be part of the PAO membership to be authorized to practice. To obtain a license and enter CAC membership, auditors need to meet a certain number of qualification requirements which are defined by Article 7 of the Audit Act. As part of these requirements, auditors must: gain high professional education; have three years of practical experience in audit (of which at least two years under the mentorship of a certified auditor); and pass the final assessments for certified auditors which are organized by CAC. Examinations are set by CAC through its Commission for Exams. The process includes utilizing academic experts to recommend exam questions which the Commission for Exams then chooses and grades completed exams. The assessment is uniform for all students. In addition, CAC sets additional educational provisions and requires candidates for membership to obtain a Bachelor degree in any matter and to take part in a pre-qualification course organized by CAC before they take and pass final examinations. In accordance with the Audit Act, certified auditors also must obtain a work permit from CAC in addition to his / her license (Article 55) and audit firms must be approved by the professional body (Article 10) to provide their services to the public. Once fully authorized to practice, certified auditors are required to follow Continuing Professional Development (CPD) courses which are organized by the professional body in accordance with the Article 32 of the Audit Act. Accordingly, certified auditors should carry out continuing professional education for a minimum of 24 hours per year, or cumulatively 72 hours for a period of three years. Compliance with CPD requirements is monitored and non-compliance with CPD requirements has previously resulted in disciplinary measures. According to the CAC Statute, members who fail to take part in CPD without justified grounds, have committed an offence which may be met with the following measures: reminder, reprimand, fine, temporary withdrawal of the right to carry out audits or permanent withdrawal of the right to carry out audits.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

CAC has a statutory responsibility to promote quality, expertise and integrity in the profession of accountancy by its members and to promote, control and regulate the profession of accountancy by its members in the Republic of Croatia. The CAC adopted the IESBA Code of Ethics and is responsible for updates and Croatian language translations of the Code. The CAC encourages and promotes application of the Code of Ethics to its members. To facilitate implementation, CAC has recently translated the 2010 Handbook of the Code of Ethics for Professional Accountants which it placed on the CAC website. Additionally, it should be noted that compliance with ethical requirements is a subject of QA reviews and a consideration when investigating complaints. Therefore there are consequences for breaches of professional ethics.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

The Financial Reporting Standards Board (FRSB) in Croatia is responsible for developing financial reporting standards for the Republic of Croatia. It is also responsible for translation of IFRSs. The FRSB's activities include developing the Croatian equivalents to the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The Croatian Accounting Act requires the use of IFRSs issued by the IASB and translated by FRSB for preparation of financial statements of listed entities, credit institutions and financial industry. The Croatian Financial Reporting Standards are required for preparation of financial statements of other private sector entities (small and medium),

which are not listed. Although CAC does not maintain standard setting responsibilities in the area of corporate accounting, the PAO does actively support the standard setting process through the provision of comments on proposed changes to accounting legislation and efforts to encourage alignment with IFRS. Additionally, CAC supports the implementation of IFRS through incorporation of the standards in education, assessment and continuing professional development activities.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

The Croatian Audit Act stipulates that ISAs must to be applied in the Republic of Croatia. All ISAs, including any revisions, are adopted as drafted by IAASB, without modifications on the effective date. The overall responsibility of adopting and translating the ISAs is held by CAC. CAC has recently translated the Handbook of International Standards on Auditing and Quality Control (2009) Edition which is published in Official Gazette and placed on CAC's web site for free public use. Furthermore, CAC supports activities of small and medium practices (SMPs) through translation of guidance issued by IFAC and organization of trainings in this respect. On an ongoing basis, CAC organizes courses or workshops to educate certified auditors about ISAs implementation and new auditing requirements and ensures that education, assessment, and CPD materials utilize most recent amendments and additions to ISAs. In an effort to strengthen its activities, CAC is working to strengthen its current system for informing members and the public about the current ISAs that are in effect and to be applied. Finally, as implementation of ISAs is a subject of QA reviews, CAC works to incorporate feedback from QA activities regarding the application of ISA into its development of CPD to strengthen areas of weakness in ISA implementation.

System of Investigation and Discipline (I&D)

In accordance with the Articles 32 and 35 of the Audit Act, CAC has responsibility for designing and operating mechanisms for investigating and disciplining (I&D) its members in cases involving breaches of professional or ethical standards. The I&D process is undertaken by CAC staff in coordination with the Disciplinary Committee. CAC developed and established its I&D program which was adopted by its General Assembly in 2010. The I&D mechanism was incorporated into the statutes after the General Assembly approved adoption. The current statutes of CAC recognize both mild misconduct and gross/serious misconduct as offenses. CAC can deliver sanctions for breaches which range from warning, reprimand, and fine of costs to withdrawal of the right to practice (loss of professional title). Although this is a relatively new system, it is operational. In 2011/2012, to further develop and refine the emerging system, CAC undertook a review of its I&D system to ensure operational effectiveness as well as consideration of the degree to which the system was operating in-line with the tenets of SMO6¹⁰. Additional donor assistance may help to support CAC's proactive efforts at continuous improvement of its system of I&D in-line with legal requirements and SMO 6.

Quality Assurance (QA)

One of CAC's key functions is supervision and control of the work and quality of audit firms, independent auditors and certified auditors licensed to work in the Republic of Croatia. The quality assurance system has been developed with the assistance of the Institute of Chartered Accountants in England and Wales (ICAEW) through a twinning arrangement financed by the World Bank¹¹, where the ICAEW provided

¹⁰ The Statement of Membership Obligation outlining the key components of a well-functioning system of I&D

¹¹ Following the 2007 ROSC AA report, Croatia received a grant from the Institutional Development Fund managed by the World Bank in November 2007. The funds were used to assist Croatia in the effective implementation of the EU Company Law Directives, including the provision of operational frameworks for the quality assurance system to monitor the work of external auditors and the system of public oversight of statutory audits. New laws on accounting and auditing were adopted in 2007 and 2008.

technical assistance in development of CAC's methodology and manual for conducting quality assurance, as well as assistance with the implementation of the initial pilot reviews of all audit companies. The ICAEW also trained CAC's quality assurance team and organized the post-training examination for the team.

In 2010, CAC launched its system with an initial information gathering exercise in respect of the audit firms operating in Croatia. This exercise was based on an Initial Assessment Questionnaire (IAQ) which CAC sent to all audit firms to get a preliminary overview of the size, range of activities and quality of all audit firms. After assessment of this information, the program of initial assessment reviews (IARs) was developed to facilitate initial visits by CAC's reviewers. During IAR activities, CAC provided recommendations on all audit requirements and facilitated support to each audit firm where improvements were needed to strengthen audit quality. Furthermore, in all cases of illegal activity in the operation of audit firms, CAC follows through with appropriate disciplinary measures. After the completion of IARs of all audit firms and detailed analysis of IARs findings, CAC undertook full monitoring visits. During these visits, CAC reviewers looked in greater detail at the audit work carried out by the registered audit firms and independent auditors. According to the Audit Act, the audit firms with public interest audits are subject to a three year visit cycle. All other audit firms carrying out statutory audits are subject to a six year visit cycle. The criteria for selection of the audit firms for quality assurance (QA) visits are risk-based. All QA plans are established by CAC Governing Board (CAC GB) with prior approval of the Audit Public Oversight Committee. As the CAC quality assurance system has only recently commenced operations, additional support in the next few years to CAC to ensure that the system is operating effectively, that CAC staff have needed guidance and support in addressing issues of technical complexity or cases of non-compliance, as well as ongoing support to any modifications or refinements which are needed may only further strengthen this emerging system.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

The Ministry of Finance (MOF) is responsible for setting public sector accounting standards and has not established convergence with IPSASs as an objective. CAC is not involved in the MOF's projects related to public sector accounting. However, CAC undertakes activities to promote the use of the IPSAS among the members and Government institutions through presentations and meetings with the MoF and the State Audit Office.

Support to Public Financial Management (PFM)

As with many PAOs in the region, the CAC maintains a very specific remit – the regulation of the audit profession. As such, its activities and support in the area of public financial management are minimal. However, CAAFE which maintains membership from accountants in both public and private sector, may offer opportunities for engagement in strengthening Croatian public sector accountancy and financial management. CAAFE actively supports public financial management through its provision of educational programs, conferences and seminars which highlight the subjects of IPSAS and public financial management. Additionally, CAAFE promotes sound practices in implementation of IPSAS and public financial management issues through its magazine Riznica.

The Chamber of Professional Accountants of the Republic of Kazakhstan (CPA RK)

Originally established as a public organization in 2000, the Chamber of Professional Accountants of the Republic of Kazakhstan (CPA RK) works to promote and protect the rights and interests of its members, facilitate the further development of accounting on the basis of International Financial Reporting

Standards (IFRSs), and provide training and continuous professional development opportunities for professional accountants and technical support. In 2008, the Chamber was reregistered as a professional organization of accountants due to the changes of legislation that separated accounting and auditing spheres. Today, the CPA RK is a non-for-profit, independent, professional and self-regulating accounting organization registered in accordance with the Republic of Kazakhstan (RK) legislation. Its members work in all sectors of the economy including industry, commerce, the public sector, and consultancy, and function to provide accounting services in line with requirements of RK "Accounting and Financial Reporting Law." CPA RK is presently an IFAC associate, having attained this status in 2011. In addition to CPA RK, Kazakhstan maintains the Chamber of Auditors (COA) which has been an IFAC member since 2000, as well as the Collegium of Auditors. According to current legislation, all auditors are required to maintain membership in one of these two auditor-focused bodies. CPA RK as well as the COA maintain membership in the Eurasian Council of Certified Accountants (ECCAA) – with CPA RK having acted as a founding member.

Legal and Regulatory Foundation – PAO Enabling Environment

As introduced by 2007 amendments to the Law "Concerning Accounting and Financial Reporting", the Ministry of Finance has the power to control and monitor the performance of only *accredited* professional organizations of accountants. One of the key differences between accredited and non-accredited professional organizations of accountants is the possibility for accredited bodies to appoint representative to the Consultative Board (CB) operating under the Ministry of Finance. This CB acts as a think-tank and advisory body to the Ministry on key accounting matters. Although not accredited, in 2009, CPA RK did receive invitations to appoint representatives to the CB in recognition of its role and effective contribution to the development of the accounting profession in the Republic. Although presently the CPA RK does not maintain accreditation by the Ministry of Finance, it recognizes the importance of this designation and as such, is working to apply and obtain such accredited status. According to the Article 9 of the Law on Accounting and Financial Reporting of 28 February, 2007, N 234 (Accounting Law), the chief accountant of the Public Interest Entity (PIE) can be appointed only if she/he maintains a designation of a professional accountant. Originally planned for commencement in 2009, the effective date was postponed to January 1, 2012. It remains to be seen how this legislation will impact the profession in Kazakhstan.

PAO Organizational Capacity

Due to limited resources, CPA RK operates a professional office with a small number of full-time staff, including a Chief Executive Officer. In order to ensure its transparency and accountability the Chamber has developed the following organizational structure: Conference, Council, Chair, Executive Director and Auditor. The Conference is the supreme body of the Chamber. The Conference includes all members of Chamber and is conducted not less than once in four years. The Conference defines basic directions of activity of the Chamber, election of the Council and Chair, competence, and organizational structure. The Council is the main governing body of the Chamber. The Council consists of 15 full members of Chamber according to the Charter. Council sessions are called by the Chair or on request of more than half of its members. At a minimum, the Council is required to meet at least twice per year. The Chair of the Chamber is appointed by the Conference from the members of the Council for a term of four years. The Chair organizes the Chamber's work on fulfilling decisions of the Conference and Chamber's Council; calls for and conducts Council meetings, and signs decisions approved by the Council. The executive office is the executive management of the Chamber, and is managed by the Executive Director. The Executive Director is appointed by the Chair of the Chamber for a period of four years. The Executive Director organizes execution of orders of the Chair, decisions of the Council and the Conference; and among other tasks, qualifies for signing financial and other documents. The Auditor controls financial

and economic activity of the Chamber. The Auditor is appointed by the Council of the Chamber for a period of four years. An independent audit firm or an auditor may be appointed as well. The Auditor cannot be the advisor, member of executive office, and also to occupy other permanent appointments at the Chamber. CPA RK maintains a committee structure which includes committees on the subjects of IFRS, Continuous Professional Development, regional development, international relations and certification. In addition to a strong organizational structure and professional culture, CPA RK is among a small group of PAOs in the region which actively undertake strategic planning and have developed strategic plans to guide the development and continuous improvement of their organization. In addition to its head office in Almaty, CPA RK now has 14 regional branches throughout Kazakhstan, all in main regions of the country.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

In order to join CPA RK, candidates must complete education requirements, pass assessment, complete a period of practical experience and fulfill 120 hours of CPD during a three year period. As a member of ECCAA, CPA RK requirements for membership are based upon the CAP/CIPA program requirements for certification, as determined by the ECCAA. Main courses of the CIPA program are incorporated into the Universities accounting curricula. Additionally, the Chamber has accredited 15 training centers in major cities of Kazakhstan which meet the criteria of reputation for quality, high caliber of certified lectures, and well equipped classrooms. The accredited training centers offer exam preparatory and CPD courses. To further the development and quality of the CAP/CIPA program, CPA RK contributes to the enhancement of the CIPA program and is actively involved in the ECCAA decision-making on its development. CPA RK monitors control over the training providers regarding the necessary content and accreditation requirements. Additionally, the heads of CPA RK branches located in the same city as accredited training providers regularly monitor compliance with organizational requirements. CPA RK maintains the Committee on Regional Development and the CPD Committee that facilitate this monitoring. In regards to practical experience, presently CPA RK requires the achievement of at least one year of relevant practical experience for pre-qualification for CAP certificate and at least three years for pre-qualification for CIPA certificate. Although progress has been made in the strengthening of the CAP/CIPA program, additional efforts are needed. As CPA RK and ECCAA work to strengthen the CAP/CIPA certification program in-line with international standards and best practices, additional technical support may greatly assist in furthering the updating and strengthening of the CAP/CIPA assessment, working with CPA RK and ECCAA to establish a system and processes to ensure the inclusion of updated standards and best practices, and assist in building capacity to ensure high quality accountancy education and assessment materials.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

In 2007, through CPA RK's initiative, an article was inserted into the Law requiring that professional accountancy organizations of Kazakhstan must adopt and follow the IESBA Code of Ethics. The Chamber was the first professional organization of accountants in the country that has adopted in full the IESBA Code of Ethics. On November 1, 2006 the Council of the Chamber, that sets standards to its members, adopted in full the IESBA Code of Ethics (edition effective June 30, 2006). The Chamber is planning to adopt the most recent version of the Code of Ethics to ensure alignment with international standards and will work with other Russian speaking PAOs to obtain a Russian language translation of this document and develop CPD seminars for its members. In light of these efforts to strengthen alignment with international ethical standards, additional donor support to CPA RK as it works to incorporate the most recent version of the Code of Ethics could greatly aid the process of adoption and implementation of the standards. In addition, technical assistance to support training and guidance to professional

accountants in the application of the Code of Ethics could greatly improve standards implementation and the ethical behavior of professionals in practice as well as the overall quality of financial reporting.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

With respect to accounting standards, RK Ministry of Finance sets standards for the accounting profession, which are developed in consultation with professional bodies at the sessions of the Consultative Body (CB) of the Ministry. This activity is regulated by the RK “Accounting and Financial reporting” Law, as amended in 2008. For the past decade, CPA RK has contributed to the standard-setting process to ensure that the voice of the profession is heard on issues of standard setting and regulation. Per decision of the Minister regarding the functions of the CB, commencing in 2009 in addition to accounting, the CB will include contribution on auditing standard-setting and regulation. Legally, IFRS are required for use by public interest entities. The Exposure draft for IFRS for SME was adopted by Ministry of Finance as National Standard 2, which became effective in 2009. In 2010, the CPA RK, together with the CoA, initiated the discussion at the CB meeting on reaching full compliance with the final version of IFRS for SME. In light of these efforts to strengthen alignment with IFRS and IFRS for SMEs, additional donor support to CPA RK and the CoA as they work to develop training and guidance to professional accountants in the application of IFRS and IFRS for SMEs could greatly improve the implementation of these standards, the practice of accountancy professionals, as well as the overall quality of financial reporting.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

RK Ministry of Finance is the standard setter for the auditing activities in accordance with RK “Auditing Law”, as amended in 2009 as well as the two professional auditing organizations, accredited by the RK Ministry of Finance: CoA and the Collegium of Auditors. CoA has translated and issued the 2008 Handbook of International Auditing, Assurance, and Ethics Pronouncements and is currently finalizing the 2009 Handbook. The significant revisions to the Audit Law enacted in May 2006 stated that, from November 2006, audits are to be carried out in compliance with International Standards on Auditing (ISA) – so long as they do not contradict national legislation. According to law, ISA must be published in both Kazakh and Russian languages. The CPA RK actively engages in furthering the implementation of these standards through inclusion in their CPD programs, participation in the development of Republic of Kazakhstan Normative Acts, undertaking seminars and conferences, publishing awareness building materials to communicate the standards to the public and professional community. In light of recent changes to legislation as well as efforts to translate the international Handbooks, additional donor support to the CoA, Collegium of Auditors, and CPA RK as they work to develop training and guidance to professional accountants in the application of ISA could greatly improve the implementation of these standards, the practice of auditing professionals, as well as the overall quality of financial reporting.

System of Investigation and Discipline (I&D)

At the moment, there is no specific program developed by CPA RK for investigating and disciplining its members for misconduct. According to the organization’s strategic action plan, presently Investigation and Discipline (I&D) actions are undertaken based on the IESBA Code of Ethics requirements. CPA RK seeks to meet this important requirement through exploring the possibility of a mentoring program. Additionally, CPA RK strives to strengthen its internal regulations so as to outline the requirements and processes of such a system in-line with SMO 6. Additional donor support to facilitate a mentoring relationship between a PAO with a more established system of I&D and CPA RK may best facilitate the design and development of a strong system of I&D in-line with international standards.

Quality Assurance (QA)

As a PAO which maintains membership comprised of accountants and not auditors, the CPA RK does not necessarily have a role in the development and implementation of a system of QA. However, the CPA RK does support educational and training events on the subject of QA in coordination with the COA and Collegium, the professional audit community and other Russian-language PAOs.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

The authorized body for public sector accountancy, the Ministry of Finance, has set objectives to converge with IPSASs, utilizing the accrual basis, beginning in January 2013. In this regard, CPA RK recognizes the importance of this shift and the role it may play – as a PAO for both public and private sector accountants – in supporting the implementation of these standards. CPA RK seeks to cooperate with government entities to assist in the process of adoption of IPSAS. In light of these efforts to strengthen adopt accrual based IPSAS, additional donor support to CPA RK and the public sector as they work to support the development of transition plans, overcome technical complexities and develop training and guidance to public sector accountants in the application of IPSAS could greatly improve the implementation of these standards and the resulting quality of public sector financial information.

Support to Public Financial Management (PFM)

In large part, through its membership comprised of both public and private sector accountants, the CPA RK works to develop and maintain the knowledge and skills of public sector professionals and thereby indirectly contributes to strengthening PFM. As Republic of Kazakhstan works to implement IPSAS, additional efforts by CPA RK to provide support through the period of transition and to provide education, training, and CPD which addresses the application of IPSAS in practice will be especially helpful to further this process. Additionally, through its role on the Ministry of Finance CB which maintains a relatively broad remit for enhancing accountancy development, CPA RK acts as a resource to government and private sector in the furtherance of high quality accountancy throughout the country.

Union of Economists of Turkmenistan (UOET)

Although titled the Union of Economists, this non-governmental organization works not only to promote strong economics and economic policy within the country of Turkmenistan, but also works to further the development of the accountancy profession. With broad expertise in economics, knowledge of the economic importance and impact of accountancy has oriented this PAO to function as a strong supporter of accountancy reform and development within its country. In demonstration of its commitment and role within Turkmenistan to the promotion of the accountancy profession, the organization maintains membership within the ECCAA. As an emerging PAO, the UOET does not yet maintain IFAC membership, however; it seeks to develop in-line with international standards and best practices.

A key success factor in the UOET's efforts to promote strong accountancy thus far has been its cooperation with the USAID Economic Reform to Enhance Competitiveness (EREC) Project¹² which has a

¹² Through its Economic Reforms to Enhance Competitiveness (EREC) project, USAID assists Turkmenistan in strengthening sustainable institutional capacity for fiscal management to create the foundation for competitive private sector development and stimulate investment in Turkmenistan.

focus on the development of the accountancy profession. Other important donor efforts to strengthen the country economically and financially have been undertaken by the World Bank and United Nations Development Programme (UNDP). Today the Ministry of Finance maintains the Accounting Reform Committee – of which, UOET maintains a seat. This Committee has been actively working to align with international standards and develop plans for transitioning the country towards leading Central Asia in accountancy reform.

Legal and Regulatory Foundation – PAO Enabling Environment

The Turkmen legal foundation is based on civil law, where the Accounting Law (1996) and the Audit Law (1996) are the main laws regulating financial reporting in Turkmenistan. Under the Accounting Law, financial reporting requirements apply to all entities – private/public or large, medium, small-entities. All entities in Turkmenistan, with the exception of individual entrepreneurs, are required to apply the Accounting Law. The preparation of annual financial statements is required to be completed in accordance with the standards promulgated by the Ministry of Finance. In addition to standards setting, the Ministry of Finance regulates the accountancy profession in Turkmenistan and is responsible for developing legislation on the accounting profession and accounting standards. The Ministry of Finance develops National Accounting Regulations (NAR), National Standards on Auditing (NSA) and is anticipated to adopt IFRS throughout the country in 2014 as a part of its accountancy reform programs. As a trend, Turkmenistan has been moving toward the adoption and implementation of international standards in this area.

The present status of the UOET as a non-governmental organization – lacking formal recognition as a key component of the financial architecture of the country - greatly weakens its ability to promote accountancy strengthening measures and support the Ministry of Finance in its activities to ensure capable and competent professionals able to produce high quality financial information. A focus for donor efforts in assisting UOET, the Ministry of Finance and the country of Turkmenistan may be in raising awareness amongst key stakeholders regarding the role and importance of the accountancy profession and its related organizations, reflection on the status of UOET as a non-governmental organization in Turkmenistan, and strengthening legislation to further enable the development of UOET and its activities in the area of accountancy.

PAO Organizational Capacity

In regards to PAO capacity, the UOET is still an emerging PAO. The Union maintains a very small staff structure and draws strong support from the donor community in undertaking its efforts. To support its operations, it also relies largely upon volunteer activities. The Union of Economists maintains several committees including the Committee of Professional Accountants; however, these committees operate on an ad-hoc basis. Due to legal restrictions, the UOET maintains few avenues for generating revenues able to cover the costs of operations. Presently, as a non-governmental organization, UOET may only finance operations through membership fees, and is not able to undertake many of the financing activities which typically contribute to PAO sustainability (education and training programs, publications, etc.). The inability to appropriately undertake financing activities weakens the ability of the UOET to acquire technical capacity and inhibits the organization's achievement of PAO core functions (e.g., investigation and discipline of members). Additional donor support to assist the UOET may focus on developing the organization's strategic planning and working with the government to ease limitations on the operations of this entity. Additionally, donor efforts on supporting formal mentoring between a more established PAO and the UOET may assist the PAO in orienting itself with international best practices in PAO structure, operation and core functions (e.g., education and training, investigation and discipline, continuing professional development).

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

Similar to CPA RK, as a member of ECCAA, the UOET utilizes the CAP/CIPA program for accountancy education, practical experience and assessment. This program provides professional accountancy assessment and certification in the Russian language. Successful participants can achieve two levels of professional certification: Certified Accounting Practitioner (CAP) — earned by passing exams for Financial Accounting I, Management Accounting I, and Tax and Law; demonstrating computer literacy; and having at least 1 year of experience and a good reputation as a member of a the UOET; and Certified International Professional Accountant (CIPA)—earned by passing exams additional exams in Financial Accounting II, Management Accounting II, Finance, Audit, Finance, Tax and Law, and MIS. Exams are delivered simultaneously in Turkmenistan and the countries of Kazakhstan, Kyrgyz Republic, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan. Besides CAP/CIPA, there are no other *international* certifications available in Turkmenistan. UOET provides the training and education to prepare students for the professional assessments. As the UOET maintains a strong focus on enhancing the knowledge and understanding of international standards and best practices – the fulfillment of the CAP/CIPA program is a key aspect of their activities. In Turkmenistan, Continuing Professional Development (CPD) requirements are not obligatory, which poses a challenge in terms of maintaining and developing professional knowledge. Enhanced professional education and training is needed in accounting and auditing in order for participants in the Turkmen financial reporting system to have the skills required to support the Government’s accountancy reform plans. As such additional donor support to the strengthening of UOET CAP/CIPA education programs as well as to the efforts of ECCAA (and its members such as CPA RK) in strengthening the CAP/CIPA certification program in-line with international standards and best practices may greatly assist in enhancing the skills and abilities of professional accountants in Turkmenistan so that they are ready and able to play a strong role in furthering Turkmenistan’s accountancy reform efforts.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

Presently, Turkmen regulations include ethical requirements only as relate to auditor independence. In addition, there is no mechanism in place to ensure compliance with these provisions. Additional donor assistance in the adoption and implementation (awareness building, training and education, and inclusion of ethical requirements among assessment and CPD materials) of the IESBA Code of Ethics for professional accountants in Turkmenistan may greatly further the ethical understanding and behavior of professionals in the country.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

Commencing in 2007 the United Nations Development Programme (UNDP) “Support to Accounting System Modernization” has undertaken strong efforts to educate and train Turkmenistan accountants in IFRS. In recognition of the need for furthering economic growth, in 2007, Turkmenistan’s President launched several social and economic reforms – including the National Program for Accounting and Auditing Reforms. One of the major aspects of this program is strengthening the financial sector through the development of a strong corporate financial reporting framework. As a result of these and the efforts of the Turkmenistan Accounting Reform Committee, Turkmenistan is working toward adoption of IFRS by 2014. It is hoped that through these and other efforts, Turkmenistan will be further integrated into the global economic system.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

Presently, Turkmenistan maintains National Standards on Auditing (NSAs) which are based on International Standards on Auditing (ISA) translated from 1998. As can be expected there remains a

significant gap between NSAs and ISAs. Additionally, the legal status and the degree of application of NSAs in practice remain uncertain. UOET supports the use of international standards in all aspects of accountancy and as such supports the adoption of International Standards on Auditing (ISA). Additional support to raise awareness of the importance of ISA and international standards more generally as well as to support the government, the Accounting Reform Committee and the UOET in the decision-making process surrounding the adoption of ISA and any potential transition plans and activities may greatly further the efforts of these important bodies and the quality of auditing practice in Turkmenistan.

System of Investigation and Discipline (I&D)

Presently, the UOET does not maintain a system for investigation and discipline of members. As an emerging organization, donor support to the development of such a system may aid in promoting application of international professional and ethical standards.

Quality Assurance (QA)

The design, establishment and operation of systems of quality assurance are typically found amongst more established PAOs as they require strong technical expertise, financial resources and organizational capacity. As the UOET is an emerging PAO with minimal resources - it has not yet developed a formal system of audit question assurance. As a first step in laying the foundation for development of such a system in coming years, additional donor may be directed towards clarifying and strengthening the legislation and regulatory framework surrounding the auditing profession. Such efforts may provide a sound foundation upon which a system of quality assurance may be developed in the medium to long term. In undertaking these efforts, a focus should be made on ensuring inclusion and cooperation among the many entities which may be involved including the Ministry of Finance, the Accounting Reform Committee, UOET and the profession.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

Presently, IPSAS are not adopted in Turkmenistan; however, there is interest in moving towards international standards in accountancy and thus in ISPAS. This interest may be due in large part to the efforts of the UNDP in Turkmenistan which has focused on communicating International Public Sector Accounting Standards (IPSASs) to government counterparts and local donors to build awareness and understanding.

Support to Public Financial Management (PFM)

The UOET has been an active supporter of public financial management development and activities. As a member of the Accounting Reform Committee and an organization with a broad remit and understanding of the interconnectedness of accountancy reform they actively support development of accountancy and public financial management in both the public and private sector. Recently, in cooperation with USAID and the public-private partner Chevron Nebitgaz B.V. Turkmenistan, the UOET supported the training of 200+ accounting specialists from various ministries and agencies in Turkmenistan¹³. UOET supported these three-month-long courses as part of the Government of Turkmenistan's initiative to retrain chief accountants and other accounting specialists in ministries and state-owned enterprises in preparation for the implementation of new internationally-compliant national accounting standards in Turkmenistan starting from 2014, as set out in the National Accounting and Auditing Reforms Program approved by presidential decree in July 2010. As an organization with

¹³ <http://turkmenistan.usembassy.gov/pr20110420.html>

broad inclusion of various sectors of accountancy and economics, additional donor support to facilitate UOET's furtherance of public financial management and accountancy reform in the country may have a strong impact on the overall resulting level of quality of financial information and management.

Ukrainian Federation of Professional Accountants and Auditors (UFPAA)

The Federation of Professional Accountants and Auditors of Ukraine (UFPAA) was established and registered in 1996 to defend the interests of the accounting and auditing professions. Among the UFPAA's priorities are increasing the professionalism and role of the accountancy profession as well as improving the quality of services they provide. UFPAA maintains membership in IFAC. In addition to UFPAA, the Chamber of Auditors (COA) representing the audit profession and the Ukraine Association of Certified Accountants and Auditors (UACAA) whose membership is comprised of individuals holding the CAP certification, exist to further the accountancy profession in Ukraine. The UACAA also holds IFAC membership. The development of the Ukrainian PAOs has been strengthened through support from the donor community. Such funding has played a significant role in the development of the existing organization, UFPAA and the establishment of the newer of the two Ukrainian bodies, the UACAA.

Legal and Regulatory Foundation – PAO Enabling Environment

Presently, the legal and regulatory framework recognizes the UFPAA as a non-profit self-regulating professional organization which is registered with the Ministry of Finance. In regards to accountancy, the current framework has enabled UFPAA to strengthen requirements for membership to ensure that, at a minimum, professional members must have either passed qualification exams sponsored by UFPAA or have the CAP/CIPA qualification. The regulation of auditing in Ukraine is defined in the Law on Audit Activity which was enacted in December 2006.

PAO Organizational Capacity

UFPAA is governed by a Council consisting of a President, two Vice Presidents, and six members. UFPAA maintains a modern committee structure to support its operations. As an organization, UFPAA includes committees for inspection, professional education, accounting and auditing standards, taxation, membership and ethics, and finance and budget. UFPAA maintains a relatively strong membership base of 3,000 professionals with membership increasing annually. Headquartered in Kiev, UFPAA also maintains 27 regional offices, making it the largest PAO in Ukraine. Although UFPAA has received donor support and assistance in past years, today the organization is financially self-sufficient. UFPAA undertakes the development of strategic plans (or development plans) for the purposes of directing the development of its organization. Additional support to UFPAA's efforts in this regard, through a formal mentoring arrangement with a more established PAO may aid in facilitating UFPAA's achievement of set objectives.

Professional Education, Assessment, Practical Experience, and Continuing Professional Development (IAESB)

Membership in UFPAA is restricted to those individuals who hold specialized higher education, pass local examination, hold certification as the CAP/CIPA (or other recognized international certification), have completed at least two years' experience in accounting or other activities connected with accounting, and on an ongoing basis, complete 120 hours of continuous professional education (CPD) every three

years¹⁴. Additionally, all candidates for membership are required to formally agree to compliance with the Code of Professional Ethics. To further education and training activities, UFPAA maintains the Training and Methodological Centre (TMC) where training courses on CAP and CIPA certification programs are offered as well as programs of Continuing Professional Development (CPD). In addition to CAP/CIPA, UFPAA furthers the knowledge of professionals through offering education and training in preparation for achieving the Association of Chartered Certified Accountants (ACCA) Diploma in IFRS (DipIFR)¹⁵ in Russian language. In 2009, in recognition of the importance of the International Education Standards (IESs), UFPAA representatives participated in drafting amendments to the Law on Accounting and Financial Reporting in Ukraine through the working group of the Ukrainian Parliamentary Committee for Economic Development to incorporate IESs into the requirements for membership. As follow-on to this important work, UFPAA is presently working to strengthen university education to align with international standards and best practices. In undertaking this effort, UFPAA is working with the Ministry of Education and Science of Ukraine to introduce enhancements to university accounting and auditing education. Finally, to raise awareness amongst its membership as well as amongst education stakeholders, UFPAA has translated the IESs and the relevant pronouncements into Ukrainian and posted these on its website. Additional donor assistance to UFPAA's efforts in strengthening its own membership requirements to align with the IESs as well as its efforts to strengthen university accountancy education would greatly enhance the resulting competencies and abilities of accountancy professionals.

Support for Adoption and Implementation of Code of Ethics for Professional Accountants (IESBA)

The IESBA Code of Ethics was translated and adopted in Ukraine as the National Ethics Code through Ukrainian legislation in 2003, and was adopted by UFPAA in 2007. In recognition of the ongoing nature of modifications and additions to the IESBA Code of Ethics, UFPAA has undertaken translation of the most recent version of the IESBA Code of Ethics (2011) and is undertaking a review of current ethical requirements with those of the 2011 Code to identify areas of change and to ensure incorporation of these aspects within education, assessment and CPD activities. As UFPAA undertakes the review and updating of these materials, additional support to raise awareness amongst its membership of these changes, update educational and training materials could greatly impact their application. Additionally, UFPAA has noted that they are responsible both for educating as well as enforcing compliance with the Code of Ethics among its members. Presently, UFPAA is developing a system for measuring the effective implementation of the Code of Ethics – additional technical support to the measurement and evaluation as well as incorporation of feedback into the programs and activities of the UFPAA may enhance the ethical understanding and behavior of accountancy professionals.

Support for Adoption and Implementation of International Financial Reporting Standards (IFRS)

The Law of Ukraine “*On Accounting and Financial Reporting in Ukraine*” requires that public joint stock companies, banks, insurers and the companies involved in these types of business (as determined by the Cabinet of Ministers) prepare their financial statements utilizing IFRS. This legislation, which came into

¹⁴ Additionally, UFPAA maintains non-traditional membership pathway allowing individuals without formal university education through its permission of membership to candidates with at least five years' working experience as Chief Accountant or Chief Accountant Deputy; and Agree in writing to comply with the Code of Professional Conduct.

¹⁵ <http://www.accaglobal.com/en/student/qualification-resources/dip-ifr.html>

force in January, 2012 was facilitated through the development of an IFRS implementation strategy which has helped to guide the movement of companies toward the international standards.

UFPAA has had a strong role in the adoption and implementation of IFRS in Ukraine. In 2011, UFPAA and the Ministry of Finance signed a Memorandum on Cooperation and Coordination of Actions on Implementation of IFRS in Ukraine. Together with the Ministry of Finance, UFPAA organizes round table discussions on the implementation of IFRS. Additionally, in furtherance of implementation of these standards, UFPAA entered into an agreement with the USAID Financial Sector Development Project (FINREP) on implementation of IFRS in Ukraine and has worked closely with the World Bank Centre for Financial Reporting and Reform (CFRR) to enhance the knowledge and understanding of these standards in Ukraine. UFPAA has also been very active in the translation of these standards into Ukrainian language – with its first translation being undertaken by the organization in 1995. This past year, UFPAA undertook the translation and publication of IFRS (2009) to assist the country in readying for its mandated implementation in 2012. In support of ongoing efforts at facilitating IFRS implementation, UFPAA is presently undertaking translation of the most recent version of IFRS. Finally, UFPAA holds trainings, workshops, conferences and other events in order to inform its members and stakeholders on the recent developments in IFRS. A key impact of the 2012 legislation will be a requirement for an estimated 15,000 companies (some estimate the number at 20,000) to apply full IFRS. This represents a major challenge for which UFPAA and the country will require additional donor assistance to ensure readiness and appropriate application of these standards in practice.

Support for Adoption and Implementation of International Standards on Auditing (ISA)

In accordance with the Law on Auditing 2006, ISAs and other IAASB Pronouncements were adopted in Ukraine without modifications. As noted through this law, the COA is responsible for setting auditing standards in Ukraine and undertakes the organization of translation of these standards. In 2010, UFPAA representatives participated in the Coordination & Advisory Council responsible for the translation of the Clarified ISAs. Although translations of the standards have been undertaken, it is important to note that there is no system for undertaking ongoing translations of these standards. This presents a challenge to the implementation of these standards in practice. Although UFPAA is not directly involved in standard setting, UFPAA has an important role with the implementation process in ensuring that auditors are aware of the standards and using them as intended. As such, UFPAA has played a strong role in the dissemination of Ukrainian language ISAs and continues to support ISA implementation actively through its support to ongoing translations.

System of Investigation and Discipline (I&D)

In 2007, UFPAA established its Disciplinary Committee to undertake the investigation and disciplinary function within the organization. In developing its system of I&D, UFPAA reviewed the experience of peer PAOs to better understand and design its own system. Special focus was placed on exploring the implementation of rules and sanctions and SMO 6 was utilized as a framework for the development of the UFPAA system. Although, UFPAA's Board is responsible for investigating and disciplining its members, all procedures are performed by UFPAA's Disciplinary Committee. In furtherance of continuous improvement and development of this system, in 2001 in coordination with the COA, UFPAA established the Committee for Appeals to strengthen the alignment of its system with the requirements of SMO 6. According to SMO Action Plans, UFPAA is in the process of reviewing the system to ensure

ongoing alignment with SMO 6. As UFPAA works to further align its system and operationalize the system of appeals, additional technical support may be especially useful.

Quality Assurance (QA)

The COA has recently established a Quality Assurance Committee, envisaged to function as a semi-autonomous body reporting to the COA. COA is responsible for implementation of the External Quality Assurance Review Program (QA). This QA Program was created by COA based on a draft developed by UFPAA with significant assistance from the National Organization of Commissioners of Accounting (CNCC) during the period of 2008-2009. The QA system designed through these collaborative efforts embodies SMO 1 requirements and functions to further align PAO operations with international standards and best practices.

During the transitional period of implementation of the QA system, a pilot group of Quality Control (QC) inspections will be undertaken. Although, QC requirements are still in the process of being incorporated into the revised Audit Law, it is expected that International Standard on Quality Control (ISQC) 1 will be adopted. Therefore, UFPAA is basing its internal methodology on the requirements of the Clarified ISQC 1. In recognition of the importance of coordination on the subject of quality assurance, the COA and UFPAA have signed a Partnership Agreement. In accordance with this agreement, UFPAA has the right to delegate its members to be trained by COA and gain official recognition as Quality Control inspectors. To ensure the audit community's readiness for the implementation of this system, UFPAA has worked in coordination with other stakeholders to provide seminars, trainings and events to explore the topic of quality control and educate its auditor members about their responsibilities in this regard. As the UFPAA works to operationalize its system of QA, refine its structure/methodology/practice, and undertake ongoing professional education and training sessions to strengthen the quality of the audit profession, additional assistance from the donor community in support of these efforts will be especially important.

Support for Adoption and Implementation of International Public Sector Accounting Standards (IPSAS)

Presently, IPSASs are not adopted in Ukraine. However, the National Accounting Standards for public sector are developed based on IPSASs. In promotion of IPSASs, these have been translated into Ukrainian and posted on the website of the Ministry of Finance. UFPAA promotes IPSASs with the Government and publishes relevant materials in its monthly magazine to further encourage knowledge and understanding on the subject.

Support to Public Financial Management (PFM)

Presently, there is no indication of the level of involvement of UFPAA in supporting public financial management. However, as an organization of accountants and auditors the organization is well-suited to support ongoing efforts in this regard. Additional assistance to facilitating public sector orientation would greatly aid UFPAA in addressing public sector accountancy and financial management issues.