

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world. Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, and processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

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

Use of Information

Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member:	Conselho Federal de Contabilidade (CFC) / Instituto dos Auditores Independentes do Brasil (Ibracon)
Approved by Governing Body:	Comitê Gestor da Convergência no Brasil
Date Approved:	July 2010
Date Published:	July 2010

GLOSSARY

BACEN	Banco Central do Brasil (Central Bank of Brasil)
CFC	Conselho Federal de Contabilidade (Federal Accounting Council, the Professional Regulatory Body in Brazil)
CNA	Comitê de Normas de Auditoria do IBRACON (IBRACON Auditing Standards Committee)
CNNT	Comissão Nacional de Normas Técnicas do IBRACON – (IBRACON National Technical Standards Commission)
CPC	Committee of Accounting Pronouncements
CRC	Conselho Regional de Contabilidade (Regional Accounting Counsel – part of CFC system)
CRE	External Review Committee
CVM	Comissão de Valores Mobiliários (Securities and Exchange Commission)
IASB	International Accounting Standards Board
IAASB	International Auditing and Assurance Standards Board
IES	International Education Standards
IFAC	International Federation of Accountants
IBRACON	Instituto dos Auditores Independentes do Brasil (Brazilian Institute of Independent Accountants)
IPSASB	International Public Sector Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
ISQC	International Standard on Quality Control
MEC	Ministry of Education
NBC	Norma Brasileiras de Contabilidades (Brazilian Accounting Standards)
NBC P	Professional Standards of the Independent Auditor
NBC TSP	Brazilian Accounting Standards for the Public Sector
NPO	Normas e Pronunciamentos de Outros serviços de Asseguração (Standards on other Assurance Engagements)
STN	Secretaria do Tesouro Nacional – National Treasury Secretary
SUSEP	Superintendencia de Seguros Privados (Superintendence of Private Insurance – Insurance regulator)
WG	Working Groups

Action Plan Subject: General Information on the Action Plan for Brazil
Action Plan Objective: Establishment of Structures and Mechanisms for Country Convergence Plan

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>CFC and IBRACON are working together on a plan for national convergence to international standards in Brazil, known as the Convergence Project in Brazil.</p> <p>Representatives from CFC, IBRACON, BACEN, CVM, STN, and SUSEP, had attended CReCER 2007 in Mexico City, and at this event the representatives realized two important ideas:</p> <ol style="list-style-type: none"> 1. the importance of convergence to International Standards, including IFRSs, ISAs, and IPSASs 2. that the CReCER 2007 event should mark the beginning for these organizations to work together towards a national convergence process. <p>By this time, the Committee of Accounting Pronouncements (CPC) had already been formed in 2005 by a Resolution from CFC with the purpose of steering convergence of Brazilian Accounting Standards for public interest entities to IFRSs.</p> <p>In 2007, after the CReCER event, a separate CFC Resolution was taken to form the Comit� Gestor da Convergencia no Brasil (or Management Committee of Convergence), of which each organization would be a member. The purpose of the Convergence Management Committee was to amplify the national convergence process to include accounting for all entities, auditing standards, regulatory bodies, and the public sector.</p> <p>To support and handle all operational activities the Convergence Coordination Team was formed by a representative from CFC and one from IBRACON.</p> <p>Given the cooperation between CFC and IBRACON, the two organizations decided and proposed to IFAC Compliance Staff to produce a single Action Plan rather than two different organization level plans. The result is a country Action Plan for Brazil that focuses primarily on convergence to international standards as the priority for the Brazilian environment.</p>					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Political Integration of the Management Committee of Convergence in Brazil</i>					
1.	8.31.2007	Presentation, for review and approval, of the Action Plan for Brazil by CFC	Done 8;31;2007	Plenary of CFC	Own resources with 27 effective members of the plenary of CFC
2.	9.30.2007	Meeting with the CVM and Bacen about the Country Convergence Project	Done 9.30.2007	Presidents of CFC and IBRACON	Own resources 6 representatives from CFC, IBRACON, CVM and Central Bank
3.	05.30.2008	Meeting with the Economy Minister and Secretary of Treasury about the Country Convergence Plan	Done 5.30.2008	President of CFC	Own resources 5 representatives from CFC, Economy Minister and Secretary of Treasury
4.	4.30.2009	Meeting with SUSEP about Country Convergence Plan	Done 7.15.2009	President of CFC	Own resources 5 representatives from CFC and SUSEP
5.	07/15/09	Meeting with the Federal Audit Court about the Country Convergence Plan	Done 07/15/09	President of CFC	Own resources 5 representatives from CFC and Federal audit. Court
<i>General Review of NBCs as the basis for the convergence of Accounting and Auditing Standards</i>					
6	5.30.2007	Review of structure and style of NBCs considering the requirements of IFAC and the IASB to accept local standards as corresponding to international standards.	Done 10.11.07	Legal and Technical Vice President (VP) of CFC/ Technical Director (DT) of IBRACON	Own resources: 5 representatives from CFC, and IBRACON

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#	Start Date	Actions	Completion Date	Responsibility	Resource
7	02/28/2008	Meeting with the WGs to explain the objectives of the project, and support and commitment required from presidencies of CFCs and IBRACON	Done 02/28/08	Convergence Coordination Team	Own resources: 6 representatives from CFC and IBRACON
8	06/25/08	Review of the structure of NBC - CFC Resolution No. 751 The new resolution establishes the structure of the standards published by CFC which include professional and technical standards, standards on accounting (for private and public sector), independent auditing, internal auditing and accounting witness	Done 02/13/09	Technical VP of CFCs with the support of DT IBRACON	Own resources 6 representatives from CFC and IBRACON
9	06/25/08	Review existing NBCs to determine necessary updates. An special working group was created for this purpose	Ongoing	Technical VP of CFC	Own resources 20 representatives from CFC
<i>Convergence Project Action Plan</i>					
10	8..31.2007	Review of the plan of action defined here	Ongoing	Convergence Coordination Team	Own resources 4 representatives from IBRACON and CFC
11	31.8.20077	Review and approval of the plan by the Management Committee of Convergence in Brazil.	Ongoing	Convergence Coordination Team and Management Committee of Convergence	Own resources 3 representatives from CFC and IBRACON

Action Plan Subject: SMO 1 and Quality Assurance
Action Plan Objective: Further Improvement of the Quality Assurance Review Program

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
<p>In 1997, the CVM issued Instruction No. 308 to regulate the profession of independent auditor in the capital market, including between other requirements a system of external assurance review. As a consequence, Brazil was the first Latin American country to establish a system of external quality assurance (QA) reviews, introduced in 2001 as a peer review system. The system is managed by the External Review Committee (CRE) consisting of representatives of CFC and IBRACON and having CVM as observer. The system is based on national auditing standards developed by CFC. Since the inception of this system CFC and IBRACON have been reviewing every year, including consideration of compliance with SMO 1, <i>Quality Assurance</i>. This external quality assurance system applies to audit firms acting in the capital market, financial market and insurance companies. The reviews are performed by another firm in accordance with the requirements of the standards established by CRE, which include description of scope and design of the quality assurance review program and related procedures to be followed by reviews. . The final objectives of this external reviews are to obtain a reasonable assurance that the firm’s system of quality control under review operates in accordance with the Brazilian auditing standards</p> <p>At present, the system is under review by CFC and Ibracon and a project (Supervision System) has been presented to CVM. The project considers the need to move from the current model to an oversight function that is more independent from the profession.</p>					
<i>Implementation of ISQC 1 and ISA 220 as part of convergence to ISAs</i>					
<i>Adoption of ISQC 01</i>					
1.	01/15/08	Formation of the Auditing Working Group, for elaboration and revision of NBC P1- Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements which will reflect current clarified IFAC ISQC 1.	Done 01/15/08	CFC/IBRACON	Own resources 3 representatives from CFC and IBRACON

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#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	01.30./2009	Review of NBC T 14 – Peer review to identify opportunities of improvements and better alignment with SMO 1	Done 01/30/09	CRE	Own resources 8 representatives from CFC and IBRACON with CVM as observer
3.	1.30.2009	Elaboration of NBC P1 according to clarified ISQC 1	07/06/2009	Working Group	Own resources 18 representatives from IBRACON
4.	6.10.2009	Final revisions	06/27/09	President of IBRACON, coordinator of WG and Technical department of CFC	Own resources 3 resources as indicated
5.	6.30.2009	Public Exposure by CFC/IBRACON. All public exposure processes are conducted jointly by CFC and IBRACON for the period of 30 days. The objective of this process is to confirm adequacy of the translation performed.	07/30/09	Technical VP of CFC/DT of IBRACON (Deadline for Hearing: 30 days)	
6.	11.27.2009	Issuance by CFC	November/2009	Technical VP of CFC/Plenary	Own resources: 27 effective representatives of Plenary of CFC
<i>Implementation Support</i>					
7.	09/01/2009	Presentation at the first National Seminal for Independent auditors	09/01/2009	CFC and IBRACON	Own resources: 15 speakers from CFC and IBRACON
<i>Review Cycle</i>					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	1.30.2009	The possibility to reduce from 4 to 3 years the cycle of peer reviews was evaluated. The conclusion is that a significant number of auditors or audit firms are already in a cycle lower than 4 years, since reviews with non clean conclusions are automatically rescheduled for the following year. Consequently, no change would be introduced for the time being. Additional consideration to this recommendation will be given in the context of a revision of the Supervision system in Brazil	Ongoing	Technical VP of CFC and CRE	Own resources 4 representatives from CFC and 4 representatives from IBRACON
<i>Maintain Ongoing Processes –</i>					
9.	Ongoing	Review the QA Review System on an ongoing basis as compared to the international best practice SMO1. This includes reevaluating plans and updating the Action Plan as necessary.	Ongoing	Technical VP of CFC and Technical Director/President of IBRACON	Own resources 4 representatives
<i>Review of Brazil's Compliance Information</i>					
10.	Ongoing	Perform periodic review of CFC's and Ibracon's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Convergence Coordination Team	Own resources 3 representatives from CFC and IBRACON

Action Plan Subject: SMO 2 and International Education Standards
Action Plan Objective: Compliance with IESs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Brazil, having a university degree in accounting is currently the sole requirement for candidates to access the profession and become members of CFC. Membership in CFC is mandatory for accountants. CFC members acting as independent auditors are subject to an ongoing CPD requirement. The Ministry of Education regulates the content of the professional accountancy education. At the universities</p> <p>For accountants to act as independent auditors in capital and financial markets, they need to pass a professional examination.</p> <p>Additionally, since 2002, the independent auditors are required to comply with a minimum continuous education requirement. The time charged on these activities is converted into credits that are reported annually to CVM.</p> <p>There is currently a project at Congress that will give to CFC legal authority to require examination to be register as accountant at CFC in addition to the university degree.</p>					
<i>Development of plan for approximation with academic entities</i>					
1.	February 2008	Activities of communication directed to disclose the convergence plan in the academic environment	ongoing	President of CFC, Professional Development VP, Convergence Coordination Team and Management	Own resources 4 representatives from CFC

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#	Start Date	Actions	Completion Date	Responsibility	Resource
				Committee of Convergence	
2.	6.30.2008	Contact with MEC (Ministry of Education) to promote the update of the academic curriculum in Brazil	Done 6.30.2008	President and VP of professional Development of CFC	Own resources 2 representatives from CFC
3.	8.28.2009	Assessment of the basic curriculum of the accounting degree as authorized by MEC and signature of an agreement of technical collaboration to ensure participation of CFC in the approval processes to recognize and renewal of new accounting courses at universities	8.28.2009	President and VP of professional Development of CFC	Own resources 2 representatives from CFC
<i>Maintaining Ongoing Process</i>					
4.	07/13/2009	Monitor the International Education Standards issued and ensure that the education requirements are constantly up to date. Professional development VP will require from education organizations for which CFC provides financial supporting for post-graduation program, the inclusion as content and/ or development of investigation on International Education Standards	Ongoing	VP of professional Development of CFC	Own resources 3 representatives from CFC
5.	2007	Ensure that new and revised standards on Brazilian auditing, financial reporting and ethics converged with International standards are incorporated into Brazil's training and education requirements.	Ongoing	VP of professional Development of CFC	Own resources: impossible to estimate numbers

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<i>Review of Brazil's Compliance Information</i>					
6.	Ongoing	Perform periodic review of CFC's and Ibracon's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Convergence Coordination Team	Own resources 3 representatives from CFC and IBRACON

Action Plan Subject: SMO 3 and International Auditing and Assurance Standards
Action Plan Objective: Ensuring Ongoing Convergence with ISAs and other IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
In 2007 CFC and IBRACON agreed for the need to converge the Brazilian Auditing Standards to the Clarified International Standards on Auditing and Assurance issued by IAASB. This decision was consistent with a previous decision from BACEN (consolidated financial statements of financial institutions in 2010 prepared in accordance with IFRS and audited in accordance with ISAs), This convergence is planned for audits of periods beginning on or after January 1, 2010,					
<i>Review of the translation of the glossary of the Handbook of International Auditing, Assurance, and Ethics Pronouncements?</i>					
1.	February 2007	Complete the review of the translation of the glossary with the CNA/IBRACON	Done 10/08/07	CNA/IBRACON - final review Coordinator of CNNT and DT of IBRACON	Own resources Group of professionals of C.N.A. (10 members)
<i>Translation of the IFAC Handbook of International Auditing, Assurance, and Ethics Pronouncements</i>					
2.	October 2007	Proposal of an action plan for translations considering the priorities of the IAASB revision program of Clarity Project (Project Timetable).	Done 12/31/07	CNA Coordinator/Technical Director of IBRACON	Own resources 3 people
3.	December 2007	Approval of timetable	Done 12/31/07	Convergence Coordination Team	Own resources 3 members
4.	January	Collection of 4 budgets and presentation to the	Done 1/31/08	/Superintendent of	Translation costs R\$

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	2008	Technical VP of CFC		IBRACON	79.990,00 , equivalent to US\$ 35.709,82 Review process estimated at 1400 hours at to US\$ 280.000,00
5.	January 2008	Approval by the Presidency of CFC	1.31.2008	President of CFC	Own resources one person from CFC
6.	July 2008	Completing the work of translation	Done 04/30/09	Translators	External resources – Translators as above
<i>Approval of the Conceptual Framework on auditing and assurance standards</i>					
7.	April 2007	Conclusion of the document by CNA/IBRACON but several wording changes were provided during translation process of ISAs	Done 08/31/07 Wording changes approved on June 30,2009	CNAIBRACON	Own resources Prepared by CNA coordinator, discussed in meetings of C.N.A. Group(10 members) and final approval by CNNT coordinator
8.	August 2007	Technical committee/IBRACON review (CNA and CNNT Groups)	Done 01.31.08	CNNT/IBRACON	Own resources as above
9.	July 2009	Review of the final document	10/31/09	DT do IBRACON and Technical VP of CFC	Own resources 3 representatives from IBRACON and CFC
10.	October 2009	Public exposure of CFC's Resolution by CFC/IBRACON	November 2009	Technical VP of CFC/DT of IBRACON	
11.	11.27.2009	Final Approval by CFC Plenary	11.27.2009	Plenary of CFC, National Board of	Own resources 27 <i>effective members of the</i>

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#	Start Date	Actions	Completion Date	Responsibility	Resource
				IBRACON	<i>plenary of the CFC</i>
Review, Approval and Issuance of the new Auditing Standards					
12.	October 2007	Formation of the Working]with participation of partners and senior managers of assurance departments of Auditing Firms with experience in application of ISAs	Done 01/15/08	CFC/IBRACON	Own resources, basically 2 from IBRACON
13.	October 2007	Discussion of the proposed schedule, IAASB schedule and translations: Here the discussion focus on the need to reconcile the translation timetable with the Clarity Project in order to ensure that standards for translation are those approved by IAASB as clarified version	Done 01/31/08	DT, Coordinator CNNT and CNA of IBRACON	Own resources Subgroup of CNA with Technical Director of IBRACON (3 people)
14.	1/31/08	Schedule Approval	Done 02/28/08	Convergence Coordination Team with CNA/IBRACON of IBRACON	2 members of convergence coordination team and 1 from CNA
15.	7.15.2008	Execution of translations, following the schedule	<i>Done 6.30.2009</i>	External translators	External resources detailed as above
16.	7.1.2008	Distribution for review: For each individual standard a person within the WG took the responsibility to lead the review discussion on the translation	Done August 2009	CNA coordinator	Own resources - 1 person
17.	7.1.2008	Final reviews This review comprised the following: (i) review by the WG (ii) review by CNA coordinator (iii) review by President of IBRACON and (iv) review by a representative from Technical VP of CFC	10.1.2009	WG and Technical VP of CFC/CNNT of IBRACON/DT of IBRACON	<i>Own resources WG with 10 people and more 3 representatives for the final review</i>
18.	March of	Public exposure by CFC/IBRACON	<i>10.30. 2009</i>	Technical VP of	

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	2009			CFC/CNNT of IBRACON/President of IBRACON	
19.	11.27.2009	Issuance by CFC through a resolution formalizing the approval including the application date	11/27/2009	Technical VP of CFC/Plenary	Own resources 27 effective members of the plenary of the CFC
Standards on Review engagements					
20.	10.1.2007	Formation of the Working Group	Done 01/15/08	CFC/IBRACON	Own resources Same as item 12 above
21.	7.1.2008	Translations: as described above	Done 02/28/09		Same as item 15 above
22.	7.1.2008	Distribution for review as described above	Done 02/28/09	C.N.A. coordinator	Own resources 2 people from IBRACON
23.	7.1.2008	Final reviews <i>as described above</i>	10.30. 2009	WG and Technical VP of CFC/CNNT of IBRACON/DT of IBRACON	Own resources Same as item 17 above
24.	3.1.2009	Public Exposure by CFC/IBRACON	10.30.2009	Technical VP of CFC/CNNT of IBRACON/DT of IBRACON	
25.	January 2010	Issuance by CFC as described above	1.31/2010	Technical VP of CFC/Plenary	Own resources 27 effective members of the plenary of the CFC
Assurance Standards					
26.	3.1. 2007	Issue of Standards and Pronouncements of other assurance services (NPO), by IBRACON The	Done 07/20/07	DT IBRACON/CNNT	CNNT with 12 members

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		issuance of the ISAE 3000 as a Brazilian standard was first introduced by a pronouncement issued by IBRACON in 2007		IBRACON	
27.	1.15.2008	Presentation to Technical VP of CFC As this standard had already been approved by IBRACON, IBRACON Technical Director presented the standard to CFC for their analysis/	1.15. 2008	DT IBRACON	Own resources - 1 representative from IBRACON
28.	January 2009	Public exposure by CFC that follows the same process and terms as explained above	Done 01/30/09	Technical VP of CFC	
29.	February 2009	Issue NBC TO 3000 The Portuguese version of ISAE 3000 was approved as Brazilian Assurance Standard	Done 02/28/09	CFC Plenary	Own resources 27 effective members of the plenary of the CFC
Standards for Related Services					
30.	Before 2007	Complementing the review by CNNT of IBRACON The review of the standard for agreed-upon procedures is under review by C.N.A. and CNNT Groups since 2007, waiting for the update from IFAC	6.30.2009	CNNT of IBRACON	Own resources
31.	October 2009	Final review by Ibracon and CFC	6.30.2009	DT of IBRACON and Technical VP of CFC	Own resources 3 member from IBRACON
32.	26/12/2009	Public exposure by CFC/IBRACON <i>As above</i>	1.31.2010	Technical VP of CFC/DT of IBRACON	
33.	2.26.2010	Final approval	2.26.2010	Plenary of CFC/DN of IBRACON	Own resources 27 effective members of the plenary of the CFC

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Regulatory Convergence – Auditing					
34.	8.1. 2009	Research the existing divergences in the regulatory environment by comparing the international and CFC standards and the best international regulatory practices: the objective of this activity is to map the main differences between CFC standards, Brazilian regulators standards and best practices . The standards relate mainly to independence standards.	In process till 12.31.2010	Regulatory group of IBRACON and Technical VP of CFC	Own resources mainly 6 members from IBRACON and 2 from CFC
35.		Elaboration of "business cases" for the convergence of each regulated segment (CVM, BACEN, SUSEP, etc.) : the objective is to develop the rationale for the changes required for full internal and external convergence	12.31.2010	Regulatory group of IBRACON/Technical VP of CFC	Own resources
36.		Revision of "business cases" as above	12.31.2010	Convergence coordination team with CFC/IBRACON presidencies	
37.		Individual discussions with the regulators <i>on the main divergences identified and the business case for a change</i>	12.31.2010	President of IBRACON with support from Convergence committee and President of CFC	Own resources
38.		General meeting of presidencies of CFC and IBRACON with the group of regulators aiming at the approval of the convergence	12.31.2010	Presidencies of CFC/IBRACON, Convergence coordination team Presidents of	Own

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#	Start Date	Actions	Completion Date	Responsibility	Resource
				CVM, BACEN and SUSEP	
39.		Implementation Once business cases for internal convergence is agreed with regulators, regulators need to implement this action	To be determined by regulators	CFC/IBRACON and regulators	It will depend on regulators approach
Implementation Support: These actions aimed to communicate the program to the professionals in Brazilian and also to help them to upgrade their knowledge on the changes in the Brazilian standards on Auditing					
40.	06/30/2009	Presentation of the whole project to the profession through the 1 st Brazilian Seminar for Independent Auditors, explaining the reasons for the changes, the process, discussing the most important changes and announcing the training program	Done 1 st of September 2009	Presidents of CFC and IBRACON and member of the WG	Own resources involving around 10 members of the WG
41.	05/31/2009	Develop training program (on distance) to be administered by CFC/CRC system with IBRACON's support	First module completed 3.31.2010 Second and third module till 7.31.2010	Professional Development areas of CFC/IBRACON and member of CNA	Estimated 400 hours at total of US\$ 80.000,00.
42.	2.28.2010	Development and presentation of the 2 nd . Brazilian Seminar for Independent Auditors, dealing with the most significant changes in auditing standards	Scheduled for June 9, 2010	Presidents from CFC and Ibracon, Technical VP, members of CNA	Owns resources around 10 members at total
43.		Presentation of the training program	12/31/2010	Professional Development areas of CFC/IBRACON	Own resources to be determined
Maintaining Ongoing Processes					
44.	Ongoing	Ongoing monitoring and review of IAASB	<i>Ongoing</i>	CNNT of	12 members from

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		pronouncements following the IAASB's work program, and updating the Action Plan for future activities where necessary.		IBRACON and Technical VP of CFC	IBRACON and CFC
<i>Review of Brazil's Compliance Information</i>					
45.	Ongoing	Perform periodic review of CFC's and Ibracon's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	<i>Ongoing</i>	Convergence Coordination Team	2 members from CFC and IBRACON

Action Plan Subject: SMO 4 and IFAC Code of Ethics
Action Plan Objective: Convergence and Implementing the IFAC Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>As part of convergence of Brazilian Auditing Standards to the International Standards on Auditing and Assurance issued by IAASB, it is necessary to converge the Brazilian Code of Ethics with the IFAC Code of Ethics. During 2010, the Management Committee on Convergence will focus on education and communication of the Clarified IFAC Code by performing a comparison of the Brazilian and IFAC codes and educating the Brazilian professionals on the IFAC Code. The goal is to fully converge and implement the Clarified IFAC Code in 2011, having laid a strong foundation of education during 2010.</p> <p>For the purpose of supporting implementation of the converged Brazilian auditing standards in 2010, the Brazilian standard on independence has been compared with the IFAC Code – Section 8, and the Brazilian standard will be complemented in 2009 to eliminate gaps identified.</p>					
<p><i>Incorporation of the IFAC Code of Ethics:</i></p>					
1.	07/01/09	<p>Formation of the Working Group for elaboration and revision of NBC P1.xx under the approved terms for this NBC by CFC</p> <p>Review of the Brazilian Code of Ethics and Brazilian Professional Standards to determine gaps to be covered by a complement to current Brazilian standards on independence</p>	7.31.2009	<p>Convergence Coordination Team</p> <p>Ethics Working Group of IBRACON reporting to Convergence Coordination Team</p>	<p>Own resources: 3 representatives from CFC and IBRACON</p> <p>Own resources 8 representatives from IBRACON</p>

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2.	09/01/09	Mapping of existing differences between Brazilian Code of Ethics and existing IFAC Code and discussion with Inspection VP of CFC	10;30.2010	Working Group	Own resources 8 representatives from IBRACON
3.	10.30.2009	Complementation of existing Independence standard to align with IFAC Code of Ethics by approval and issuance of a Resolution from IFAC	12.31.2009	Technical VP and Plenary of CFC	Own resources 27 effective members of the plenary of the CFC
4.	11.30.2009	Translation of the new Code of Ethics	12.31.2010	External translators as above	
5.	1.1.2010	Preparation of the revised Brazilian Code of Ethics fully converged with IFAC Code	6.30.2010	Working Group	Own resources 13 representatives from CFC and IBRACON
6.	6.30.2010	Review of the new Brazilian Code of Ethics by CFC	9.30.2010	Technical VP	
7.	10/10	Public Exposure by CFC/IBRACON	11/31/10	Technical VP of CFC	
8.	11/10	Issuance by CFC	12/31/2010	Plenary CFC	Own resources 27 effective members of plenary
Implementation Support					
9.	11.30.2010	Development of plan for education, training, promoting and dissemination of the Brazilian revised Code of Ethics This plan will comprise the detailed activities to be implemented such as communication to all accountants in Brazil, inclusion in the agenda of all accounting events, communication to regulators, etc,	6.30.2011	CFC and IBRACON	Own resources 6 representatives from CFC and IBRACON
Maintaining Ongoing Processes					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
10.	Ongoing	<i>Ongoing</i> monitoring the changes made to the IFAC Code of Ethics and adopt the changes following the existing due process. In particular, monitor closely the IESBA work program and proposed revisions to the IFAC Code of Ethics so they can be incorporated into Brazil's framework on a timely basis. This includes updating the Action Plan as necessary.	<i>Ongoing</i>	Technical Director of Ibracon together with Technical VP of CFC	Own resources 5 representatives from CFC and IBRACON
<i>Review of Compliance Information</i>					
11.	<i>Ongoing</i>	Perform periodic review of CFC's and Ibracon's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	<i>Ongoing</i>	Convergence Coordination Team	Own resources 3 representatives from CFC and IBRACON

Action Plan Subject: SMO 5 and International Public Sector Accounting Standards
Action Plan Objective: Promoting Use of IPSASs in the Public Sector

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
As part of the convergence discussions, the Management Committee of Convergence decided to incorporate the convergence of the Brazilian Accounting Standards to the International Accounting Standards for the Public Sector as issued by IFAC. This decision was taken with deep involvement of representatives from Brazilian government to ensure commitment for this important piece of the convergence plan.					
<i>Accounting Convergence for Public Sector</i>					
1.	06/20/08	Formation of Coordinating Group to coordinate the translation of IPSAS and convergence of NBC TSP – Brazilian Accounting Standards for the Public Sector	Done 06/20/08	CFC and Convergence coordination team and Management Committee of Convergence	Own resources
<i>Translation of IPSAS as published by IFAC</i>					
2.	11.1.2008	Approval by the President of CFC of the process to engage the translator	Done 11/01/08	Technical VP of CFC	Own resources
3.	11.1.2008	IPSAS Translation for validation at the WGs	Done 5.15.2009 [Convergence coordination team and Management Committee of Convergence	Own resources Translation costs R\$ 7.990,00 equivalent to US\$ 3.566,96 Review process estimated at 768 hours at to US\$ 115,200.

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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Formation of Working Groups</i>					
4.	01/10	Formation of Working Group to review the translation of IPSAS to ensure consistency, and appropriate sense	till 02/31/09	Coordinating team of Public Sector from Management Committee of Convergence	Own resources
5.	03/10	Distribution between the members of the Working Group	3.31.2010	Coordinating team of Public Sector from Management Committee of Convergence	Own resources
6.	04/10	Review by Technical VP of CFC	5.31.2010		
<i>Dissemination of IPSAS translated into Portuguese to Accountant in Public Sector</i>					
7.	June 2010	IPSAS in Portuguese to be distributed	Till 07/31/10	Technical VP of CFC	Own resources [<i>Por favor, incluir información específica sobre el tipo y cantidad de recursos.</i>]
<i>Approval and issuance by CFC of the NBC TSP converged to International Standards</i>					
8.	08/2009	Preparation of the Drafts of NBC TSP converged	Till 08/31/10	Coordinator of GTCP and coordinating team and Management Committee of Convergence	Own resources
9.	11/10	Public Audience of exposure draft	Till 12/31/10	Technical VP of CFC	Own resources

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#	Start Date	Actions	Completion Date	Responsibility	Resource
10.	01/11	Issuance of Accounting Standards for Public Sector	Till 2.28.2011	Plenary of CFC	Own resources 27 effective members of plenary
<i>Training of Accounting Professionals on content and application of NBC TSP converged</i>					
11.	06/11	Development of a training program to be applied in all the country for Accountants in Public Sector	Till 12/31/11	Technical VP of CFC and Management committee for Convergence	Own resources
<i>Implementation of NBC TSP Converged to International Standards</i>					
12.	01/12	After the training, the new Brazilian Accounting Standards for Public Sector will be in force as from 1.1.2012	Till 01/01/12	Approval by CFC Board	Own resources
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to identify opportunities to further assist in implementation of ISPASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	Technical VP of CFC	Own resources
<i>Review of Compliance Information</i>					
14.	Ongoing	Perform periodic review of CFC's and Ibracon's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated	Ongoing	Convergence Coordination Team	Own resources 3 representatives from CFC and IBRACON

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.			

Action Plan Subject: SMO 6 and Investigation and Discipline
Action Plan Objective: Including Non-Accountants in the Disciplinary Tribunal

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>CFC has the basic legal authority for discipline action for the profession as a whole; in addition Brazilian regulators have authority for investigations and discipline actions in their respective jurisdictions. In this context, CFC received the recommendation from IFAC to implement requirement from SMO 6 to include non-accountants in the disciplinary tribunal. As CFC authority results from Brazilian law, there is today a legal impediment to introduce such recommendation in the professional legal system, since in accordance with current law, the disciplinary board is part of CFC and composed by professional accountants registered at CFC.</p> <p>It is to be mentioned that the CFC and CRC system has as main responsibility the inspection of the professional exercise of accountants to ensure the ethics and discipline of accounting professionals to protect the community.</p> <p>In accordance with law, the CFC/CRCs are formed only of professional in regular situation and with technical and professional competence to assess the documents included in the disciplinary processes.</p> <p>Finally and also in accordance with law CFC is the Ethical Superior Court limiting the participation of non-accountants in disciplinary processes</p>					
1.	2005	As there is a legal impediment to adopt IFAC recommendation, CFC will apply its best efforts to promote a change in legislation.	On going	President of CFC	Own resources

Action Plan Subject: SMO 7 and International Financial Reporting Standards
Action Plan Objective: Further Improvement of the Convergence Process

Action Item	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>Since 2006, several regulators have been working to promote convergence of Brazilian Accounting Standards to International Financial Reporting Standards with the whole support from the Brazilian profession due to the clear benefits for the Brazilian economic sustainable development. Creation of CPC and subsequent changes in Corporate Law in 2007 are clear examples of those decisions. In 2005 CPC was created by ABRASCA (Association of Listed Companies in Brazil), APIMEC (Association of Analysts, BM&FBOVESPA (São Paulo Stock Exchange), CFC, FIPECAFI and IBRACON. This accounting body works on the convergence of the accounting standard into standards issued by IASB after issuance by CPC; accounting standards need to be approved by regulators, such as BACEN, CFC, CVM and SUSEP to be in force for the respective jurisdictions. The first important set of substantially converged standards were issued in 2008. Additional set of around 30 standards are currently under translation, discussion and approval by CPC.</p>					
<p>Accounting Convergence</p>					
1.	Since 2005	Continued Support of bodies for the work and agenda of the Committee of Accounting Pronouncements (CPC)	Ongoing	President of CFC, President of IBRACON, representatives of the CVM and the BACEN	Own resources 4 <i>representatives</i>
2.	<i>December 2008</i>	Translation of full 2008 IFRS to be made available and used by CPC	10.30.2009	IBRACON	Translation costs: R\$ 151.706 equivalent to US\$ 62,878 Technical review: estimated at 1,400 hours estimated at some R\$ 627,700 equivalent to

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Action Item	Start Date	Actions	Completion Date	Responsibility	Resource
					US\$ 280,000
3.	Ongoing	Monitoring of the permanent agenda of the CPC to ensure the fulfillment of the goals to eliminate the differences by 2010	Ongoing	CFC and IBRACON representatives at CPC	Own resources 4 representatives
4.	May 07	Drafting comments on the IASB project for small and medium enterprises (SMEs)	May 09	CFC/IBRACON group to be determined	Own resources 5 representatives from CFC and IBRACON
	April/09	Creation of a working group to determine the strategy for adoption of the IASB project for Private entities	June 09	Technical VP of CFC	Own resources
	June /09	Translation		Technical VP of CFC	Own resources
	December 09	Review and issuance of the Brazilian Accounting standard for SME by CPC and adoption by CFC		WG	Own resources of 10 representatives from CFC and Ibracon
5.	06/25/08	Formation of Working Groups to review NBCs on accounting matters not included in IFRS (like non-for profit organizations, hotels, cooperatives, etc)	Done 08/05/08	CFC/IBRACON	Own resources
				WG	
6.	06/25/08	Review of other NBC T on accounting matters for inclusion in the agenda of the CPC, eventual revocations and actions aimed at upgrading the set of standards	Ongoing	CFC/IBRACON - CNC Group	Own resources 10 representatives from CFC
<i>Regulatory convergence - Accounting matters</i>					
7.	02/15/08	Formation of WG	Done	CFC/IBRACON	Own resources 6

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Action Item	Start Date	Actions	Completion Date	Responsibility	Resource
			02/15/08		<i>representatives from IBRACON</i>
8.		Research the existing divergences between NBCs and rules of regulators of segments (ANS, etc.)	Till 6.30.2010	WG	Own resources to be determined
9.		Elaboration and revision of "business cases" for the convergence	Till 10.30.2010	Convergence coordination team with CFC/IBRACON presidencies	Own resources to be determined
10.		Individual discussions with the regulators	Till 10.30.2010	WG with presidencies of CFC and IBRACON	Own resources to be determined
<i>Implementation Support</i>					
11.		Develop training program to be administered by CFC/CRC system with IBRACON's support	31.12.2010	Professional Development areas of CFC/IBRACON	R\$ 863.195,41, equivalent to US\$ 385.355,09
12.		Presentation of the training program	31.12.2010	Professional Development areas of CFC/IBRACON	Own resources, as above
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to use best endeavors by identifying opportunities to further advance implementation of IFRS in Brazil by creation of a group with specific responsibilities to follow up on IASB	<i>Ongoing</i>	WG and Convergence Coordination Team	Own resources <i>10 representatives from CFC and Ibracon</i>

Action Item	Start Date	Actions	Completion Date	Responsibility	Resource
		developments. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.			
<i>Review of Compliance Information</i>					
14.	Ongoing	Perform periodic review of CFC's and Ibracon's responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Convergence Coordination Team	Own resources 3 representatives from CFC and IBRACON