

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, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

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

Use of Information

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

ACTION PLAN

IFAC Member:	The Chinese Institute of Certified Public Accountants (CICPA)
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GLOSSARY

CASB	Chinese Auditing Standards Board
CASC	China Accounting Standards Committee
CASs	Chinese Accounting Standards
CESC	China Ethics Standards Board
CICPA	Chinese Institute of Certified Public Accountants
CPA	Certified Professional Accountant
CPD	Continuing Professional Development
CPDD	Continuing Professional Development Department
ED	Examination Department
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standard on Auditing
ISQC1	International Standard on Quality Control 1
SMO	Statement of Membership Obligation

Action Plan Subject: SMO 1 - Quality Assurance
Action Plan Objective: Further develop CICPA's Quality Assurance Review System in line with SMO 1 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The newly revised <i>Practice Quality Review System of the Accounting Firms</i> has taken effect since Aug. 1, 2009. The CICPA directly organizes the quality assurance review of the accounting firms that have the qualification to conduct audits of listed companies once every three years. For those Accounting Firms not conducting audits of listed entities, the local CPA institutes are responsible for the quality assurance review within their respective jurisdiction – the review cycle being every five years.</p> <p>CICPA developed China Standard on Quality Control for firms No. 5101 in accordance with ISQC 1 and its practice guidelines, and released it in November 2010. In November 2010, the CASB Chair signed a joint statement with the IAASB chair, confirming that China Standards on Auditing have achieved continuing and full convergence with ISAs. In 2011, CICPA plans to conduct 11 training sessions for the new China Standards on Audit.</p> <p>In January 2011, CICPA started to reform the Quality Assurance system, in order to improve the efficiency and effectiveness of Quality Assurance. Key activities for the reforms are:</p> <ul style="list-style-type: none"> i. Improve quality assurance system; focus on assessing the internal quality assurance system of the accounting firm. ii. <i>Establish</i> a qualified inspector team. iii. Make full use of experts throughout the inspection. iv. Strengthen IT application on inspection, improve inspection results announcement system. 					
<p><i>The Change to a 3-Year Quality Assurance Review Cycle</i></p>					
1.	May 2011	Nearly one-third of firms auditing listed companies are planned to be reviewed by CICPA, about 20 firms and their branches. Nearly one-fifth of firms auditing non-listed companies are planned to be reviewed by local institutes, over 1400 firms.	Dec 2011	CICPA Deputy Secretary General and Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
2.	Ongoing	Continue to ensure that CICPA’s QA review is operating effectively and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Experts of firms, staff in charge of QA in CICPA and local institutes
<i>Review of CICPA’s Compliance Information</i>					
3.	Ongoing	Perform periodic review of CICPA’s response 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	CICPA Deputy Secretary General and Director of Quality Assurance Department	Staff in charge of Quality Assurance in CICPA

Action Plan Subject: SMO 2 - International Education Standards
Action Plan Objective: Continue to use best endeavors to ensure that all IES requirements are incorporated into CICPA's education requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Currently, CICPA has two kinds of members, practicing members and non-practicing members. In order to become a practicing member, he/she should pass the national unified CPA examination; undertake audit engagements for over two years; and apply to CICPA for approval. In order to become a non-practicing member, he/she should directly apply to CICPA and get approved after passing the national unified CPA examination.</p> <p>The CPD Department will follow developments of SMO 2 and international education standards, while continuing to update <i>the CPD system of the Chinese CPAs</i> and its <i>supplementary provisions</i> as well as <i>the Strategic Plan on Reinforcing Development of Professional Talents</i>. CICPA has developed <i>Guide to Competence of Chinese CPAs</i> according to the actual condition of Chinese accountancy profession and provisions of IESs.</p>					
<i>Maintaining Ongoing Processes</i>					
4.	Ongoing	CPDD and ED of CICPA maintain an ongoing process to monitor new and revised standards and incorporate them into education and examination requirements.	Ongoing	CICPA Secretary General Directors of CPDD and ED	Staff of CPDD, members of Continuous Education Committee
5.	Ongoing	Continue to use best endeavors to ensure CICPA education requirements continue to incorporate all IES requirements. This includes review of the existing requirements and preparation of the Action Plan for the future activities where necessary.	Ongoing	CICPA Secretary General Directors of CPDD and ED	Staff of the CPDD, members of Continuous Education Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CICPA's Compliance Information</i>					
6.	Ongoing	Perform periodic review of CICPA's response 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	CICPA Secretary General Directors of CPDD and ED	Staff of the CPDD, members of Continuous Education Committee

Action Plan Subject: SMO 3 - International Auditing and Assurance Standards
Action Plan Objective: Further improve and maintain processes for ongoing convergence with IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>By law, in China, the auditing standards to be complied with are ‘Chinese Auditing Standards’ for which the CICPA has the legal mandate for developing. CICPA uses the ISAs as the basis for the Chinese Auditing Standards. At the end of 2005, China signed a joint statement with the IAASB to incorporate ISAs in Chinese Auditing Standards and has an ongoing commitment to convergence with ISAs. At the beginning of 2006, China released a new set of auditing standards which are fully converged with ISAs. After that, China has been paying attention to the progress of the revision of IAASB Pronouncements, especially the Clarity Project. At the beginning of 2009, China began to update Chinese Auditing Standards to achieve convergence with the whole set of clarified ISAs and this process was completed in October, 2010. The final new set of Chinese Auditing Standards (incorporating the clarified ISAs) was released on November 1, 2010.</p>					
<i>Ongoing Adoption of IAASB Pronouncements</i>					
7.	1 July 2010	Establish a task force; translate the Chinese Auditing Standards from Chinese into English. Then review and revise the drafted translation, and publish the final version.	31 December 2011	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting
<i>Education and Promotion Activities</i>					
8.	1 January 2011	CPDD of CICPA review changes in CASB Pronouncements and update the curricula for professional education and training programs.	In process	CICPA Secretary General, Director of CPDD	Staff of the CPDD, members of Continuous Education Committee, the relevant experts from the revised team of auditing standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
		CPDD is also responsible for ensuring that the curricula for the professional education will be updated with the changes in <i>China Standards on Auditing</i> on an ongoing basis.			
9.	1 January 2012	ED of CICPA review changes in CASB Pronouncements and update the curricula for examination programs. ED is also responsible for ensuring that the curricula for examination will be updated with the changes in <i>China Standards on Auditing</i> on an ongoing basis.	30 April 2011	CICPA Secretary General, Director of ED	5 relevant experts to give a comprehensive amendments to Curricula of Auditing in accordance with China Standards on Auditing; 10 relevant experts to complete examination contents; 100 relevant experts for marking
10.	1 January 2012	Updates to the curricula are proposed to the Committee on Continuous Education for approval.	31 March 2011	CICPA Secretary General Director of CPDD	Staff of the CPDD, members of Continuous Education Committee
11.	1 October 2010	CASB and the task forces members and the experts from academia to prepare and publish articles and other promotional materials in the CICPA Journal and on the CICPA website www.CICPA.org.cn in order to enhance the awareness of the financial auditors, trainees in the financial audit and the public in general about the standards and draft standards translated.	31 December 2010	Deputy Secretary General of CICPA in charge of standards setting and Directors of Professional Standards	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms and academies from universities and colleges

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Monitoring Activities</i>					
12.	January 2012	Carry out monitoring activities to ensure compliance with new and revised standards.	Ongoing	CICPA Deputy Secretary General Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to support ongoing convergence with IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CICPA Secretary General, Directors of Departments concerned, Chairs of boards and committees concerned	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges
<i>Review of CICPA's Compliance Information</i>					
14.	Ongoing	Perform periodic review of CICPA's response 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.	Ongoing	CICPA Deputy Secretary General Director of Professional Standards and Technical	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges

#	Start Date	Actions	Completion Date	Responsibility	Resource
				Guidance Department	

Action Plan Subject: SMO 4 - IESBA Code of Ethics

Action Plan Objective: Further improve and maintain processes to ensure ongoing convergence with the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In September, 2009, the CICPA established the China Ethics Standards Board for CPAs (CESB), which is responsible for the approval of the CICPA Code of Ethics. In October, 2009, the final updated version of CICPA Code of Ethics, which has achieved convergence with the IESBA Code of Ethics, was approved by CESB. It was put into practice as of July 1st, 2010.</p> <p>To promote the implementation of the revised Code of Ethics, the Professional Standards Department will provide some practicing guidelines and explanatory materials.</p>					
<p><i>Updating the Code of Ethics</i></p>					
15.	3 March 2008	Establish a task force; translate the IFAC Code of Ethics into Chinese. Then review and revise the drafted translation, publish the final version.	28 February 2011	CICPA Secretary General and Directors of Professional Standards and Technical Guidance Department	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges

16.	1 November 2009	Establish a task force, translate the CICPA Code of Ethics into English. Then review and revise the drafted translation, publish the final version.	28 February 2011	CICPA Deputy Secretary General and Directors of Professional Standards and Technical Guidance Department	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges
17.	1 March 2010	To promote the implementation of the CICPA Code of Ethics, establish a task force, and draft the practicing guidelines. Then discuss and revise the drafted version of the practicing guidelines, issue the final version.	30 April 2011	CICPA Deputy Secretary General and Directors of Professional Standards and Technical Guidance Department	Staff of Professional Standards Department under the direction of the Deputy Secretary General of CICPA in charge of standards setting, experts from accounting firms and academics from universities and colleges

Monitoring Activities					
18.	1 January 2009	Carry out monitoring activities to ensure compliance with new and revised the CICPA Code of Ethics.	Ongoing	CICPA Secretary General Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes
Maintaining Ongoing Processes					
19.	Ongoing	Continue to support ongoing convergence with the IFAC Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities.	Ongoing	CICPA Secretary General, Directors of Departments concerned, Chairs of boards and committees concerned	Respective board members, technical staff responsible for respective boards
Review of CICPA's Compliance Information					
20.	Ongoing	Perform periodic review of CICPA'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.	Ongoing	CICPA Secretary General and Directors of Professional Standards and Technical Guidance Department	CICPA Staff

Action Plan Subject: SMO 5 - International Public Sector Accounting Standards
Action Plan Objective: Continue to use best endeavors to promote the use of IPSASs in China.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
Adoption of accounting standards for Government is beyond the CICPA's mandate. As such activities revolve around promotion and encouragement for IPSAS adoption.					
<i>Promote the use of IPSASs</i>					
21.	Ongoing	Continue to support the research on and reference to IPSASs through the China Accounting Standards Committee's (CASC) participation in the IPSASB work program.	Ongoing	CICPA Secretary General	CICPA Staff
22.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	CICPA Secretary General	CICPA Staff
<i>Review of CICPA's Compliance Information</i>					
23.	Ongoing	Perform periodic review of CICPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Secretary General	CICPA Staff

Action Plan Subject: SMO 6 - Investigation and Discipline
Action Plan Objective: Continue to use best endeavors to maintain an investigation and disciplinary mechanism that addresses all SMO 6 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The revised <i>Disciplinary Measures for Non-Compliant Conduct by CICPA Members formulated by the CICPA</i> became effective as of October 15, 2008. Accordingly the Disciplinary Committee of the CICPA is responsible for taking disciplinary action with the further option for appeal to an Appeal Committee. Local institutes can either follow the above <i>Disciplinary Measures</i> or formulate detailed implementation measures which are materially consistent.</p> <p>The provisions of SMO 6 have been incorporated in the design of the <i>Disciplinary Measures</i> – CICPA is committed to full compliance with the requirements of SMO 6.</p>					
<p><i>Maintaining Ongoing Processes</i></p>					
24.	Ongoing	Continue to use best endeavors to ensure CICPA’s investigation and disciplinary mechanism continues to comply with all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary. In January 2011, CICPA started to reform the disciplinary mechanism, in order to improve the disciplinary mechanism.	Ongoing, the reform will be throughout 2011	CICPA Deputy Secretary General and Director of Quality Assurance Department	Experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes
<p><i>Review of CICPA’s Compliance Information</i></p>					

25.	Ongoing	Perform periodic review of CICPA’s response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Staff in charge of Quality Assurance in CICPA
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Action Plan Subject: SMO 7 - International Financial Reporting Standards
Action Plan Objective: Continue to use best endeavors to support the Ministry of Finance ongoing program for adoption and implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Adoption of IFRS is within the legal mandate of the Ministry of Finance. By law, in China the relevant accounting standards to be complied with are Chinese Accounting Standards (CAS). CICPA supports the implementation of CASs that are fully converged with IFRS.</p> <p>The MoF has not yet adopted the IFRS for SMEs, however China is in the process of converging its Accounting Standard for Small Enterprises with IFRSs for SMEs, considering China's specific situation. The Chinese Accounting Standards for Small Enterprises are expected to be released in the near future.</p>					
<p><i>Ongoing program for adoption and implementation of IFRS</i></p>					
26.	Ongoing.	Continue to support the implementation of Chinese Accounting Standards (CASs) that are substantially converged with IFRS in China through facilitating the China Accounting Standards Committee (CASC) to maintain an ongoing process to translate IFRS, providing training and education in IFRS, and actively participating in the IASB's work program.	Ongoing	CICPA Secretary General	CICPA Staff
27.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.	Ongoing	CICPA Secretary General	CICPA Staff

<i>Review of CICPA's Compliance Information</i>					
28.	Ongoing	Perform periodic review of CICPA's response 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	CICPA Secretary General	CICPA Staff