

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

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member/Associate:</b>	<b>Kuwaiti Association of Accountants and Auditors (KAAA)</b>
<b>Approved by Governing Body:</b>	KAAA Board
<b>Date Approved:</b>	June 2011
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**GLOSSARY**

<b>CPA</b>	Certified Public Accountant
<b>CPD</b>	Continuous Professional Development
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standards on Quality Control
<b>KAAA</b>	Kuwaiti Association of Accountants and Auditors
<b>MOC</b>	Ministry of Commerce
<b>QA</b>	Quality Assurance
<b>SME</b>	Small and Medium Enterprises
<b>SMO</b>	Statement of Membership Obligation
<b>SMP</b>	Small and Medium Practices

**Action Plan Subject:** SMO 1 – Quality Assurance

**Action Plan Objective:** Improve and Further Develop KAAA’s Quality Assurance Program in Line with SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Kuwaiti Association of Accountants and Auditors (KAAA) and Ministry of Commerce (MOC) developed the Technical Committee to conduct the program of quality assurance (QA) for audit practitioners. The Committee follows code of conduct and the bylaws and the outcomes are suggestions for further improvement. The outcome of the Committee must be approved by the MOC to be applicable. The Committee maintains no employees for conducting reviews, rather, if they need assistance they can request help from the MOC. Presently, there is no scope defined nor is there a formal manual for conducting the reviews of firms. Presently, each reviewer conducts the review in accordance with their own knowledge.</p> <p>The reviews are undertaken for the purpose of evaluating the independence of the firm and personnel in regards to the client, the proper assignment of personnel to the engagement and checking for any conflicts.</p>					
<p><i>Perform Review of the KAAA and MOC Technical Committee Quality Assurance (QA) Program</i></p>					
1.	Oct. 2011	Technical Committee ensures that it follows the best practice by adapting what developed countries practice. To ensure this, KAAA will support the Technical Committee in analyzing its QA Program and comparing it against the benchmarks set by SMO 1.	March 2012	KAAA Technical Committee	KAAA
2.	Mar. 2012	Identify any areas of QA Program divergence from SMO 1. Develop concrete steps to address and modify these areas of divergence to better align with SMO1.	June 2012	KAAA Technical Committee	KAAA
<p><i>Maintaining Ongoing Processes</i></p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	Ongoing	Work with the MOC to ensure that the Quality Assurance program is followed and performed by Technical Committee based on ministerial resolutions. Coordinate with the MOC develop relevant ministerial resolutions.	Dec. 2011	KAAA Technical Committee	KAAA
4.	Ongoing	Monitor SMO 1 and ISA 220/ISQC1 for any changes.	June 2012 Ongoing	KAAA Technical Committee	KAAA
5.	Ongoing	Coordinating with MOC to ensure that they are aware of any changes to SMO 1 (ISQC 1 and ISA 220) and that those changes are reflected in the QA Program when they arise.	June 2012 Ongoing	KAAA Technical Committee	KAAA
<i>Review of KAAA Compliance Information</i>					
6.	Ongoing	Perform Periodic Review of KAAA Response to SMO 1 Section of the IFAC compliance to The IFAC Compliance Self-Assessment Questionnaires And Update Sections Relevant To Relevant SMO. Once Updated Inform IFAC Compliance Staff About The Updates In Order For The Compliance Staff To Republish Updated Information.	Ongoing	KAAA Technical Committee	KAAA Technical Committee

**Action Plan Subject:** SMO 2 – International Education Standards and IAESB Pronouncements and Guidance  
**Action Plan Objective:** Ensure that System of Education and Certification is in Line with IESs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Professional accountancy education takes place in the universities of Kuwait, by the government and by training institutions approved by the Public Authority for Applied Education and in private universities. In order to ensure high quality accountancy education, the KAAA meets with program directors of universities and third party providers to address technical issues and areas of non-compliance with IESs.</p> <p>Only national persons are entitled to practice auditing in the State of Kuwait and they must be qualified and pass the Certified Professional Accountant (CPA) exam set by the MOC. Normally there are two exams per year but in some circumstances there is only one offered. The organization responsible for setting the exam is the Exam Committee with comprises members from the MOC, KAAA and outsiders who administer the exam process. The committee asks professors and practitioners to assist in the preparation of exams. The committee then, prepares the exam, controls the marking process, oversees the operation of exams and then published the results to ensure independence. The topics of the exam covers financials, IFRS, cost and managerial, law and governmental.</p> <p>In addition to passing an examination, a candidate must also have:</p> <ul style="list-style-type: none"> <li>• Kuwaiti citizenship;</li> <li>• Minimum 5 year experience in auditing/accounting and holds accounting bachelor’s degree;</li> <li>• Clear criminal record, not convicted or punished by court. Also, not dismissed from government services for misconduct/disciplinary act;</li> <li>• KAAA membership; and</li> <li>• Fully dedicated to the profession and does not have another post.</li> </ul> <p>A key focus of the KAAA over the next few years will be on developing a requirement for a minimum number of hours of Continuing Professional Development (CPD) for members of KAAA which is in-line with IESs.</p>					
<i>Ensure All Education Programs are In-Line with IESs</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	June 2011	To issue policy regarding continuous education for existing auditors and accountants. The purpose is to enhance and update our members' knowledge and promote the best standards in the profession.	Ongoing	Chair of the Research and Development Committee	Committee members and universities faculties
8.	Ongoing	Continue designing and providing an initial professional education program to help prepare candidates for the local CPA exam.	Ongoing	Training Committee	Committee members and other subject matter experts
9.	Ongoing	Continue the development and provision of a wide range of training programs which focus on key updates and changes to standards, best practices in the application of standards and key areas of challenge in the implementation of standards.	Ongoing	Training Committee	Committee members and other subject matter experts
<i>Maintaining Ongoing Processes</i>					
10.	Ongoing	To continue to monitor ISA and IAASB pronouncements and guidance to ensure that all new developments and changes in standards and other guidance are incorporated (Initial Professional Development, CPD and seminars).	Ongoing	Board of Directors and Education Committee	Board of Directors and Education Committee
11.	Ongoing	Develop a system for communicating new developments and changes in standards and other guidance to educators, government educators, and KAAA membership. This may be through magazine, emails, or internet website.	Ongoing	Board of Directors and Education Committee	Board of Directors and Education Committee
<i>Review of KAAA's Compliance Information</i>					

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
12.	Ongoing	Perform periodic review of KAAA's responses to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Board of Directors and Education Committee	Board of Directors and Research Committee

**Action Plan Subject:** SMO 3 – International Standards on Auditing (ISA) and IAASB Standards and Pronouncements  
**Action Plan Objective:** Support Adoption and Implementation of IAASB Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>In Kuwait, the Ministry of Commerce is responsible for the adoption, implementation and compliance with the International Standards on Auditing (ISA). The most recent clarified version of ISA is required for all audits of all companies (both listed and non-listed). KAAA Research Committee and the Technical Committee from MOC are both responsible for enhancing the implementation of ISA in the State of Kuwait. Although Arabic versions are available, most auditors utilize the English language version of ISA to remain up to date.</p>					
<i>The State of Kuwait has been following IAASB and adopting all amendments and changes.</i>					
13.	Ongoing	Continuing discussion with local regulators regarding the modifications to specific ISA necessary to ensure applicability in the Kuwaiti accounting environment.	Ongoing	Research Committee	Research Committee and other professionals
<i>Maintaining Ongoing Processes</i>					
14.	June 2011 Ongoing	<p>Continue to support the implementation of the IAASB standards and guidelines. Keep KAAA members updated through educational seminars. Specific issues which may be covered through these seminars include:</p> <ul style="list-style-type: none"> <li>a) Key updates and changes to ISA,</li> <li>b) Best practices in the application of ISA,</li> <li>c) Key areas of challenge in the implementation of ISA.</li> <li>d) Specific challenges facing SMP firms in the implementation of ISA.</li> </ul>	Jan. 2012 Ongoing	Research Committee	Research Committee and other professionals

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
15.	Ongoing	Continue prompt dissemination of all changes to ISA through: (a) Mailing the new standard or pronouncement to all members and (b) explain it through articles in our quarterly magazine.	Ongoing	Research Committee	Research Committee and other professionals
<i>Review of KAAA Compliance Information</i>					
16.	Ongoing	Perform periodic review of KAAA responses to SMO of the IFAC self-assessment questionnaires and update the responses as and when it is necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Research Committee	Research Committee and other professionals

**Action Plan Subject:** SMO 4 – IESBA Code of Ethics

**Action Plan Objective:** Ensure alignment of KAAA Code of Ethics with IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
Currently, the KAAA utilizes the IESBA Code of Ethics and includes additional national ethical requirements and guidelines to support its membership. The Code was adopted in 2006 and presently the KAAA follows the updated English version of the Code as of January 2011.					
<i>Maintaining Ongoing Processes</i>					
17.	June 2011 Ongoing	Continue publishing most recent version of the IESBA/ KAAA Code of Ethics on the KAAA website.	Sept. 2011 Ongoing	Research Committee	Research Committee
18.	Ongoing	Continue monitoring IESBA Code of Ethics for any changes or updates.	Ongoing	Research Committee	Research Committee
19.	Ongoing	Continue prompt dissemination of all changes to ISA through: (a) Mailing the new standard or pronouncement to all members and (b) explain it through articles in our quarterly magazine.	Ongoing	Research Committee	Research Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	June 2011 Ongoing	Continue to support the implementation of the IESBA standards and guidelines. Keep KAAA members updated through educational seminars. Specific issues which may be covered through these seminars include: a) Key updates and changes to Code of Ethics, b) Practical application of Code of Ethics, c) Key areas of challenge in the implementation of Code of Ethics.	Jan. 2012 Ongoing	Research Committee	Research Committee
<i>Review of KAAA Compliance Information</i>					
21.	Ongoing	Perform periodic review of KAAA responses to SMO of the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Research Committee	Research Committee

**Action Plan Subject:** SMO 5 – International Public Sector Accounting Standards (IPSAS)  
**Action Plan Objective:** KAAA Promotion of IPSAS in the National Public Sector Accounting

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
Presently IPSAS are not required in the State of Kuwait and there are no plans for convergence in the future. Kuwait utilizes national public sector accounting standards require financial statements to be prepared on a cash basis.					
KAAA will continue to use best efforts to improve national public sector accounting and to raise awareness regarding IPSAS Efforts in this area may include continued support of the government team of the Technical Committee of the MOC as well as ongoing dialogue with government stakeholders regarding the importance and benefits of IPSAS.					
<i>Continue to encourage government to adopt and incorporate IPSAS into national public sector accounting</i>					
22.	Ongoing	Continue involvement with the government team in the Technical Committee to improve the public accounting system. This includes developing and amending new governmental accounting standards.	Ongoing	Technical Committee and KAAA Secretary General	KAAA Secretary General
23.	Ongoing	Continue to engage government representatives in discussion on the benefits of adopting IPSAS.	Ongoing	Technical Committee and KAAA Secretary General	KAAA Secretary General
<i>Maintaining Ongoing Processes</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	June 2011 Ongoing	<p>Continue to support the implementation of the sound public financial management. Keep KAAA up to date on proper public financial management practices through educational seminars. Specific issues which may be covered through these seminars include:</p> <ul style="list-style-type: none"> <li>a) Best practices in the area of public financial management,</li> <li>b) Practical application of Kuwaiti public sector accounting standards,</li> <li>c) Introduction to IPSAS and to international public sector accountancy.</li> </ul>	Jan. 2012 Ongoing	KAAA Secretary General	KAAA Secretary General
<i>Review of KAAA Compliance Information</i>					
25.	Ongoing	Perform periodic review of KAAA responses to the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated, inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Chair of KAAA and Research Committee and Secretary General	KAAA Secretary General

**Action Plan Subject:** SMO 6 – System of Investigation and Discipline  
**Action Plan Objective:** KAAA Promotion of SMO 6 and Support of MOC Disciplinary Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Kuwait currently maintains a program for investigating and disciplining members of the accountancy profession for misconduct, including breaches of professional standards and rules. The Ministry Of Commerce (MOC) has the authority to conduct an investigation and this done by forming a special investigatory committee to look into any claims or issues. Members of this committee include staff from the MOC and other organizations i.e Chamber of Commerce, and individuals from the private sector to maintain balance. KAAA normally is represented on the Disciplinary Committee by one nominee from KAAA board. In short, KAAA has no authority to conduct any investigation but supports proper investigation and discipline of the profession through its representation on the Disciplinary Committee.</p> <p>To support the proper functioning and implementation of this program, KAAA has established in its rules the provisions and processes for the investigating and disciplining its members. Individuals may be brought before the Disciplinary Committee for criminal activity, acts or omissions likely to bring the accountancy profession into disrepute, breaches of professional standards, breaches of ethical Requirements, gross professional negligence and a number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights. Violations of this nature may result in loss or restriction of practice rights, loss of professional title (designation) and/or exclusion from KAAA membership. Individuals convicted of a violation do have the option to appeal such a decision.</p> <p>KAAA has continually emphasized the need for the Disciplinary Committee to take into account the components and requirements of SMO 6 in the design and delivery of its system of investigation and discipline.</p>					
<p><i>Raise Awareness Regarding SMO 6 and Its Components</i></p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
26.	June 2011	Raise awareness among the MOC and the Disciplinary Committee (through seminars, publications and articles) regarding the various aspects of SMO 6 and the requirements noted by IFAC as integral for the operation of a system of investigation and discipline.	Oct. 2011	Chair of KAAA and the KAAA Secretary General	KAAA Secretary General
<i>Maintaining Ongoing Processes</i>					
27.	Ongoing	Continue participation and support to the Disciplinary Committee in its efforts to undertake investigation, discipline and appeals activities.	Ongoing	Chair of KAAA and the KAAA Secretary General	KAAA Secretary General
28.	Ongoing	Continue dissemination of rules the provisions and processes for the investigating and disciplining its members through website and inclusion in seminars and trainings.	Ongoing	Chair of KAAA and the KAAA Secretary General	KAAA Secretary General
<i>Review of KAAA's Compliance Information</i>					
29.	Ongoing	Perform periodic review of KAAA response to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Chair of KAAA and the KAAA Secretary General	KAAA Secretary General

**Action Plan Subject:** SMO 7 – International Financial Reporting Standards (IFRS)  
**Action Plan Objective:** Continue to support adoption and implementation of IFRS in Kuwait

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The State of Kuwait through the MOC (Ministerial Order in 1992/93) made it mandatory for all companies (listed and non-listed) to adopt IFRS. The Order simply refers to IFRS as the accounting standards (without bringing in the full or partial text of individual IFRSs). Kuwait government adopts all changes and amendments to the IFRS as and when they are applicable by the set date and does not require translation into local language. Therefore, Kuwait utilizes the most up to date version of IFRS as companies. The Technical Committee does have the ability to amend certain standards to fit Kuwaiti culture, but this happens very rarely.</p> <p>The role of KAAA is to promulgate the IFRSs established by law / regulation (e.g. by publishing and communicating the standards to the public).</p>					
<i>Continue Support to Adoption and Implementation of IFRS</i>					
30.	June 2011 Ongoing	Continue publishing links to the most recent version of the IFRS on the KAAA website.	Sept. 2011 Ongoing	Research Committee	Research Committee
31.	Ongoing	Continue monitoring IFRS for any changes or updates.	Ongoing	Research Committee	Research Committee
32.	Ongoing	Continue prompt dissemination of all changes to IFRS through: (a) Mailing the new standard or pronouncement to all members and (b) explain it through articles in our quarterly magazine.	Ongoing	Research Committee	Research Committee
33.	June 2011 Ongoing	Continue to support the implementation of IFRS. Keep KAAA members updated through educational seminars. Specific issues which may be covered through these seminars include:	January 2012 Ongoing	Research Committee	Research Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
		a) Key updates and changes to IFRS, b) Practical application of IFRS for listed and non-listed companies, c) Key areas of challenge in the implementation of IFRS, d) Issues surrounding the use of IFRS for SMEs			
<i>Review of KAAA Compliance Information</i>					
34.	Ongoing	Perform periodic review of KAAA response to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Chair of KAAA and Research Committee	KAAA Secretary General and Research Committee