

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

Use of Information

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

ACTION PLAN

IFAC Member/Associate :	Ordem dos Revisores Oficiais de Contas (OROC)
Approved by Governing Body:	Executive Board
Date Approved:	19 th of March, 2009
Date Published:	2 nd of September, 2011

Action Plan Subject: SMO 1 - Quality Assurance
Action Plan Objective: Review and improvement of the existing Quality Assurance program

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Ordem do Revisores Oficiais de Contas, hereinafter referred to as OROC, is a public entity and is responsible for representing and grouping its members as well as overseeing all aspects pertaining to the statutory auditing profession.</p> <p>The OROC has a mandatory Quality Assurance (QA) review program in place for all audit professionals and firms. The scheme is compliant with the European Commission Directive on statutory audits and is based on an annual program prepared and managed by OROC with the supervision of the Portuguese Auditor's Oversight Board – <i>Conselho Nacional de Supervisão de Auditoria</i> (CNSA).</p> <p>The quality control review is made both with respect to the firm's internal quality policies and procedures and to the quality of specific engagements. The firms to be reviewed are selected on a random basis. The basis for the judgment of the internal control system is relied on general Portuguese standards as well as the international standards and the experience of the reviewers. International Standard on Quality Control 1 (ISQC 1) is part of the benchmark for these cases. These reviews are performed following standard questionnaires approved by the Quality Control Committee (CCQ).</p> <p>The Quality Control Regulation explains the qualification requirements of the reviewers. In general, reviewers need to have at least a five-year experience and full dedication to statutory audit activities. Also they should have a minimum annual availability of 70 hours to perform the reviews.</p> <p>A list of reviewers is approved every year by the CCQ.</p>					
<p><i>Review and Update the Program in Line with the UE Directive 2006/43/CEE (Law 225/2008, November 25)</i></p>					
1.	March 2009	Review the actual quality control regulations.	May 2009 Completed	OROC and CNSA Executive Boards	Quality Control Committee

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2.	March 2009	Review the actual control check-lists procedures and reports	June 2009 Completed	OROC Executive Board	Quality Control Committee
3.	September 2009	Guidance requiring firms to implement a system of quality control in accordance with ISQC 1.	December 2009	OROC Executive Board	Quality Control Committee/ Training Department
4.	September 2009	Development of above mentioned guidance was realized through training sessions and the translation of the IFAC's "Guide to Quality Control for Small and Medium Sized Practices, Second Edition".	Completed	Technical Department	Staff of Technical Department together with Review Translation Committee
5.	Annually	The CCQ requires that all reviewers attend a training program defined by the CCQ on an annual basis. OROC organized an ISQC 1 session for all members in 2010. This session was presented by the CCQ. Further sessions or courses on this matter are being considered for 2011 and 2012.	Annually	Quality Control Committee	Quality Control Committee
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Ensure that the QA review system is in line with SMO 1 requirements.	Ongoing	OROC Executive Board	Quality Control Committee/ Training Department
<i>Review of OROC's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	Ongoing	Perform periodic review of OROC'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	OROC Executive Board	Quality Control Committee/ Training Department

Action Plan Subject: SMO 2 - International Education Standards
Action Plan Objective: Continue to use best endeavours to ensure that all the requirements of the International Education Standards requirements are incorporated into OROC education requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>OROC has defined the educational pathway to access the profession in accordance with the law. Candidates for OROC membership are required to hold an University Degree (in accounting, auditing, business management, economics or law), and complete entrance examinations (4 written exams and 1 oral exam), have 3 years of practical experience as trainees and have a positive final assessment from the Practical Experience Committee. In addition, there is a requirement for OROC members to obtain 60 credits of Continuing Professional Development (CPD) over a three-year rolling period. Compliance with CPD requirements is monitored by the Training Department.</p> <p>CPD Courses are mandatory for all listed members. A minimum of annual hours has to be fulfilled which are converted into credits (minimum 60 credits for triennium, 1 credit is equivalent to 4 hours of an education course). A list of all courses taken by members is maintained in OROC's system for courses provided by OROC and members annually inform OROC of any other courses taken outside of OROC. Credits can be also obtained by writing and publishing books, writing articles in known accounting publications, and by lecturing courses, etc.</p>					
<p><i>Improving the Continuous Professional Education</i></p>					
8.	March 2009	Issue a draft of the CPD themes for the year 2010, comprising the subjects of the courses.	June 2009 Completed	Training Department	Education Committee/Training Department
9.	February 2009	Reformulate the CPD rule, according to International Education Standards (IES) 7, <i>Continuing Professional Development</i> .	June 2009 Completed	OROC Executive Board	Education Committee/Training Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
10.	Ongoing	Translate and prepare an information brochure on IES.	Ongoing	OROC Executive Board	Education Committee/Training Department
11.	Ongoing	Ensure that all active members follow the required CPD courses.	Ongoing	OROC Executive Board	Education Committee/Training Department
12.	September 2009	Investigate implementing a more output-based approach system for CPD.	June 2010 Completed	OROC Executive Board	Education Committee/Training Department
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to ensure that entry-requirement level of IES 1, <i>Entry Requirements to a Program of Professional Accounting Education</i> , are incorporated in OROC education standards.	Ongoing	OROC Executive Board	Education Committee/Training Department
14.	Ongoing	Maintain an ongoing process to monitor new and revised International Accounting Education Standards Board (IAESB) pronouncements and incorporate them into education and examination requirements.	Ongoing	OROC Executive Board	Education Committee
15.	Ongoing	Continue to ensure OROC education requirements incorporate all IES requirements. This includes review of the Action Plan and updating the Action Plan whenever necessary.	Ongoing	OROC Executive Board	Education Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of OROC's Compliance Information</i>					
16.	Ongoing	Perform periodic review of OROC'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	OROC Executive Board	Education Committee

Action Plan Subject: SMO 3 - IAASB Pronouncements
Action Plan Objective: Continue to adopt and implement international standards on auditing

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>OROC is responsible for endorsing auditing standards in Portugal and has established, since a few decades, an ongoing process for convergence with the International Standards on Auditing (ISA). For the last two years we have been waiting for the approval, by the European Commission, of the ISA as the auditing standards adopted in the European Union (EU).</p> <p>Our institute frequently informs its members of all IFAC pronouncements, generally through the website, the internal newsletter and through a Quarterly CD-Rom containing various subjects that is sent to all members.</p>					
<p><i>Maintaining Ongoing Process of Review, Translation and Adoption of International Standards on Auditing</i></p>					
17.	Ongoing	<p>Translate the new and updated ISAs under the clarity project of International Auditing and Assurance Standards Board (IAASB).</p> <p>International Standards on Auditing and ISQC Handbook for 2010 was translated and published in Portuguese language.</p> <p>The IAASB Policy Position on Modifications will be respected, if standards are modified.</p>	<p>Ongoing</p> <p>Completed in October 2010</p>	<p>Technical Department</p>	<p>Staff of Technical Department together with Review Translation Committee</p>

#	Start Date	Actions	Completion Date	Responsibility	Resource
18.	Ongoing	Make translated standards publicly available through OROC website and provide all auditors with CD containing new and updated standards.	Ongoing	Technical Department	Staff of Technical Department
19.	March 2009	Constitute a Review Translation Committee (RTC) following the Policy for Translating and Reproducing Standards Issued by the IFAC.	April 2009 Completed	OROC Executive Board	Big 4 Audit Firms; Auditor's Oversight Board (CNSA) and OROC
20.	Ongoing	Send for approval of CNSA all ISAs translated and reviewed by the RTC.	Ongoing	OROC Executive Board	RTC
21.	Ongoing	As required by the European Commission sends all ISAs for review and approval for further publication in the European Official Journal.	December 2009 Completed	OROC Executive Board	Technical Department
<i>Ongoing Education and Information on ISAs</i>					
22.	As needed	Provide training sessions over the new, revised or redrafted ISAs under the clarity project to OROC members.	Ongoing	OROC Executive Board	Education Committee of OROC
23.	Ongoing	Promote discussion with Universities to further include the updated ISAs in their curricula.	Ongoing	OROC Executive Board	Education Committee of OROC
24.	Ongoing	Provide information on the latest developments on ISA through the website and OROCs Magazine and Newsletters	Ongoing	OROC Executive Board	Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Review Process of New and Revised Standards</i>					
25.	Ongoing	Continue internal quality control reviews assessing, among other things, the compliance with ISAs.	Ongoing	OROC Executive Board	Quality Control Committee
<i>Review of OROC's Compliance Information</i>					
26.	Ongoing	Perform periodic review of OROC'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	Executive Board of OROC	Technical Department

Action Plan Subject: SMO 4 - IESBA Code of Ethics

Action Plan Objective: Continue to use best endeavours to maintain ongoing process to adopt and implement of the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>OROC has decided to adjust its Code of Ethics to be in line with the relevant parts of the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA). This objective has resulted in the draft of a new Code of Ethics in July 2011. The draft was submitted for final approval to the CNSA and OROC's members through the general assembly.</p> <p>Training courses on the Code of Ethics are being considered when final approval occurs. The new Code of Ethics will also be integrated into the exams to access the profession.</p>					
<i>Adoption of the Current Code of Ethics</i>					
27.	April 2009	Review of IESBA' and OROC's Code of Ethics to identify significant differences.	June 2009 Completed	OROC Executive Board	Ethics Committee of OROC
28.	June 2009	Draft new version of OROC's Code of Ethics which includes all changes needed to ensure convergence with the 2009 IESBA Code of Ethics.	September 2009 Completed in July 2011	OROC Executive Board	Ethics Committee of OROC
29.	October 2009	Establish a comment period for the final approval of the new OROC's Code of Ethics.	November 2009 Completed in July 2011	OROC Executive Board	Ethics Committee of OROC

#	Start Date	Actions	Completion Date	Responsibility	Resource
30.	December 2009	Issue new Code of Ethics, aligned with IESBA's Code, which will become mandatory in Portugal in 2010.	1 st Quarter 2010 Approval expected for September 2011, to be effective as of 1 st January 2012	OROC Executive Board	Ethics Committee of OROC
31.	Ongoing	Continue to support ongoing adoption and Implementation of the IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	OROC Executive Board	Ethics Committee of OROC
<i>Review of OROC's Compliance Information</i>					
32.	Ongoing	Perform periodic review of OROC's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	OROC Executive Board	Ethics Committee of OROC

Action Plan Subject: SMO 5 - Public Sector Accounting
Action Plan Objective: Continue to notify the use of IPSAS by the public sector in Portugal

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
The Government is responsible for the adoption of public sector accounting standards in Portugal. International Public Sector Accounting Standards (IPSASs) have not been adopted and there is no plan to adopt them. OROC plans to promote the use of IPSASs together with the assistance of a local university (Instituto Politécnico do Cávado e do Ave - IPCA) composed of academics specialized in public accounting.					
<i>Notify new or revised IPSAS</i>					
33.	Ongoing	Provide information on the latest developments on IPSAS through the website and OROCs' Magazine and Newsletters.	Ongoing	OROC Executive Board	Technical Department
34.	Ongoing	Translate and publish the IPSAS 2010 Handbook.	Ongoing	OROC Executive Board	Technical Department/IPCAs Staff
<i>Review of OROC's Compliance Information</i>					
35.	Ongoing	Perform periodic review of OROC'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	Executive Board of OROC	Technical Department

Action Plan Subject: SMO 6 - Investigation and Discipline (I&D)
Action Plan Objective: Continuous Development of Investigation and Disciplinary System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>OROC has responsibility for implementing mechanisms to investigate & discipline (I&D) its members for misconduct or failure to meet technical and ethical standards as well as laws and regulation. I&D system incorporates the main requirements of SMO 6.</p>					
<i>Maintaining Ongoing Convergence</i>					
36.	Ongoing	<p>OROC will continue to inform its members about their requirements and the I&D rules.</p> <p>I&D rules and members responsibilities are mainly integrated in OROC's legal regime. All I&D Matters are dealt with the Disciplinary Committee, which is an independent body within OROC. The matters that OROC feels should be highlighted or reminded are communicated to all members through an alert letter.</p>	Ongoing	OROC Executive Board	Staff of Disciplinary Committee
<i>Review of OROC's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
37.	Ongoing	Perform periodic review of OROC'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	Executive Board of OROC	Staff of Disciplinary Committee

Action Plan Subject: SMO 7 - International Financial Reporting Standards
Action Plan Objective: Continue to support an ongoing program for adoption and implementation of an IFRS based framework

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In accordance with the European Union Regulation concerning the application of International Accounting Standards and as endorsed by the European Commission, International Financial Reporting Standards (IFRS) are mandatory for the preparation of financial statements of consolidated financial statements of listed entities. In addition, non-listed entities are permitted to apply IFRS for their consolidated financial statements.</p> <p>OROC takes an active role in the activities of the Portuguese Accounting Standard Setter (CNC) and is using, whenever possible and appropriate, its best endeavors to assist CNC with the implementation of IFRS in Portugal and promote ongoing convergence with IFRS. The IFRS based accounting framework entered into force in the 1st of January of 2010. OROC has made many education courses on this matter.</p>					
<p><i>IFRS based Accounting Framework</i></p>					
38.	Ongoing	Continue participation on the working group to establish in the country an IFRS based accounting framework.	December 2009 Completed	CNC	Accounting and auditing professionals as well as government bodies
39.	Ongoing	Continue to notify our members of developments on IFRS as adopted by the European Commission. Courses on IFRS and national accounting framework (IFRS based) are, for many years now, integrated in both OROC's annual education plan and the specific course for preparation of candidates to access the profession.	Ongoing	OROC Executive Board	Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of OROC's Compliance information</i>					
40.	Ongoing	Perform periodic review of OROC'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	Executive Board of OROC	Technical Department