

IFAC
MEMBER BODY
COMPLIANCE
PROGRAM

**Instruction Guide
to Part 2, SMO
Self-Assessment
Questionnaire**



**International Federation
of Accountants**

Member Body Compliance Program
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, New York 10017 USA

The mission of the International Federation of Accountants (IFAC) is to serve the public interest, strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

This Instruction Guide was prepared by staff as part of the IFAC Member Body Compliance Program. The Compliance Program was established to evaluate the quality of members' and associates' endeavors to meet IFAC membership requirements. The program's primary objective is one of encouragement and improvement.

This publication may be downloaded free-of-charge from the IFAC website at <http://www.ifac.org>. The approved text is published in the English language.

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Instruction Guide to Part 2 SMO Self-Assessment Questionnaire

This Instruction Guide sets out the background to Part 2 of the Member Body Compliance Program and highlights important information about the Part 2 process. IFAC members and associates should review this guide before beginning the SMO Self-Assessment Questionnaire.

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This Instruction Guide, Comparison Reports referred to in this guide and additional information relevant to the Part 2, SMO Self-Assessment Questionnaire are available on the Compliance Program website: <http://www.ifac.org/complianceprogram>.



Introduction to the Member Body Compliance Program

The IFAC Board approved the establishment of the Member Body Compliance Program in November 2003 as a means to evaluate the quality of members' and associates' endeavors to fulfill IFAC's membership requirements as set out in IFAC's Statements of Membership Obligations. The program's primary objective is one of encouragement of members and associates to address challenges and impediments and to work towards improvement in converging national standards with international standards.

The Compliance Program is overseen by the Compliance Advisory Panel and is subject to oversight by the international Public Interest Oversight Board.

STATEMENTS OF MEMBERSHIP OBLIGATIONS

The Statements of Membership Obligations (SMOs), which form the foundation of the program, are issued by the IFAC Board and establish requirements for members and associates to promote, incorporate, and assist in implementing international standards issued by IFAC and the International Accounting Standards Board. The SMOs also establish requirements for quality assurance and investigation and discipline activities.

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IFAC's membership obligations address seven subject matters:

- SMO 1: Quality Assurance
- SMO 2: International Education Standards for Professional Accountants and Other EDCOM Guidance
- SMO 3: International Standards, Related Practice Statements and Other Papers Issued by the IAASB
- SMO 4: IFAC Code of Ethics for Professional Accountants
- SMO 5: International Public Sector Accounting Standards and Other PSC Guidance
- SMO 6: Investigation and Discipline
- SMO 7: International Financial Reporting Standards

Introduction to the Member Body Compliance Program

PROGRAM COMPONENTS

Part 1, Assessment of the Regulatory and Standard-Setting Framework, was implemented in 2004 and required members and associates to complete a questionnaire with respect to the accountancy profession in their country. Responses to Part 1 are posted to the IFAC website once agreed with the member or associate.

The primary emphasis of Part 2, SMO Self-Assessment Questionnaire is to obtain information to identify potential gaps between international standards and national standards and processes. Part 2 requires members and associates to complete a self-assessment questionnaire about the incorporation of international standards and the establishment of quality assurance and investigation and discipline programs. The Part 2 questionnaire also focuses on obtaining an understanding of the special conditions, challenges, and impediments that exist with regard to convergence.

Where potential areas for improvement are identified in Part 2, Part 3 of the Compliance Program will require members and associates to develop Action Plans to address the areas requiring improvement, including identifying the necessary tools, resources, and regulatory changes.

IFAC, through its boards and committees, will work to address challenges and impediments where its expertise is most relevant. IFAC, together with members, associates, and other key stakeholders, will also seek to identify ways to address challenges and impediments that are common to the international profession.

Part 2 Process Overview and Timetable

INTRODUCTION

The SMO Self-Assessment Questionnaire includes a module for each of the seven SMO areas. All members and associates have responsibilities with respect to the SMOs and are therefore required to complete the questionnaire.

Not all IFAC members and associates have responsibility for developing, promulgating, or implementing standards and programs within their jurisdictions. In addition, in some jurisdictions the profession is represented by more than one IFAC member or associate. For this reason, the Part 2 questionnaire's content has been developed on a "relevance" basis. That is, the questionnaire is structured to focus the efforts of members and associates only on those questions that are appropriate according to their responsibility for the relevant SMO area and to their circumstances or national framework. This structure also assists in minimizing duplication of efforts between members and associates in the same country.

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Before beginning the questionnaire, it is necessary to:

1. Inform those individuals, including technical staff, committee volunteers, and others who will be involved in the Part 2 process, about the questionnaire requirements and timetable to ensure responses are completed accurately and on a timely basis.
2. Understand how to use the electronic questionnaire tool and the way the questionnaire is structured to only ask about relevant questions. The questionnaire is developed using Qubus¹, a user-friendly questionnaire software program. A tutorial on how to use Qubus as well as a Qubus Users Manual is included in the supporting information. Respondents should complete the tutorial before entering their responses.

Part 2 should be completed electronically to ensure only relevant questions are asked and responded to by each member and associate. The SMO Self-Assessment Questionnaire will be made available through IFAC's website. Where an organization does not have reliable internet access, it is necessary to contact Compliance staff as soon as possible for further instructions (see contact details on page16).

Qubus also assists the self-assessment process by allowing respondents to view or save draft and final answers in the Reports module. A "Key to Relevant Questions," accompanied by diagrams illustrating the logic flow of each questionnaire, is available to respondents to preview the whole of the questionnaire.

¹ Qubus® is a registered trademark of the Competence Center, KPMG, The Netherlands.

Part 2 Process Overview and Timetable

TIMETABLE AND COMPLETION REQUIREMENTS

The Part 2, SMO Self-Assessment Questionnaire should be completed and submitted to Compliance staff **no later than May 1, 2006**. If the questionnaire is not completed by May 1, please advise the Compliance staff.

All IFAC members and associates are required to complete the Certification form and submit the original signed copy to Compliance staff.

KEY PROCESS ELEMENTS

The Compliance staff recommends each organization consider implementing certain key process elements to facilitate the completion of Part 2. These elements are intended to ensure sufficient time is available to complete the questionnaire, the required technical staff and/or volunteers are assigned, and adequate time is allocated to allow for any internal review and approval processes required prior to submitting the final response to Compliance staff.

Confirm Access Rights

Each member and associate will be issued a unique login name, password and Answer Set name for their questionnaire response. When access information is received, your organization should immediately log on to the electronic questionnaire to confirm access.

Initial Review of Questionnaire

It will be useful to perform an initial review of each questionnaire module to understand the information required and the specific SMO module's structure. This may be done by reviewing the Key to Relevant Questions and diagrams or navigating through the electronic questionnaire. Where information about your organization's activities with regard to a specific SMO matter is not readily available or documented, this review will assist in determining your organization's timetable and resource requirements.

Identify Key Roles

Depending on how the SMO matters are addressed by a member or associate, the following roles may be useful to the process:

1. **Coordinator.** An individual responsible for understanding the SMO Self-Assessment Questionnaire requirements and timetable. This individual should also coordinate information gathering, oversee the input of information and submit the response; and
2. **Technical / Specialist Resources.** Technical staff, volunteers, and other knowledgeable individuals responsible for providing information to specific SMO modules.

Part 2 Process Overview and Timetable

Managing Multiple Access to Your Answer Set

In some organizations, technical support will come from more than one individual because different technical staff have responsibilities for the SMO subject matters. Multiple individuals may work on the questionnaire at the same time; however, each individual should be instructed to work on separate modules.

Each organization should only submit one final response, and care must be taken to ensure proposed final responses are not overwritten because of multiple individuals entering information into the same modules and/or questions. If a member or associate decides to provide login access to multiple users, it is necessary to understand the possible risk of overriding existing responses and how to manage this risk. Refer to “Getting Started with Qubus Software” on page 12 for further explanation.

Reviewing Draft Reports

The questionnaire allows members and associates to view their responses at any time. The Answer Set report, available in the Report module, shows the questions that have been asked, the answers provided, and any additional comments added to the Comment Boxes. It is important to know that until a module is finished, printing out the Answer Set report will only show the answers provided to date. As members and associates respond to additional questions, the additional response may trigger follow up questions. To see all the questions in the module, refer to the Key to Relevant Questions.

Completing Comparison Reports

For some SMO modules, members and associates may be required to provide information comparing international standards or processes to the national standards or processes. Where such comparative information is publicly available and in English, member and associates may submit the available information. If such comparisons are not publicly available and/or not available in English, members and associates will be directed to complete a specific Comparison Report.

Internal Approval Requirements

Some organizations may require their proposed response to be reviewed and approved by their council, board, or a senior officer (e.g., President, Chief Executive), prior to submitting it to Compliance staff. If this is the case, the responsible body or individual should be identified and informed about the Part 2 process, timetable, and certification requirement.

Part 2 Process Overview and Timetable

Submission to Compliance Staff

All IFAC members and associates will be required to complete the questionnaire and submit any additional reports and information to the Compliance staff. The submission should be accompanied by the Certification by Chief Executive.

If you experience difficulties during the Part 2 process, please contact Compliance staff for assistance (see contact details on page 16).

MATTERS FOR REVIEW REPORT

The Part 2 questionnaire process also allows “Matters for Review” reports to be generated in the Reports module. The Matters for Review reports summarize responses to key Part 2 questions and should be used by members and associates in preparing Action Plans for Part 3 of the Compliance Program. The reports are a tool for members and associates to:

- Identify potential areas for improvement;
- Provide additional information about special conditions, challenges or impediments that exist; and
- Identify tools and resources necessary to address these conditions, challenges or impediments.

Although the Matters for Review reports need not be completed during Part 2, members and associates are encouraged to review the reports and consider the matters outlined in the reports. Members and associates are welcome to submit any completed Matters for Review reports during Part 2. ■

Frequently Asked Questions and Answers

A draft Part 2 questionnaire was reviewed and tested by over 20 IFAC members and associates. Reviewers raised questions about the questionnaire's content and the Qubus software. Compliance staff has prepared responses to these frequently asked questions to assist respondents during the Part 2 process.

Are all IFAC members and associates required to complete the Part 2 questionnaire?

Yes, all IFAC members and associates are required to complete the Part 2, SMO Self-Assessment Questionnaire.

Will my organization be required to complete each module of the questionnaire?

Yes, all IFAC members and associates have some obligation under each SMO. The number of questions your organization will be required to answer within each module will depend on your organization's responsibility for the SMO matter.

My organization does not have responsibility for one or more of the SMO matters. Will I be required to complete these questionnaire modules?

Yes; however, for the SMO matters where your organization does not have responsibility, the questionnaire has been structured to understand how your organization has used its best endeavors to promote and implement the SMO requirements. The SMOs recognize that not all IFAC member organizations have responsibility for setting standards in each of the relevant SMO areas or establishing and carrying out quality assurance programs and investigation and discipline activities. Where this is the case, the questionnaire is structured to ask you to provide:

- Details about the activities your organization has undertaken and plans to undertake to promote the SMO requirements and related International Standards.
- Result and outcomes of these activities.
- Information about the responsible body's objective with respect to convergence where the information is publicly available.

Frequently Asked Questions and Answers

How much time will be required to complete the Part 2 questionnaire?

An organization's requirements to begin and complete the SMO Self-Assessment Questionnaire will vary among IFAC members and associates. Where an IFAC member or associate has established convergence with a group of international standards as an objective, there should be information and knowledge about the convergence activities to date. The amount of time required to gather responses to the questionnaire will depend on whether this information is available, current, and documented or whether it needs to be updated or gathered. The technical support required will depend on whether information is to be provided by the member or associate's own staff, volunteers from relevant committees, or other knowledgeable individuals.

What does my organization need to do to begin the questionnaire?

When you first access the questionnaire, you will be required to enter a login name and password. Each IFAC member and associate will be assigned a unique login name and password. You will also be assigned an Answer Set name which will be your organization's name. If you did not receive this information or if you experience difficulties, please contact Compliance staff.

Respondents should complete the questionnaire online. Access the questionnaire through the Compliance Program website at <http://www.ifac.org/complianceprogram>. All members and associates are encouraged to complete the questionnaire using this approach. If your organization does not have reliable internet access, please contact Compliance staff as soon as possible. Refer to Getting Started with Qubus Software for detailed instructions.

To ensure we have selected the most appropriate option, we would like to see all the possible questions and not just the relevant questions. Is this possible?

The questionnaire was developed to have answer options that reflect the different ways organizations are meeting their SMO requirements. Until the Part 2 process is complete, however, it is not possible to anticipate every possible situation and members and associates may need to review the options to confirm the one that most appropriately reflects their circumstances.

Frequently Asked Questions and Answers

There are two ways to review all or other possible questions:

1. Refer to the Key to Relevant Questions to review any questions that you have not been required to answer.
2. Select an alternate answer option and review and respond to the questions. To clear draft answers, select the “clear answer” icon for each question where a new or final answer is required. Ensure all draft answers are cleared to prevent error.

Can the questionnaire be completed by multiple users?

Yes, if you provide your organization’s login and password information to other individuals, they will be able to access your questionnaire. If your organization needs to accommodate different individuals who are responsible for specific SMO modules, certain instructions and guidelines need to be followed. There are risks of losing or overriding answers if two individuals attempt to answer the same module and/or question. This risk can be substantially mitigated by assigning only one individual to complete each module of the questionnaire. Refer to Getting Started with Qubus Software for detailed instructions.

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How can I access international standards and relevant documents required for Part 2?

The SMOs, International Education Standards, International Standards on Auditing and other IAASB pronouncements, IFAC Code of Ethics, International Public Sector Accounting Standards and other IPSASB pronouncements can be freely accessed in electronic PDF format on IFAC’s website <http://www.ifac.org>.

To access International Financial Reporting Standards issued by the International Accounting Standards Board, you will need to subscribe to the International Accounting Standards Board’s publications or online services at <http://www.iasb.org>.

A Glossary of Terms used in the questionnaire is provided as an attachment to the Key to Relevant Questions. In addition, each group of international standards contains definitions relevant to that group and should be referred to for any technical terms used in the standards.

Frequently Asked Questions and Answers

Our organization or the responsible national body has information that is required by the Comparison Report. Do we need to complete the Comparison Report?

If the information (or a summarized version) is in English and is up-to-date, this information should be submitted to Compliance staff. The Comparison Report is required only where information is not available or is not in English.

Can I save a copy of my answers?

When you enter information using Qubus, your responses are saved automatically each time you click forward to the next question. You can also save a copy of your responses in a Word document at any time by going to the Reports module.

Are the Matters for Review reports part of the Part 2 questionnaire?

The Matters for Review reports are generated through Qubus by summarizing your organization's responses to key Part 2 questions. The report will be required for the Part 3 Action Plan process and need not be completed during Part 2. Members and associates are encouraged to review the Matters for Review reports to begin the process for considering any potential areas of improvement or tools and resources required to address these areas.

Getting Started with Qubus

ACCESSING THE PART 2 QUESTIONNAIRE

To begin, go to the Part 2, SMO Self-Assessment Questionnaire on the Compliance Program home page at <http://www.ifac.org/complianceprogram>.

All Users

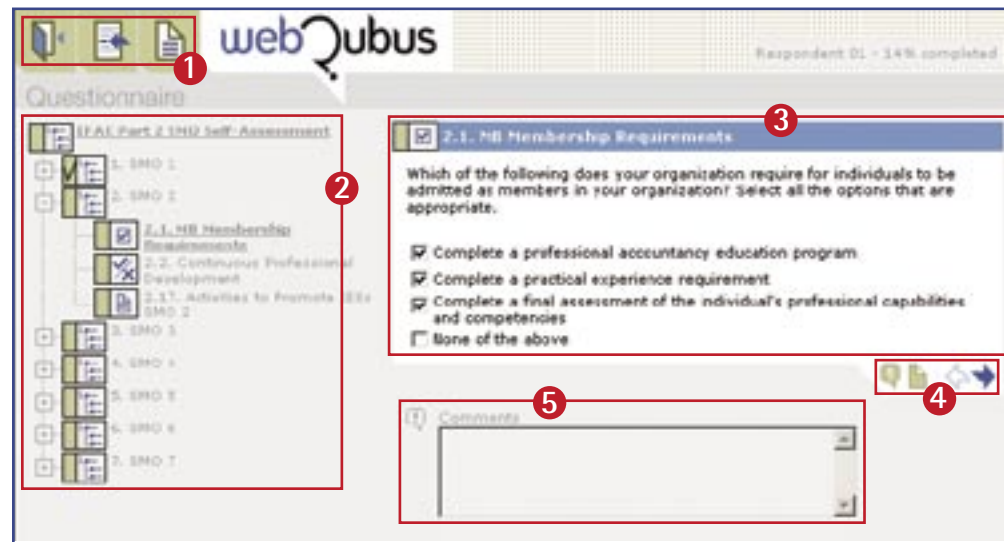
You will be asked to enter your login and password provided to you by Compliance staff. A name for your Answer Set (your country and name of your organization) will appear – click on it to select and start the questionnaire.

Answers are saved automatically to a database so there is no need for you to perform additional tasks to save your responses as you progress through the questionnaire.

Qubus Questionnaire Layout

The Qubus screen shots below show you how the questionnaire interface in Qubus looks. Basic elements of the interface are indicated and explained below.

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1. The Tool Bar – Using the icons on the tool bar, you can select an Answer Set to start answering the questionnaire or switch to Reports module to print/review your answers and back. To log out, switch back to the questionnaire module.
2. The Treeview Pane – Each section of a module is organized according to a “questionnaire tree.” You can use the tree to jump to a specific block of questions

Getting Started with Qubus

or question. The tree can be collapsed (using the minus-sign) and expanded (using the plus-sign). The following icons will show you which questions are answered:

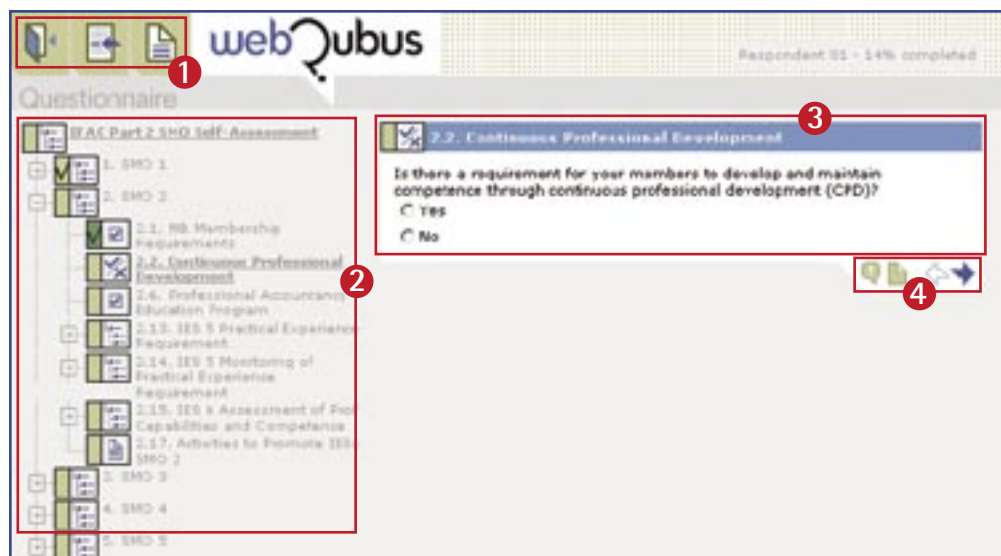


Sand-colored icons indicate unanswered questions or blocks.



Answered questions and blocks have icons with green check marks.

3. The Questions and Answers Pane – The Questions and Answers pane is where questions are displayed and the answers are entered.
4. Navigation Bar – Icons on the navigation bar allow you to go to next questions and clear the answers you have provided.
5. Comment Box – In the comment box you can enter additional information if you believe the answer option selected does not fully reflect your situation.




TYPES OF QUESTIONS

The questionnaire contains the following types of questions:

- Yes / No. Answer options require you to select “yes” or “no”;
- Multiple Check. Various answer options are available. Select all the answer options that are appropriate;
- Select Option. Various answer options are available. Select the one answer option that is most appropriate to your organization or national circumstances; and
- Text Response. No answer options are listed as you will provide your response.

Getting Started with Qubus


NAVIGATING THE QUESTIONNAIRE

Qubus will lead you through the questionnaire using the  button. This option will search for the next unanswered, relevant question.


Selecting Answer Options

You can select the answer option that is most appropriate in your circumstance by clicking the square or circle on the left side of the question. In the case of text questions, you will be required to put the text in the answer box directly under the question.

Changing Answers

If you want to change the answer already provided, use the  button to set the question to unanswered.

Adding Comments – Use of Comment Box

If you believe additional information is needed, you can add comments to each question in the comment box. 

Reading the Help Text

Some questions contain Help text to provide a better understanding of the question. Help text will appear automatically.

ADDITIONAL COMPARISON REPORTS

Where information about international standards as compared with national standards is not available or does not exist in English, some members and associates may be prompted to complete an additional Comparison Report. The reports may be accessed through the Part 2 website or the link provided in the questionnaire.

Getting Started with Qubus

REPORTS MODULE

There are two types of reports available in the Reports module section. (In the questionnaire, choose the Reports module option from the tool bar.) The reports are:

1. Answer Set for Review/Printing (reports for each SMO module and consolidated report); and
2. Matters for Review Report.

All reports are generated as rich text files (RTF) but can be easily saved as Word documents.

MULTIPLE USERS' ACCESS TO QUBUS

The Qubus questionnaire is continuously saving responses as they are entered. Qubus allows more than one user to enter data into an Answer Set at the same time; however, only the most recent response is saved. If two individuals in your organization are working on the same module, extra care must be taken to ensure they communicate and coordinate their work to avoid overriding proposed final responses.

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SENDING COMPLETED QUESTIONNAIRES AND ADDITIONAL REPORTS TO COMPLIANCE STAFF

Questionnaires

If you are entering responses using Qubus, your completed questionnaire will be submitted automatically once you have answered all relevant questions and Compliance staff will be able to access the response from the website.

Certification Form

All IFAC members and associates will be required to submit a signed "Certification of Chief Executive" form upon submission of the completed questionnaire. ■



Contact Details

Please contact the following Compliance staff for any assistance you may require during the Part 2 process.

Mr. Russell Guthrie
Director
Email: russellguthrie@ifac.org
Tel: +1 (212) 471-8708

For technical queries or questions about the Part 2, SMO Self-Assessment Questionnaire

Ms. Sylvia Barrett
Senior Technical Manager
Email: sylvia Barrett@ifac.org
Tel: +1 (212) 286-9563

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Mr. Szymon Radziszewicz
Assistant Technical Manager
Email: szymonradziszewicz@ifac.org
Tel. +1 (212) 471-8714

IFAC fax and mailing address

International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017
USA
Fax +1 (212) 286-9570 or +1 (212) 856-9420

For technical difficulties with Qubus, you may also contact the KPMG Qubus Support Team (The Netherlands)

Email: qubussupport@kpmg-ct.com
Tel: +31 70 338-2200
Fax: +31 70 338-2416



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545 Fifth Avenue, 14th Floor
New York, New York 10017
www.ifac.org

