

## **BACKGROUND NOTE ON ACTION PLANS**

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, and processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

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:</b>	The Institute of Chartered Accountants of Sri Lanka (ICASL)
<b>Original Publish Date:</b>	May 2011
<b>Last Updated:</b>	March 2015
<b>Next Update:</b>	March 2016

## **GLOSSARY**

<b>ICASL</b>	Institute of Chartered Accountants of Sri Lanka
<b>CEO</b>	Chief Executive Officer
<b>CMA</b>	Certified Management Accountants
<b>ED</b>	Exposure Draft
<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Educational Standards Board
<b>IASs</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board
<b>ICAP</b>	Institute of Chartered Accountants of Pakistan
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IESs</b>	International Educational Standards
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPSAS'</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISAs</b>	International Standards on Auditing
<b>ISQC 1</b>	International Standard on Quality Control 1
<b>PSASC</b>	Public Sector Accounting Standards Committee
<b>QA</b>	Quality Assurance
<b>SAFA</b>	South Asian Federation of Accountants
<b>SBE</b>	Specified Business Enterprise
<b>SEC</b>	Securities and Exchange Commission
<b>SLAASMB</b>	Sri Lanka Accounting and Auditing Standards Monitoring Board
<b>SLFRS/LKAS</b>	Sri Lanka Accounting Standards
<b>SLSQC 1</b>	Sri Lanka Standard on Quality Control 1
<b>SMEs</b>	Small and Medium Enterprises
<b>SMPs</b>	Small and Medium Practices
<b>SPLSAS'</b>	Sri Lanka Public Sector Accounting Standards

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Adopt a QA Standard Based on International Standard on Quality Control 1 (ISQC 1) and Comply with SMO 1 Requirement

**Background**

According to the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) is the sole accounting and auditing standards setting authority in the country. The Act has defined certain enterprises to be Specified Business Enterprises (SBE), for which these standards have been made mandatory.

With this mandate CA Sri Lanka has adopted the national standard Sri Lanka Standard on Quality Control 1 (SLSQC 1) based on the International Standard on Quality Control 1 (ISQC 1) and is in the preliminary stages of establishing the basis for a Quality Assurance Review System. SLSQC1 was made applicable from 1<sup>st</sup> January 2013. Currently, the 2013 version of ISQC 1 is adopted.

In March 2012 approval was received for a World Bank grant which includes USD 198,200 for technical initiatives. This includes implementation of a Quality Assurance Review Program. These funds have been utilized as follows:

- To create awareness among practitioners on the requirements under SLSQC 01
- To develop a framework for a QA program with corresponding guidelines
- In awareness building for QAB members and assistance on the policy and planning process
- To train the QA Review Panel to undertake QA engagements and report their findings

Expertise were sought to assist in the AQA implementation process and CA Sri Lanka worked on a joint project with the Institute of Chartered Accountants in England and Wales (ICAEW) to strengthen the oversight and regulation of the audit function which was launched in February 2013.

A high level Audit Quality Assurance Board (QAB) was set up by the Institute to strengthen the quality of the professional practices and work programs of audit practitioners and thus a QA system internal to the auditing profession.

CA Sri Lanka has direct responsibility in relation to SMO 1 and is therefore committed to establish a sustainable AQA Monitoring Regime.

More detailed information regarding CA Sri Lanka and its activities can be found on the website ([casrilanka.com](http://casrilanka.com)).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption of ISQC 01</i>					
1.	January 2014	Extension of the scope to ALL audits of financial statements (priority for PIE audits)	Ongoing	Quality Assurance Manager	Quality Assurance Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Introduction of a Quality Assurance Mechanism</i>					
2.	January 2014	A brochure on AQA was developed to familiarize the practicing members and firms with SLSQC 1 policies and procedures. The brochures have been posted to the entire database of the members in practice.	Completed	Quality Assurance Manager	Quality Assurance Board
3.	January 2014	To carry out preliminary assessment visits covering firms that audit Specified Business Enterprises (as defined in the Sri Lanka Accounting and Auditing Act No. 15 of 1995). This will be on voluntary basis.	Ongoing	Quality Assurance Manager	Quality Assurance Board
<i>Maintain Ongoing Processes</i>					
4.	Ongoing	Review the QA Review System on an ongoing basis as compared to the international best practice SMO1. This includes reevaluating plans and updating the Action Plan.	Ongoing	Quality Assurance Manager	Quality Assurance Board
5.	October 2014	CA Sri Lanka scheduled 10 half-a-day interactive sessions on SLSQC 1, practicing firms were taken through a comprehensive learning process on SLSQC 1. However, this will be an ongoing activity.	Completed	Quality Assurance Manager	Quality Assurance Board
<i>Review of CA Sri Lanka's Compliance Information</i>					
6.	Ongoing	Perform periodic review of CA Sri Lanka'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	Quality Assurance Manager	Quality Assurance Board

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** Continuous Improvement in Line with SMO 2

**Background**

CA Sri Lanka is the premier accounting body in Sri Lanka incorporated by Act of Parliament in 1959. CA Sri Lanka has the direct responsibility of adaptation of IESs. As per the regulations of the Council CA Sri Lanka adhere to the IESs in the curriculum development process the said regulations further requires the members to comply with Continuing Professional Education. Since those standards should be adhered by CA Sri Lanka and not by third parties, there is no necessity to translate the same to local languages. CA Sri Lanka requires candidates to obtain relevant accounting education, pass a final assessment, and have three years of practical experience in order to be certified as a Chartered Accountant. Since 2010 CA Sri Lanka educational requirements are aligned with the International Educational Standards. New syllabus which will be effective in 2015, is in compliance with the IES 1-6 and the first examination under the new syllabus will be held in March 2015. IES 8 has not been adopted in Sri Lanka but comprehensive training programs were carried out to enhance the professional development of practitioners.

CA Sri Lanka fully committed in meeting all International Federation of Accountants’ membership obligations. In keeping with this premise CA Sri Lanka launched the revised CPD guide in 2012, drawn in compliance with the requirement of IFAC. Accordingly, CPD is assessed using one of the three approaches namely, input-based approach, output-based approach and Combine approach. Members are required to comply with both the annual and three-years rolling requirement of 20 hours and 120 hours respectively. The primary responsibility of ensuring compliance with CPD lies with respective members. This applies in terms of both the CPD policy and the code of ethics. Failure to comply with any of these requirements will amount to misconduct by the respective members. CPD monitoring and evaluation takes place by way of reviewing a sample group of members to ensure that they are in compliance with the specified requirements. Moreover, each member is subjected to an individual and a strict evaluation criteria in the event of elevation to the “fellow” status from “associate” status.

A number of courses of action is available for non-compliance with CPD. However, the selected courses of action would depend upon the extent of the non-compliance, presence of mitigating factors and the historical performance with respect to CPD.

More detailed information regarding education, examinations, and practical training is available on the website ([casrilanka.com](http://casrilanka.com)).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthening Continuing Professional Development (CPD)</i>					
7.	Ongoing	All the CPD accredited programmes are communicated regularly to all the members through digital channels including emails containing e flyers, Mobile platforms. Further all CPD accredited events are listed under the event calendar displayed on CA Sri Lanka official web with the online registration facility.	Ongoing	CPD Secretariat	CPD Committee/ CPD Secretariat/ Resource Persons

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	Ongoing	CA Sri Lanka continuously looking to collaborate with local and international resources including subject matter experts to deliver high quality seminars, workshops, panel discussions, webinars. These workshops include high standard international resources such as Euromoney Training LLC, Duke Corporate Education, and INSEAD Global Campus. Further CPD committee committed to deliver seminar and workshops with various academias, industry experts local and international level to fulfil the demand of professional development of members while maintaining higher standards in delivery.	Ongoing	CPD Secretariat	Industry experts, local and overseas institutions. CPD Committee
9.	July 2013	Comprehensive Online CPD survey was carried out in July 2013 to identify most demanding CPD areas among members. Subsequently the committee is committed in implementing and execution relevant programmes which resulted high demand in the survey.	July 2013 Completed	CEO Chairman CPD	CPD Secretariat
10.	Ongoing	New syllabus was launched in 2014 which will be effective in 2015 in compliance with the IES 1-6 comprising of three main pillars of knowledge, skills where the emphasis is communication and information technology, and personal where the emphasis is practical training and ethics. CA Sri Lanka is in the process of train the lecturers, practical training providers and the examiners.	Ongoing	Director Education & Examinations	Education Committee
<b>Delivery of Training</b>					
11.	July 2014	To promote better understanding of the current Sri Lanka Auditing Standards (SLAuS) under the Clarity Project published in the Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control 1 – 2011 effective for audits of financial statements for periods beginning on or after 1 January 2014, CA Sri Lanka organized a seminar series. This was a comprehensive learning experience on the latest Sri Lanka Auditing Standards and the seminar	September 2014 Completed	Head of Technical	Representatives from Practicing Firms

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	Ongoing	CPD Short sessions include skill development programmes both soft technical skills development programmes ,on Leadership ,Strategic Management, Communication Operational Management, Accounting Standards ,etc.	Ongoing	CPD Secretariat	Local and International resource persons
13.	August 2014	CA Sri Lanka organized a case study based workshop for the benefit of Small and Medium-sized Practices (SMPs) during this year. This workshop facilitated SMPs to apply Clarified Auditing Standards for the audit of SMEs. The 2 day workshop was designed to enable SMPs to carry out audits of SMEs in compliance with the Sri Lanka Auditing Standards and other Best Practices.	March 2015 Ongoing	Manager Quality Assurance	Representatives from Practicing Firms
<b>Maintaining Ongoing Processes</b>					
14.	Ongoing	Ensure that new and revised standards on auditing, financial reporting and ethics are incorporated into CA Sri Lanka's training and education requirements.	Ongoing		
15.	Ongoing	Monitor the International Education Standards issued and ensure that the Institute's education requirements are constantly up to date.	Ongoing	Director Education and Examination	Education and Curriculum Development Committee Training Committee
16.	Ongoing	Review of ongoing work to ensure it is in line with the IFAC guidelines and update action plan.	Quarterly	CPD Secretariat	CPD Committee
17.	April 2011	Findings of the CPD Survey carried out in 2013 are taken in to consideration continuously while the post-programme feedbacks are evaluated to monitor the effectiveness of the programmes conducted and to improve the quality of the programmes.	Ongoing	Director Member Relations	CPD Secretariat & CPD Committee
18.	Ongoing	3 Months Rolling Plan and a tentative annual plan to accommodate the trends and core subject areas.	Ongoing	Director Member Relations	CPD Secretariat

#	Start Date	Actions	Completion Date	Responsibility	Resource
19.	January 2012	Promote the new CPD guide among the members to engage in verifiable and non-verifiable CPD activities that are more relevant to their current job role and scope.	Ongoing	Director member Relations	CPD Secretariat / Business School
<i>Review of CA Sri Lanka's Compliance Information</i>					
20.	Ongoing	Perform periodic review of CA Sri Lanka'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	Director Education and Examinations	Lecturer Practicing Accountant



**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continuous Improvement in Line with SMO 3

**Background**

According to the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) is the sole accounting and auditing standards setting authority in the country. The Act has defined certain enterprises to be Specified Business Enterprises (SBEs), for which these standards have been made mandatory.

With this mandate CA Sri Lanka’s Auditing Standards Committee regularly reviews IAASB pronouncements, and recommends to the Council the recommendation of Sri Lanka Auditing Standards and Sri Lanka Other Audit Pronouncements.

Efforts are currently focused on supporting the implementation of Sri Lanka Auditing Standards that are in line with the Clarity International Standards on Auditing (ISAs). A new bound volume of Sri Lanka Auditing Standards and Sri Lanka Standards on Quality Control 1 (Volume I) and Sri Lanka Other Audit Pronouncements and Sri Lanka Related Services Pronouncements (Volume II) issued in December 2014.

Volume I of the 2014 edition will incorporate the revised International Auditing Standards issued by the International Auditing and Assurance Standards Board (IAASB) to be in line with the International Federation of Accountant’s (IFAC’s) 2013 publication. This will replace the current Sri Lanka Auditing Standards (SLAuSs) under the Clarity Project published in the Handbook on Sri Lanka Auditing Standards and Sri Lanka Standard on Quality Control 1 - 2011. Volume II of the 2014 edition will bring all existing Other Audit Pronouncements in line with IFAC’s 2013 publication and the standards in this volume supersedes the exiting Sri Lanka Other Audit Pronouncements published in 2009/2010.

According to the requirement of Sri Lanka Accounting and Auditing Standards Act No 15 of 1995 it is required to translate the standards in to local languages i.e. Sinhala and Tamil. The Institute of Chartered Accountants of Sri Lanka is responsible for the translations.

CA Sri Lanka has direct responsibility in relation to SMO 1 and is therefore committed to enhance the public trust and confidence placed in the audit profession to ensure members’ compliance with established auditing standards.

More detailed information regarding CA Sri Lanka and its activities can be found on the website ([casrilanka.com](http://casrilanka.com)).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption and Implementation of Auditing Standards</i>					
21.	Ongoing	Consider details on ongoing process to adopt new and amended ISAs, comment on EDs, implementation support, education and awareness building, etc.	Ongoing	Head of Technical	Statutory Auditing Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
22.	March 2013	Conducted Industry group discussions in order to capture main issues identified by preparers of financial statements and auditors for the Financial Institutions. Further programs would be conducted for other industries (NGOs and Insurance).	Ongoing	Head of Technical	The Members of the Institute who are updated with these developments.
23.	Ongoing	Ongoing monitoring and review of IAASB pronouncements following the IAASB's work program, and updating the Action Plan for future activities where necessary. Revisions and updates to Auditing Standards are made available on the CA Sri Lanka website and also in the form of hardcopies.	Ongoing	Head of Technical	Statutory Auditing Standards Committee Sub Committee appointed by the Main Committee
24.	Ongoing	Conduct seminars in improving awareness of members around the Clarity ISAs. Technical support is provided by CA Sri Lanka via online inquiries, circulars, and education and training programmes.	Ongoing	Head of Technical	Representatives from Audit Firms Statutory Auditing Standards Committee
25.	July 2014	Conduct seminars and workshops to promote better understanding of the auditing standards with case studies.	September 2014 Completed.	Head of Technical	Representatives from Audit Firms Audit Faculty
<i>Review of CA Sri Lanka's Compliance Information</i>					
26.	Ongoing	Perform periodic review of CA Sri Lanka'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	CEO/ Head of Technical	Statutory Auditing Standards Committee Sub Committee appointed by the Main Committee

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Adoption and Implementation of the IESBA Code of Ethics

<b>Background</b>					
<p>The Institute of Chartered Accountants of Sri Lanka is directly responsible for adopting and implementing ethical standards for its members.</p> <p>The Code is mandatory for all members of CA Sri Lanka and members are expected to comply with the ethical requirements issued by the Institute. Apparent failure to do so can result in an investigation into the members conduct by the Ethics Committee and Council of the Institute. CA Sri Lanka issued the first Code of Professional Conduct and Ethics to its members in 1993, which was substantially in line with the IFAC Code. Subsequently a revised Code was issued in 2009 in line with IESBA 2006 Code and the latest is the CA Sri Lanka Code of Ethics Publication issued in 2014 which is in line with IESBA 2012 Code.</p> <p>The Code of Ethics 2014 publication is substantially in line with the IESBA 2012 publication and the only modification is the retention of the example on safeguards in the 2006 IESBA Code in certain sections. This publication is effective from 1 January 2015.</p> <p>The CA Sri Lanka Code is available only in English.</p> <p>CA Sri Lanka has incorporated ethics in the CA Sri Lanka Curriculum through executive, business, and corporate level subjects such as Assurance and Ethics, Business, Ethics and Audit, and Corporate Governance.</p> <p>More detailed information regarding CA Sri Lanka and its activities can be found on the website (<a href="http://casrilanka.com">casrilanka.com</a>).</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption and Implementation of the IESBA Code of Ethics</i>					
27.	Q1 2014	Professional Conduct (Ethics) Committee completed its review process of 2012 IESBA Code with 2009 CA Sri Lanka Code of Ethics Publication in order to identify the required revisions.	31 March 2014 Completed	Professional Conduct (Ethics) Committee	Professional Conduct (Ethics) Committee
28.	Q2 2014	Issued the revised Code of Ethics 2014 draft publication as an Exposure Draft for members' comments.	30 June to 31 August 2014 Completed	Professional Conduct (Ethics) Committee	Professional Conduct (Ethics) Committee
29.	December 2014	Launched the revised Code and conducted an Awareness Session on the revised provisions of the new Code which is applicable from 1 January 2015.	15 December 2014 Completed	Professional Conduct (Ethics) Committee	Professional Conduct (Ethics) Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
30.	Ongoing	Monitor the upcoming changes to the IESBA Code of Ethics by way of deliberating on the Exposure Drafts issued by the IESBA and evaluating the impact of the changes and commenting on the proposed changes in such Exposure Drafts. In particular, monitor closely the IESBA work program and proposed revisions to the IESBA Code of Ethics so they can be incorporated into CA Sri Lanka's framework on a timely basis.	Ongoing	Professional Conduct (Ethics) Committee	Professional Conduct (Ethics) Committee
<i>Review of CA Sri Lanka's Compliance Information</i>					
31.	Ongoing	Perform periodic review of CA Sri Lanka'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	Professional Conduct (Ethics) Committee	Professional Conduct (Ethics) Committee

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Best Endeavors to Encourage Public Sector Entities in Sri Lanka to Improve their Financial Accountability, Financial Management and Financial Reporting in Line with SMO 5

### **Background**

In Sri Lanka, enabling Acts of Parliament, Financial Regulations, Guidelines and Circulars issued by the General Treasury, Ministry of Finance & Planning and Line Ministries govern the issue of general purpose financial statements by public sector entities.

Standing alone, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has no power to require the public sector to comply with Sri Lanka Public Sector Accounting Standards (SLPSASs). However, in line with current IFAC initiatives to improve the quality of general purpose financial reporting of public sector entities, Public Sector Accounting Standards are issued jointly by the CA Sri Lanka and the Ministry of Finance & Planning. The Public Sector Accounting Standards Committee (PSASC) includes four senior officers of the Ministry of Finance & Planning, who are formally nominated by the Ministry. By the end of 2016 CA Sri Lanka will have adopted the full suite of IPSAS as SLPSAS.

Government has already issued a circular requesting that Sri Lanka Public Sector Accounting Standards are implemented in all Statutory Boards (non-commercial public corporations) and local authorities, which already follow accrual based accounting. The Central Government and Provincial Councils will be asked to apply these standards once they complete the process of migration to accrual system of accounting.

Action has already been initiated to codify adoption of Sri Lanka Public Sector Accounting Standards (SLPSAS) into legal system of Sri Lanka by amending Sri Lanka Accounting & Auditing Standards Act, No. 15 of 1995.

As per the instructions sent by the Ministry of Finance and Planning (MOFP) to the Sri Lanka Accounting & Auditing Standards Monitoring Board (SLAASMB) secretary, the MOFP has approved the following amendments, inter alia, to the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995:

- Empower CA Sri Lanka to issue Sri Lanka Public Sector Accounting Standards (SLPSAS) with the concurrence of MOFP;
- Make SLPSAS applicable to all non-commercial Public Corporations, i.e., all State Owned Enterprises(SOEs), Ministries, Departments and Local Authorities ;
- Empower the SLAASMB to monitor compliance with SLPSAS by the relevant public sector entities;
- To establish a Public Sector Accounting Standards Committee (parallel to current Accounting Standards Committee for Sri Lanka Accounting Standards) and to appoint a representative from MOFP to the Committee;
- Appoint a representative from public sector to the Auditing Standards Committee; and
- Appoint a representative from MOFP to the SLAASMB.

In March 2012 approval was received for a World Bank grant which includes USD 198,200 for technical initiatives. This includes a focus on closing gaps in the knowledge base of public sector accountants and introduction of a separate qualification aimed specifically at public sector accountants. Current activities include:

- Formulation and adoption of 10 Sri Lanka Public Sector Accounting Standards (SLPSAS) based on International Public Sector Accounting Standards (IPSAS). These standards were selected on need basis and another 5 standards were formulated based on IPSAS, selected on need basis. Volume – 1 – SLPSAS 1 – 4 was adopted effective 1 January 2011. Volume – 2 – SLPSAS 5 – 10 was adopted effective

<p>1 January 2014. Slight modifications included changing 'IPSAS' to 'SLPSAS' and deleting paragraphs not applicable to Sri Lanka, but no material modifications were made.</p> <ul style="list-style-type: none"> <li>• Formation of Association of Public Finance Accountants of Sri Lanka (APFASL) as Public Sector Wing of CA Sri Lanka, consisting Accountants, Auditors &amp; Assessors of the public sector as members of the Association, to handle activities relating to the improvement of public financial management.</li> <li>• Development of a professional qualification for public sector accountants, auditors and assessors with the assistance of CIPFA London, in line with CIPFA International Public Financial Management (IPFM) qualification.</li> </ul> <p>Further, CA Sri Lanka is planning to sign an MOU with CIPFA (London) to offer full CIPFA membership for CA Sri Lanka members with 5 or more years of senior level experience in Government or the Public Sector and CIPFA Affiliate membership to other CA Sri Lanka Members and to members of Public Sector Wing, those who have passed entrance examination and have accountancy first degree.</p> <p>More detailed information regarding CA Sri Lanka and its activities can be found on the website (casrilanka.com).</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Establishing Convergence Mechanism and Process with IPSAS</i>					
32.	Ongoing	Conversion of another 5 IPSAS, (IPSAS 23, 24, 13, 20 & 16) selected on need basis, into Sri Lanka Public Sector Accounting Standards	End 2015	Head of Public Sector Unit	PSASC Committee Members
33.	Ongoing	Conducting Training & Awareness programmes on SLPSAS (during 2014 conducted 7 training programs for 693 participants) among financial staff of public sector institutions	Ongoing	Head of Public Sector Unit	Trainees trained by CIPFA
34.	Ongoing	Implementation of Public Sector specific professional accountancy qualification for public sector financial staff with the assistance of the Chartered Institute of Public Finance & Accountancy (CIPFA) London	2015	Head of Public Sector Unit	PSASC
<i>Maintaining Ongoing Processes</i>					
35.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities such as workshops etc where necessary.	Ongoing	Head of Public Sector Unit	Committee Members

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CA Sri Lanka's Compliance Information</i>					
36.	Ongoing	Perform periodic review of CA Sri Lanka'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	Head of Public Sector Unit	Committee Members

**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Continue to ensure members and the public understand how to raise complaints and the processes resolving them

### **Background**

CA Sri Lanka has direct responsibility for setting the rules and operating the Investigation and Disciplinary system for its members. The I&D system of CA Sri Lanka is specified in the Act of Incorporation of the Institute and members are bound by that. The Act of Incorporation specifies the Acts of Professional Misconduct and the disciplinary procedure to be followed. The Professional Conduct (Ethics) Committee is responsible for carrying out investigations and recommend the actions to be taken if proved to be guilty of professional misconduct to the Council. In addition, the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) oversees compliance with auditing standards and CA Sri Lanka has representation on SLAASMB, so no overlap occurs during the compliance monitoring process.

The investigative process followed by CA Sri Lanka is briefly stated below;

When a complaint is received against a Member the Secretary acknowledges receipt of complaint and request to submit the information on the specified complaint form and informs the complainant, that it would be addressed. The Complaint is referred to the Member against whom the complaint has been made, and his observations/ explanations is called for. On receipt of observations/explanation of the person against whom the complaint was made, complaint is referred to the Professional Conduct (Ethics) Committee. The Professional Conduct (Ethics) Committee or a Panel of the Professional Conduct (Ethics) Committee studies the complaint. Where necessary the complainant as well as the member against whom the complaint was made is interviewed by the Professional Conduct (Ethics) Committee or its Panel.

Any evidence / documentation available is considered, to see whether there is a prima facie case. Legal Opinion is consulted where necessary. If there is no prima facie case both parties are informed accordingly and the process and findings are intimated to the Council. If there is a prima facie case a report is submitted to the Council. As per the provisions of the Act of Incorporation, the Council appoints a Disciplinary Committee constituting three Members of the Council. Hence the disciplinary committee consist of only members of the Institute. Members of the council are CA Sri Lanka members as well. In this appointing process any conflict of interest with the subject matter will be taken in to consideration. A statement is prepared setting out the charges to be investigated by the Disciplinary Committee and the Secretary transmit a copy of the statement to each member of the Disciplinary Committee and the person whose conduct is the subject of investigation. Secretary gives notice of the first date fixed for the inquiry to the person whose conduct is under inquiry. Such notice to be given 14 days before the date fixed for inquiry.

The Secretary of CA Sri Lanka is the Secretary of the Disciplinary Committee. Every Disciplinary inquiry is held in camera. At the conclusion of the inquiry the Disciplinary Committee will submit a Report of the findings to the Council and send a copy of such Report to the person against whom the inquiry was held. The Council will take appropriate action thereafter.

If the complaint is proved the member concerned may be warned, reprimanded, or suspended from Membership, depending on the gravity of the lapse.

As per the provisions of the Act of Incorporation, any person aggrieved by a decision of the Council may appeal against that decision to the Supreme Court.

During the period January 2014 – December 2014, 12 cases have been handled. During the period 5 cases were upheld and another 5 are pending. CA Sri Lanka has dismissed two cases during the period.



#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
37.	Ongoing	Appoint a separate independent committee on disciplinary matters will be appointed for every 2 years period in order to investigate and take actions on disciplinary matters.	Completed	CEO	Members of the Council
38.	Ongoing	Continue to publicize CA Sri Lanka I&D procedures via the website and distribution of the Act of Incorporation among members. Further there is separate publication on Code of Ethics approved by the council of CA Sri Lanka.	Completed	CEO	CEO and legal officer
39.	Ongoing	Ensure the investigation and discipline of misconduct including breaches of professional standards by individual members is carried out in line with Section 17 (First Schedule) of Act of Incorporation. Professional misconduct has been defined in the Second schedule of the Act of incorporation.	Ongoing	CEO	Members of the Council & legal officer
40.	Ongoing	Ensure that the council exercises the power against any member, if satisfied that he is unfit to practice the profession of an accountant and auditor by reason that he has been guilty of professional misconduct.	Ongoing	CEO	Members of the Council & legal officer
41.	Ongoing	Continue to ensure CA Sri Lanka's investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CEO	Members of the Council & legal officer
<i>Review of CA Sri Lanka's Compliance Information</i>					
42.	Ongoing	Perform periodic review of CA Sri Lanka'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	CEO	Members of the Council & legal officer

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Adoption and Implementation of Accounting Standards in Line with SMO 7

**Background**

The Institute of Chartered Accountants of Sri Lanka is the body directly responsible for adopting accounting standards on recommendation by the Accounting Standards Committee. The national Accounting Standards for listed and other public interest entities are the IFRSs adapted with modifications for nationalization purposes as required by the Sri Lanka Accounting and Auditing Standards Act No 15 of 1995.

According to the requirement of Sri Lanka Accounting and Auditing Standards Act No 15 of 1995 it is required to be translated in to the local languages Sinhala and Tamil.

More detailed information regarding the Sri Lanka Accounting Standards can be found on the CA Sri Lanka website: ([www.casrilanka.com](http://www.casrilanka.com)) under the members tab in subsection My Guide to Regulations/Accounting Standards. (suggest to give the direct web link)

In March 2012 approval was received for a World Bank grant which includes USD 198,200 for technical initiatives, which includes adoption and implementation of accounting standards as one component.

IFRS-aligned Sri Lanka Accounting Standards including the Standard for SMEs are effective from 1<sup>st</sup> January 2012. IFRS 10, 11, 12 and 13 will be effective from 1<sup>st</sup> January 2014, IFRS 9 will be effective from 1<sup>st</sup> January 2018, IFRS 14 will be effective from 1<sup>st</sup> January 2014 and IFRS 15 will be effective from 1<sup>st</sup> January 2017.

All IFRICs and SICs have been included in the Sri Lanka Financial Reporting Framework as Sri Lanka Financial Reporting Guidelines.

More detailed information regarding CA Sri Lanka and its activities can be found on the website ([casrilanka.com](http://casrilanka.com)).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Notifying members of IFRS and IASB Exposure Drafts (SMO 7, paras 1, 2)</i>					
43.	Ongoing	Ensure details of IASB and IFRS Interpretations Committee (IFRSIC) discussion papers and exposure drafts, with information on how to contribute to CA Sri Lanka submissions, are maintained in the CA Sri Lanka web Site and communicate to the public.	Ongoing	Head of Technical	Statutory Accounting Standards Committee
44.	Ongoing	Conduct round table discussion on Exposure Drafts on New International Accounting Standards.	Ongoing	Head of Technical	Statutory Accounting Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promulgation of Sri Lanka Accounting Standards.</i>					
45.	Ongoing	Follow the due review process and converge Sri Lanka Accounting Standards with International financial reporting Standards. Based on the recommendations of the Statutory Accounting Standards committee council adopts these standards in the local context. By December 2014 Sri Lanka Accounting Standards in line with International Accounting Standards 2014 bound volume.	Ongoing	Head of Technical	Statutory Accounting Standards committee.
46.	Ongoing	Translate all Accounting standards in to two local languages, Sinhala and Tamil and gazette those standards. Any decision to change provisions of Accounting Standard would be communicated to members of CA Sri Lanka, regulatory authorities, academia and all other interested parties.	Ongoing	Head of Technical	Statutory Accounting Standards committee and industry experts.
<i>Assist with the implementation of IFRS or IFRS-based standards (SMO 7, para 3b)</i>					
47.	January 2012	Establish IFRS implementation task force for banks, plantation companies and unit trusts to address the practical implications of applying IFRSs in these sectors.	Completed	Head of Technical	Central bank representatives, Statutory Accounting Standards Committee, council and industry experts.
48.	May 2013	IFRS e-learning module to be made available to CA Sri Lanka members under the world bank funding.	Jan 2015	Head of Technical	IFRS Education Committee
49.	Ongoing	Conduct Annual Accounting Standards Seminar Series in order to educate members on the new developments of Accounting Standards based on IFRSs.	Ongoing	Head of Technical	IFRS Education Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CA Sri Lanka's Compliance Information</i>					
50.	Ongoing	Perform periodic review of CA Sri Lanka'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	CEO/Head of Technical	Statutory Accounting Standards Committee