BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption[1] and implementation[2] of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

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

ACTION PLAN

IFAC Member: American Institute of Certified Public Accountants (AICPA)
Original Date Published: September 2009
Last Updated: March 2018
Next Update: March 2020

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[1] *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

[2] *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

GLOSSARY

AAA	American Accounting Association
AACBS	Association to Advance Collegiate Business Schools
AASCB	Accrediting Agency,
ACBSP	Accrediting Agency, Beta Alpha Psi
AcSEC	Accounting Standards Executive Committee
ASB	Auditing Standards Board
CPE	Continuing Professional Education
DOL	Department of Labor
FSA	Federation of Schools of Accountancy
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
IAAER	International Association for Accounting Education and Research
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
NASBA	National Association of State Boards of Accountancy
PcEEC	Pre-certification Education Executive Committee
PEEC	Professional Ethics Executive Committee's
PRB	Peer Review Board

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Continue to Use Best Endeavors to Maintain and Continuously Improve the American Institute of Certified Public Accountants (AICPA) Peer Review Program (PRP)

Background:

In 1977, the AICPA Governing Council (Council) established the Division for CPA Firms to provide a system of self-regulation for its member firms. Two voluntary membership sections within the Division for CPA Firms were created: (1) the Securities and Exchange Commission Practice Section (SECPS) and (2) the Private Companies Practice Section (PCPS). Both sections required that firms have a peer review of their accounting and auditing practices once every three years to monitor adherence to professional standards. The sections also required that firms make the results of their peer reviews available in a public file.

Based upon the tangible results of the peer review process, AICPA members voted and adopted mandatory peer review via a bylaws change in 1988. Firms could (1) become a member of the Division for CPA Firms and undergo an SECPS or PCPS peer review or (2) enroll in the new AICPA Quality Review Program to be administered in cooperation with state CPA societies.

In 1990, a new bylaws amendment mandated that AICPA members who practiced public accounting with firms that audited one or more SEC clients be members of SECPS. In 1994, the PCPS Peer Review Program (PRP) and the AICPA Quality Review Program combined and became the AICPA PRP, governed by the AICPA Peer Review Board (PRB), which became effective in 1995.

In 2002, the Sarbanes-Oxley Act established the Public Company Accounting Oversight Board (PCAOB) as a private-sector regulatory entity to oversee public company audits. As a result, effective January 1, 2004, SECPS was restructured and became the Center for Public Company Audit Firms (CPCAF) PRP. Its objective was to administer a peer review program that evaluated and reported on the non-SEC issuer accounting and auditing practices of firms that were registered with and inspected by the PCAOB as well as certain firms that performed audits of non-SEC issuers pursuant to PCAOB standards.

Since both the AICPA PRP and CPCAF PRP (Programs) were only peer reviewing non-SEC issuer practices, it was determined that the Programs should merge, resulting in one set of peer review standards for all firms subject to peer review. Effective January 1, 2009, the CPCAF PRP was discontinued (those firms are now administered through the National Peer Review Committee (NPRC)), and the AICPA PRP is now the single program for all AICPA firms subject to peer review.

In order to assist firms in complying with state board peer review licensing document submission requirements, the AICPA created a process called Facilitated State Board Access (FSBA) whereby firms may give permission to the AICPA or their administering entities to give access to specific firm peer review documents to state boards through a state board only access website. Some state boards now require its licenses to participate in the FSBA process; other state boards recognize it as an acceptable process to meet the peer review document submission requirement.

PCAOB Oversight of Public Company Audits

The Sarbanes-Oxley Act of 2002 placed responsibility for overseeing auditors of public companies on the Public Company Accounting Oversight Board (PCAOB). The PCAOB is governed by the Securities and Exchange Commission (SEC). Therefore, the SEC is responsible for establishing the rules by which the PCAOB operates. Refer to https://www.sec.gov/rules/pcaob.shtml for publication of those rules.

Additionally, the PCAOB has an Office of Internal Oversight and Performance Assurance, which is independent from the Inspections Division and is responsible for reporting to the Board of PCAOB on the operations of the PCAOB. Refer to http://pcaobus.org/InternalOversight/Pages/Charter.aspx for further information about this division. Additionally, refer to http://pcaobus.org/InternalOversight/Pages/Reports.aspx for the reports issued resulting from their reviews.

The AICPA comments on every PCAOB proposed standard through our Center for Audit Quality. In addition, the ASB chair is an observer to the PCAOB's SAG, and the ASB chair and relevant AICPA staff meet regularly with PCAOB leadership to share agendas and thoughts. Where relevant and applicable, the ISA are recommended for the PCAOB's consideration

Note: Adoption of the Peer Review program by 53 of 55 states, as well as mandatory enrollment in an AICPA Peer Review program for members, meets the requirements of SMO 1.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Maintain (Periodically, Review and Revise as Needed) the AICPA Standards on Performing and Reporting on Peer Reviews (Standards)					
1.	Ongoing	Based on feedback from stakeholders and results of reviews, evaluate effectiveness of proposed revisions to the AICPA Standards on Performing and Reporting on Peer Reviews, including Interpretations and Other Guidance.	Ongoing	AICPA Peer Review Board (PRB)	AICPA Peer Review Staff
Educate and Communicate Changes to the Standards					
2.	Ongoing	Educate and communicate changes in standards to stakeholders.	Ongoing	PRB	AICPA Peer Review Staff
3.	Ongoing	Update related materials, including Administrative Manual, Oversight Handbook, Report Acceptance Body (RAB) Handbook, various Checklists, Forms, etc.	Ongoing	PRB	AICPA Peer Review Staff
Publication of Oversight Report					
4.	Ongoing	In 2007, the AICPA began posting an Annual Report on Oversight via www.aicpa.org.	Ongoing	AICPA Peer Review Staff	AICPA Peer Review Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Continue to Encourage Remaining Three States/Jurisdictions (of the 55) that Do Not Require Peer Review to Consider Peer Review Enactment			
5.	Ongoing	AICPA Peer Review Staff and AICPA State Society Regulatory Staff will continue to encourage all remaining states/jurisdictions to enact peer review using all or some of the following methods: • Attend state board meetings • Attend National Association of State Boards of Accountancy meetings • Attend state society meetings, as state societies typically introduce legislation • Attend CPA/SEA meetings • Assist state societies or state boards with draft legislation • Remain in continual contact with these stakeholders, through telephone and email communication	Ongoing	AICPA Peer Review Staff	AICPA Peer Review Staff
6.	Ongoing	Status Update on the Remaining States/Jurisdictions. 52 states/jurisdictions have made peer review mandatory for license renewal. One jurisdiction has passed a peer review law but no rules have been developed and therefore it is not effective. One state is working towards passing a peer review law in 2017. There is no movement in one jurisdiction. We continue to work with the three remaining states/jurisdictions to focus on establishing peer review legislation/rules.	Ongoing	AICPA Peer Review Staff	AICPA Peer Review Staff
		Develop and Implement Strategic Plan			
7.	January 2014	The Peer Review Board (PRB) evaluated the current program to determine where the most significant areas of focus should be in the next two years. In doing so, four new task forces were established to identify short-term and long-tern steps that could be taken to strengthen the program. These are: 1) Peer Reviewer Quality 2) Emerging Risk Industries and Areas 3) Population Completeness 4) Transparency and Effectiveness of Peer Review *Peer Reviewer Quality*	Ongoing	PRB	AICPA Peer Review Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Objective - To enhance the quality of peer reviewers by: • Reassessing the qualifications to serve as a peer reviewer or team/review captain, • Developing means to measure peer reviewer Competency as it relates to peer review and Accounting & Auditing, • Taking a new look at the technical review process, and • Developing a communication plan to recruit new peer reviewers with targeted expertise. New guidance has or will become effective in 2016 which revises the general requirements and training requirements for reviewers and new specific requirements for peer reviewers of high-risk industries, such as audits of employee benefit plans and audits under governmental auditing standards. The technical review process will be reevaluated as part of other projects currently being worked on. Communications to larger firms has resulted in an increase of 70 reviewers. *Emerging Risk Industries and Areas* Objective - Identify both audit areas and industries of heightened risk and formulate a peer review response that is multi-functional. Provide meaningful information to other AICPA teams for the timely development of related tools and education for member firms. Audit areas and industries of heightened risk have been identified for 2014, 2015 and 2016. Courses and other resources have been developed to enhance firms' and reviewers' understanding of these audit areas and industries. *Population Completeness* Objective - Develop efforts to ensure all firms that should be enrolled in peer review are enrolled and that all engagements that are within peer review scope are included in the population subject to peer review. The AICPA is using publically available resources to verify completeness with a current focus on specific high risk industry engagement types. AICPA is also using firm federal employer identification numbers as a unique identifier to more precisely match firm information between various databases. AICPA expects to			

#	Start Date	Actions	Completion Date	Responsibility	Resource
		enhance completeness efforts as additional technology becomes available to identify noncompliance with peer review enrollment and engagement scope requirements. *Transparency and Effectiveness of Peer Review* Objective - Determine if the current reporting model continues to serve the needs of its users, including but not limited to, peer reviewers, firms, regulators, governmental bodies, and State Boards of Accountancy. In 2015, an exposure draft was issued which addressed changes to many aspects of the standards and interpretations, including the reporting model, which will improve the value of a peer review and provide firms with better information about how to enhance their practice. The comment period expired on January 31, 2016 and the final guidance changes are expected to be approved during the May 2016 PRB meeting.			
		Maintaining Ongoing Processes			
8.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	PRB	AICPA Peer Review Staff

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

Action Plan Objective: Communicate IES Requirements to all Stakeholders in Accounting Education

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Initial Professional Development (IPD) Skills

Education requirements to sit for the Uniform CPA Exam vary by each state or jurisdiction's board of accountancy, although all states require a minimum of 120 credit hours (the equivalent to a bachelor's degree). To get licensed as a CPA, all boards of accountancy require 30 additional credit hours, or 150 hours. The extra credit hours may be earned by enrolling in a graduate accounting program, although that's not required.

In every case, you'll need to fulfill education credit hours to sit for the CPA Exam, but requirements vary. Check with the state or jurisdiction where the applicant will sit for the exam. To obtain licensure, a candidate is required to meet education, experience and exam requirements.

NASBA offers an Advisory Evaluation for students who have studied outside the U.S. or outside their chosen jurisdiction, and are unsure that their education meets board requirements.

Professional Development requirements are set by the state boards of accountancy and each state or jurisdiction board of accountancy, sets the number of Continuing Professional Education (CPE) credit hours required to maintain an active license within a year, two year or three

Background:

To qualify for membership in the AICPA, one must:

- Possess a valid CPA certificate issued by the legally-constituted authority of a state, District of Columbia, territory, or territorial possession of the United States.

- Pass an examination in accounting and other related subjects satisfactory to the AICPA Board of Directors, which the Board has designated as the Uniform CPA Examination. Candidates who first become eligible to take this exam after the year 2012 must have obtained 150 semester hours of education at an accredited college or university including a bachelor's degree or its equivalent.

- From January 1, 2001, forward and for each three-year reporting period thereafter, all AICPA members shall complete 120 hours, or its equivalent, of continuing professional education (CPE).

- Practice in a firm enrolled in an approved practice-monitoring program (or, if practicing in a firm not eligible to enroll, are themselves enrolled in such a program).

- All members must agree to abide by the AICPA Bylaws and Code of Professional Conduct.

For more detailed information regarding Membership in the AICPA, please visit the website: www.aicpa.org.

Note: In order to become licensed, CPAs must meet the initial professional development and continued professional development requirements that fulfill those of the revised IES.

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Create and Enhance Awareness of IAESB and Educate Constituencies on IESs			
9.	January 2007	Discussion and reporting on International Accounting Education Standards Board (IAESB) actions, outputs and strategic plans to the AICPA's Pre-certification Education Executive Committee (PcEEC) at each of four meetings per year.	Ongoing	AICPA IAESB Board Member and AICPA IAESB Technical Advisor	IAESB Meeting and Committee Outputs
10.	April 2007	Testimony on panel at National Association of State Boards of Accountancy (NASBA) hearings, including International Education Standards (IESs) impact on revision of Uniform Accountancy Act.	April, 2007 Completed	AICPA Director of Academic and Career Development and Chair of Pre-certification Education Executive Committee	Members of Responsible AICPA Committees Including PcEEC and International Committee
11.	February 2008	Presentation to U.S. Accounting Department Chairs (APLG) and Deans of Accountancy Schools (FSA) on Framework and IESs.	Ongoing	AICPA IAESB Technical Advisor and AICPA Member of IAESB	Participation of AICPA IAESB Board Member and Technical Advisor
12.	Spring 2008	Communication to stakeholders on the importance of completing the online survey regarding the Framework. Included were: AICPA members, American Accounting Association Members, State CPA Societies, National Association of State Boards of Accountancy (NASBA), APLG/FSA, State Boards of Accountancy, Association to Advance Collegiate Business Schools (AASCB)–Accrediting Agency, and Beta Alpha Psi (ACBSP).	Spring, 2008 Completed	AICPA Board Member of IAESB and AICPA Director of Academic and Career Development	IAESB Documents and Framework Task Force Survey
13.	August 2008	Presentation on IES and Framework at the Annual Meeting of the American Accounting Association.	August, 2008 Completed,	AICPA Member of IAESB and AICPA Director of Academic and Career Development	IAESB Documents and Framework Task Force Survey Results
14.	January 2009	Presentation of IAESB Framework Project to AICPA Board.	January, 2009 Completed	AICPA President and CEO	Framework Exposure Draft

#	Start Date	Actions	Completion Date	Responsibility	Resource
15.	Spring 2009	Establish a detailed communication plan to all stakeholders on Framework, IES reviews, and IAESB activity.	Ongoing	AICPA IAESB Board Member and AICPA IAESB Technical Advisor	PcEEC Members, IAESB Meeting Minutes, AICPA Publications and website
Actively Participate in Creating a New Framework for Promulgating, Reviewing and Revising IESs					
16.	Fall 2007	AICPA Board Member and Technical Advisor appointed to IAESB Task Force to guide Framework Revision.	Fall, 2007 Completed	AICPA Board Member (Task Force Chair) and Director of Academic and Career Development	IAESB Members
17.	Fall 2007, Spring 2008, Summer 2008, Fall 2008, December 2008	Task Force Meetings and Conference Calls.	December, 2008 Completed	IAESB Task Force	AICPA IAESB Members
18.	December 2008	Task Force completes work on drafting new Framework.	April 2009 Completed	AICPA Board Member (Task Force Chair) and Director of Academic and Career Development	IAESB Members
19.	Spring 2009	Communication to all stakeholders of the importance of receiving the Framework Exposure Draft and submitting comments. Included would be: AICPA members, American Accounting Association members, State CPA Societies, NASBA, APLG/FSA, State Boards of Accountancy Association to Advance Collegiate Business Schools (AASCB) - Accrediting Agency, ACBSP.	Completed, April 2009	AICPA Director of Academic and Career Development and AICPA Members of IAESB	IAESB Exposure Draft of New Framework

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	Spring 2009	Submit Directors comment letter on behalf of the AICPA Board of Directors.	April 2009 Completed	AICPA President and CEO and Director of Academic and Career Development	AICPA Board, Council and PcEEC
21.	Summer/F all 2009	Assist in considering and incorporating comments into a final Framework Draft.	Fall 2009 Completed	AICPA IAESB Board Member and Director of Academic and Career Development	IAESB, Task Force and responding constituents comments
Participate in Framework Revision 2.0					
22.	Spring 2013	AICPA Board Members appointed to IAESB Task Force on further Framework revision.	Ongoing	AICPA Board Members	IAESB Board, Task Force and ED Comments
Revision of Extant IESs					
23.	Spring 2010	Work with IAESB to begin review and revision of current IES.	Ongoing	AICPA IAESB Board Member and AICPA IAESB Technical Advisor	IAESB, Task Force and responding constituent comments
24.	Spring 2010	Assist in revision of IES 5, allowing for a principles-based and flexible approach to practical experience requirements which accept current working models.	Fall 2012 Completed	IAESB, AICPA Board Member and AICPA IAESB Technical Advisor	Stakeholder input
25.	Fall 2010	Participate in discussions and draft reviews of redrafted and revised IESs 1-8.	Fall 2014 Completed	IAESB, AICPA Board Member and AICPA IAESB Technical Advisor	IAESB Board input and deliberations
Assist with Incorporation of IESs in Appropriate Regulations and Accounting Curricula					
26.	Fall 2009	Communication of proposed new Framework and current IESs to accounting educators through American Accounting	Ongoing	AICPA IAESB Board Member	AICPA PcEEC

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Association (AAA), APLG and Federation of School of Accountancy (FSA).			
27.	Summer 2009	Survey State Boards of Accountancy, State CPA Societies and National Association of State Boards of Accountancy (NASBA) on compliance with IESs through state regulations.	Ongoing	AICPA IAESB Board Member	AICPA Members who serve on state boards, state societies and PcEEC
28.	Fall 2009	Monitor progress on inclusion of International Financial Reporting Standards and IESs in accounting texts and the Uniform CPA Exam. The CPA Exam is scheduled to change in April 2017 to ensure that it remains current with the profession. There is only one licensing exam utilized for US CPA licensure globally. It is rare for the AICPA, an association, to own the licensing exam. Most licensing Exams are owned by the regulators. Hence the agreement between NASBA and AICPA and Prometric. AICPA owns the exam, maintains the exam content, ensures it remains current with the profession, and scores the Exam. NASBA manages the candidate and individual state board relationships, determines eligibility to take the Exam, and manages the licensure database. Prometric is the test delivery partner ensuring a consistent / secure candidate experience globally.	Ongoing	AICPA IAESB Board Member AICPA Staff	AICPA PcEEC, AICPA Exams Team and Board of Examiners, Textbook authors and publishers
29.	Fall 2009	Survey accounting firms and AICPA members on policies regarding adherence to IESs.	Ongoing	AICPA IAESB Board Member	Public Accounting Firm HR Directors, AICPA Council and PcEEC
30.	January 2011	Establish accounting accreditation standards regarding IESs with AACSB, ACBSP, and regional accrediting bodies.	Ongoing	AICPA IAESB Board Member	PcEEC
31.	Summer 2009	Review U.S. Treasury Advisory Committee on the Audit Profession Final Report for any conflicts with IESs.	January 2010	AICPA IAESB Board Member	PcEEC

#	Start Date	Actions	Completion Date	Responsibility	Resource
32.	Fall 2009	Establish a detailed communications plan to all stakeholders on IES reviews and IAESB activity.	Ongoing	AICPA IAESB Board Member	PcEEC Members, IAESB meeting minutes, AICPA publications and website, AAA publications and website
Assessment of Implementation and Compliance with IESs: Quality Assurance and Monitoring					
33.	January 2011	Review of all CPE offerings to insure compliance with CPD standard.	Ongoing	AICPA VP of CPE and AICPA IAESB Board Members	AICPA and State CPA Society CPE catalogs
34.	June 2011	Annual collaboration with AAA, IAAER, NASBA, and State Boards and Societies on review of IES compliance.	Ongoing	AICPA IAESB Board Member	AICPA PcEEC
35.	December 2011	Policy dialogue with NASBA and IAESB to gauge status of mobility.	Ongoing	AICPA Board Member and AICPA IAESB Board Member	AICPA Legislative Team and IFAC Compliance Advising Committee
Review of AICPA's Compliance Information					
36.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	AICPA IAESB Board Observer	AICPA IAESB Board Observer

Action Plan Subject: SMO 3–International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Convergence with IAASB Pronouncements

Background:

The Auditing Standards Board (ASB) was formed in October 1978 and is responsible for the promulgation of auditing and attestation standards and procedures to be observed by members of the AICPA in accordance with the Institute's Bylaws and Code of Professional Conduct.

AICPA members who perform auditing and other related professional services have been required to comply with Statements on Auditing Standards promulgated by the AICPA Auditing Standards Board. These standards constitute what is known as "generally accepted auditing standards" ("GAAS"). Prior to Sarbanes Oxley, the ASB's auditing standards applied to audits of all entities. However, as a result of the passage of the Sarbanes-Oxley Act of 2002 ("Act"), auditing rules and related professional practice standards to be used in the performance of and reporting on audits of the financial statements of public companies (or issuers) are established by the Public Company Accounting Oversight Board. Accordingly, public accounting firms auditing issuers are now required to be registered with the PCAOB and to adhere to all PCAOB rules and standards in those audits.

In 2003, the PCAOB adopted the then existing Audit and Attest Standards as its interim auditing standards. The preparation and issuance of audit reports for those entities not subject to the Act or the rules of the Security and Exchange Commission (SEC) (hereinafter referred to as "non-issuers") continue to be governed by generally accepted auditing standards promulgated by the ASB.

In May 2004, the AICPA's Governing Council took the following action, as recommended unanimously by the AICPA's Board of Directors:

- Designate the PCAOB as a body with the authority to promulgate auditing and related attestation standards, quality control, ethics, independence and other standards relating to the preparation and issuance of audit reports for issuers.
- Amend the ASB's current designation to recognize the ASB as a body with the authority to promulgate auditing, attestation and quality control standards relating to the preparation and issuance of audit reports for non-issuers only.

As a result of this action, the ASB was reconstituted and its jurisdiction amended by AICPA Council to recognize the ASB as a body with the authority to promulgate auditing, attestation and quality control standards relating to the preparation and issuance of audit and attestation reports for non-issuers.

The AICPA comments on every PCAOB proposed standard through our Center for Audit Quality. In addition, the ASB chair is an observer to the PCAOB's SAG, and the ASB chair and relevant AICPA staff meet regularly with PCAOB leadership to share agendas and thoughts. Where relevant and applicable, the ISA are recommended for the PCAOB's consideration

For more detailed information regarding the AICPA Auditing Standards Board, please see the website: www.aicpa.org.

Note: The ASB's convergence policy is described in the ASB Plan and Convergence sections of the SMO. That policy describes the ASB's considerations of all the ISA (existing and new), including its requirements. This includes consideration of the IAASB's revised requirements related to the new auditor's report. This policy has been in place for several years and remains unchanged.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Convergence with ISAs/ISQC 1					
37.	2005	The Auditing Standards Board adopts an official position of ISA base – aligning its agenda with that of the IAASB and using the ISAs as a base. Approved by AICPA Council (Summary below).	Ongoing	Auditing Standards Board	None
38.	January 2008	Auditing Standards Board adopts its own clarity project whereby all Statements on Auditing Standards and Statements on Quality Control Standards will be redrafted using the format of the IAASB and will be based on and (and where possible) consistent with IAASB standards (ISAs and ISQC 1). Information on the ASB's clarity project is available at www.aicpa.org (also attached).	January 2014	Vice President – Professional Standards and Services	Staff of Audit and Attest Standards Team under direction of the Clarity Task Force and Vice President – Professional Standards and Services.
39.	January 2012	Auditing Standards Board adopts its clarity project whereby all Statements on Standards for Attestation Engagements will be redrafted using the format of the IAASB and will be based on and (where possible) consistent with IAASB assurance standards (ISAEs).	November 2015	Vice President – Professional Standards and Services	Staff of Audit and Attest Standards Team under direction of the Attestation Task Force and Vice President – Professional Standards and Services.
Implementation Guidance					
40.	Ongoing	Development of accounting and auditing industry guides, practice aids and risk alerts. Consequential to the ASB's clarity project guidance will be updated.	Ongoing	Vice President – Professional Standards and Services	Accounting and Auditing publications team; Audit and Attest Standards Team
Continuing Professional Development					
41.	Ongoing	Development of new and updating of existing continuing education courses to assist with implementation of new/revised standards.	Ongoing	CPE team	Prepared by CPE team, outside consultants, reviewed by Audit and Attest Standards Team staff/Vice President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Contribution to Standard Setting Activities of the IAASB			
42.	Ongoing	Review of IAASB agenda materials and exposure drafts including submission of comment letters.	Ongoing	Vice President – Professional Standards and Services	Staff of Audit and Attest Standards Team, ASB's International Auditing Standards Task Force
43.	Ongoing	Notification to AICPA members of IAASB exposure drafts through Journal of Accountancy.	Ongoing	Journal of Accountancy	Journal of Accountancy
44.	Ongoing	The following summarizes the AICPA's representatives' participation of the IAASB and its task forces: Charles Landes: - Member of the IAASB and Deputy Chair - Member of Steering Committee - Chair of Innovations Working Group - Member of ISA 315 Task Force - Member of Professional Skepticism Working Group - Member of NOCLAR Task Force - Member of Going Concern Task Force (completed) Robert Dohrer - Member of the IAASB - Chair of Data Analytics Working Group - Member of Group Audits Working Group - Member of Quality Control Working Group - Member of Innovations Working Group Hiram Hasty - Technical Advisor to Charles Landes - Member of IASB Working Group - Participant of Going Concern Task Force - Participant on NOCLAR Task Force - Participant on ISA 315 Task Force Ahava Goldman - Technical Advisor to Robert Dohrer	Ongoing	Vice President – Professional Standards and Services	Attest Standards Team staff/Vice President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		• Member of the Quality Control Working Group • Member of the Agreed Upon Procedures Working Group In addition, several other members of the AICPA that are nominated by IFAC's Transnational Auditors Committee participate on the IAASB as either members or technical advisors.			
45.	Ongoing	The following summarizes the AICPA's representatives' participation of the IAASB and its task forces: Charles Landes: • Member of the IAASB and Deputy Chair • Member of Steering Committee • Chair of Innovations Working Group • Member of ISA 315 Task Force • Member of Professional Skepticism Working Group • Member of NOCLAR Task Force • Member of Going Concern Task Force (completed) Robert Dohrer • Member of the IAASB • Chair of Data Analytics Working Group • Member of Group Audits Working Group • Member of Quality Control Working Group • Member of Innovations Working Group Hiram Hasty • Technical Advisor to Charles Landes • Member of IASB Working Group • Participant of Going Concern Task Force • Participant on NOCLAR Task Force • Participant on ISA 315 Task Force Ahava Goldman In addition, several other members of the AICPA that are nominated by IFAC's Transnational Auditors Committee participate on the IAASB as either members or technical advisors.	Ongoing	Vice President – Professional Standards and Services	Attest Standards Team staff/Vice President

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Review of AICPA's Compliance Information			
46.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	AICPA IAASB Technical Advisor and International Affairs Staff	AICPA IAASB Technical Advisor and International Affairs staff

AICPA's AUDITING STANDARDS BOARD International Convergence Plan

ASB's CONVERGENCE PLAN WITH
INTERNATIONAL AUDIT AND ATTEST STANDARDS

The world has become a global marketplace for goods and services. National boundaries are virtually irrelevant in the accessibility of capital and the creation of wealth. Technologies, at levels not imagined several decades ago, enable commerce and information flows in a virtual, real time manner. Information is plentiful and the medium of dissemination varied. A major issue continues to be the integrity of the processes designed to ensure that the information is reliable, relevant and organized in a manner that is valuable to users.

As international standards in audit and attest services become accepted worldwide, and these standards become common in cross-border operations and financing, CPAs in the U.S., including smaller firm practitioners, will find themselves needing to be familiar with these International Standards on Auditing (ISAs) and will find that they may be required to perform engagements in accordance with these international standards (or equivalent national standards) in order to serve these international businesses.

International standards-setting in the public interest requires cooperation between national and international standards-setting bodies to improve the transparency of cross-border financial reporting. The AICPA's Auditing Standards Board ("ASB") has had a major influence on the global professional and regulatory environment. We have contributed directly and indirectly through our task forces or subcommittees, in the appointment of representatives on the International Auditing and Assurance Standards Board ("IAASB"), we have assigned appointees to international projects or subcommittees, we have reviewed and commented on all proposed international audit standards, and we have helped IAASB identify emerging national issues with international implications.

We must recognize that around the world, these International Auditing Standards are being used by auditors from firms of all sizes. In many parts of the world, as in the U.S., the vast majority of audits are of non public entities and these standards have proven to serve the public, management and the auditor very well. IFAC has shown its interest in the views of smaller firm practitioners by the creation of a small entity task force. IFAC's SMP (Small and Medium Practices) Committee monitors the standards from a smaller firm perspective. Today, an AICPA member serves on that SMP Committee.

Therefore, the ASB believes that it is in a unique position to align its standard setting process and body of knowledge more formally with the international auditing standards and the international standards setting process. Given the ASB charge and its responsibility to serve the needs of users of audited nonissuer financial statements, it seems prudent that ASB look to leverage its resources with the IAASB; **while still retaining its ability and flexibility to develop auditing, attestation, and quality control standards that serve U.S. auditors of nonpublic entities and that inspire public trust.**

Working closely with IAASB is not new or different for the ASB. The ASB has worked closely with the IAASB for the last several years to achieve consistent interpretation and implementation of the more recent Statements on Auditing Standards (SASs) and ISAs specifically those auditing standards SAS 99 *Consideration of Fraud in a Financial Statement Audit,* SAS 101 *Auditing Fair Value Measurements and Disclosures* and the suite of Risk Assessment Standards (SASs No. 104-111).

Following is the ASB's plan for convergence. This plan compliments and builds off of the AICPA's International Strategy Special Committee's vision to converge AICPA auditing standards with International Standards of Auditing (ISAs) and with the AICPA's international strategy approved by the AICPA's Board of Directors in February 2002. This plan focuses on the major, high priority areas of emphasis for the ASB beginning in 2005. The plan initiatives are open-ended, not necessarily with a due date, and are in the form of directions rather than absolute goals.

The AICPA has shown that it is a leader in financial reporting and assurance. It must now be in a position to support its membership, and the accountancy profession worldwide, through its standard setting process, educational programs and public relations that will increase the knowledge of members about the international standards-setting process, the body of international auditing standards and implementation matters.

The ASB Plan

♦ The ASB, as a consequence of its leadership role, has:
  ❑ Adopted an official position of *ISA BASE:*
    ❑ *ISA BASE* means the ASB has harmonized its agenda with the IAASB. ASB standard (SAS) projects has been developed concurrently with new ISAs. Exceptions would be made in situations where national standards for nonissuers are needed to be created or amended as a result of national circumstances.
    ❑ *ISA BASE* means new SASs uses the ISA, including the international convention for wording, as the base standard. The ASB modifies the base standard only where modifications are deemed necessary to better serve the needs of U.S. users of audited financial statements of nonissuers or where modifications are appropriate for U.S. legal and regulatory reasons.
  ❑ Provide considerable support and resources, both voluntary members and staff to the development of new and revised ISAs:
    ❑ ASB members will work directly with IAASB task forces on the development of the ISA to serve as the basis for a SAS. ASB will attempt to have its members directly involved on IAASB task forces and will create its own task forces to help support IAASB task forces or where U.S. modifications are being considered.
    ❑ The AICPA Audit & Attest Standards staff will increase its participation in IAASB projects, by providing technical support to IAASB. AICPA staff will be freed up to staff ISA projects or support IFAC staff in staffing ISA task forces.
  ❑ Assist in or develop supporting auditing practice guidance for practical application of ISAs and SASs and the application of ISAs and SASs in specific industries.

♦ In order to better leverage ASB volunteer member time, ASB task forces are organized to consist typically of fewer members. Task forces generally consist of 2 – 3 ASB members or other subject matter experts, supported by an audit and attest technical manager. This small team is responsible for following the progress of the IAASB task force (with one of the members on the IAASB task force) and for developing and leading the ASB's position and debate on the project.

♦ The ASB's International Auditing Standards Task Force manages and oversees the internationalization of audit/attest standards. The Audit Issues Task Force of the ASB along with the members of the ASB are actively involved with IAASB audit standard setting projects. Among other things, AITF or other ASB members serve as leaders in terms of issues identification and project participation in the setting of ISAs.

ACB's Clarity Project Explanatory Memorandum

Summary

The Auditing Standards Board (ASB) redrafted all of its auditing, quality control standards, and attestation standards to a format that clearly sets forth objectives, relevant definitions, requirements, and application material. The purpose of this redrafting is to make the standards easier to read, understand and apply. The ASB undertook this project in response to concerns over the length and complexity of the standards. Standards that are understandable, clear, and capable of being consistently applied assist auditors in better understanding their responsibilities and more effectively implementing the standards, thereby leading to the performance of higher-quality audits.

The International Auditing and Assurance Standards Board (IAASB) completed a similar project in 2008. The ASB believes that the IAASB clarity effort provided an excellent basis for improving U.S. generally accepted auditing standards (GAAS), which are applicable to audits of nonissuers. Accordingly, as the part of ASB the Clarity Project, the ASB converged its standards with the International Standards on Auditing (ISAs) and International Standards on Assurance Engagements (ISAEs) issued by the IAASB.

Background

The mission of the ASB is to serve the public interest by developing, updating and communicating comprehensive standards and practice guidance that enable practitioners to provide high-quality, objective audit and attestation services to nonissuers in an effective and efficient manner. The objective of such standards and guidance is to enable auditors of nonissuers to provide high quality, independent audit and attestation services at a reasonable cost in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest.

In 2004 the ASB considered how best to effectively meet its mission in light of the creation of the PCAOB and the increasingly widespread acceptance of the ISAs. The first step the ASB took was to develop a plan to converge U.S. GAAS with the ISAs while also avoiding the creation of unnecessary differences with PCAOB standards.

The ASB aligned its agenda with that of the IAASB and undertook to develop its standards using an ISA base. This allows the ASB to deliberate the same projects, at the same time as the IAASB and therefore more effectively provide input to the international standard setting process.

The Clarity Project

To address concerns over the clarity, length, and complexity of its standards, the ASB undertook a project to clarify its auditing, quality control, and attestation standards. The ASB established clarity drafting conventions and undertook to redraft all of its standards in accordance with those conventions, which include the following:

- Establishing objectives for each clarified standard

- Including a definitions section, where relevant, in each clarified standard

- Separating requirements from application and other explanatory material

- Numbering application and other explanatory material paragraphs using an A- prefix and presenting them in a separate section that follows the requirements section

- Using formatting techniques, such as bulleted lists, to enhance readability

- Including, when appropriate, special considerations relevant to audits of smaller, less complex entities within the text of the clarified standard

- Including, when appropriate, special considerations relevant to audits of governmental entities within the text of the clarified standard

- Following the completion of the project to clarify the Statements on Auditing Standards and Statements on Quality Control Standards, the ASB undertook a similar project to clarify its Statements on Standards for Attestation Engagements (SSAEs) using the International Standards on Assurance Engagements (ISAEs) as the base.

Convergence f[n2]

Consistent with the ASB's strategy to converge its auditing, quality control, and attestation standards with the standards promulgated by the IAASB while avoiding unnecessary conflict with standards of the PCAOB, the clarified auditing, quality control, and attestation standards have been developed using equivalent AASB's standards as a base, when applicable. Substantive differences in objectives, definitions, or requirements between a clarified auditing, quality control, and attestation standards and the equivalent ISA are identified and documented as part of the issuance of the Clarified auditing, quality control, and attestation standards.

Issuance of Clarified SASs (SAS Nos. 117–120, 122–126 and 128)

The ASB's clarity project is now completed. A new section *U.S. Auditing Standards—AICPA (Clarified)*, which incorporates all clarified SASs, was created due to the issuance of SAS Nos. 122–124 in October 2011 because the section *U.S. Auditing Standards—AICPA* remained effective through 2013.

The clarified statements on standards for attestation engagements will be released in the spring 2016 and will have an effective for practitioners' reports dated on or after May 1, 2017.

[fn 2] The ASB's convergence paper is available online at :
http://www.aicpa.org/research/standards/auditattest/asb/downloadabledocuments/asb_convergence_plan.pdf.

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Convergence of AICPA and IESBA Codes

Background:

A full version of the *AICPA Code of Professional Conduct/Bylaws* can be downloaded from the website *(*www.aicpa.org).

The Professional Ethics Executive Committee (PEEC) is a senior technical committee of the American Institute of Certified Public Accountants (AICPA) charged with the responsibility of interpreting and enforcing the AICPA Code of Professional Conduct.

In summary, the AICPA bylaws provide that the Committee shall (1) investigate potential disciplinary matters involving members, (2) arrange for presentation of a case before the joint trial board where the committee finds prima facie evidence of infraction of the bylaws or the Code of Professional Conduct, and (3) interpret the Code of Professional Conduct and propose amendments thereto.

Accordingly, the Committee helps the AICPA carry out key parts of its mission, namely to: T

- Promote public awareness and confidence in the integrity, objectivity, competence and professionalism of its members;
- Establish and enforce professional ethics standards for the profession;
- Assist members in continually improving their professional conduct and performance.

For more detailed information regarding the PEEC, please visit the AICPA website: [www.aicpa.org,](http://www.aicpa.org) Professional Ethics Executive Committee (PEEC).

The AICPA code does not contain less restrictive requirements than that of the IESBA Code (2015 Edition) but there are a number of areas where the AICPA code is more restrictive (e.g., independence with respect to loans, related entities) and where the AICPA code addresses issues not addressed by the IESBA Code (e.g., outsourcing services to third parties). The AICPA maintains an ongoing convergence process to ensure new and revised IESBA requirements are incorporated into the AICPA code. At each quarterly PEEC meeting, the Committee is asked to consider any new or revised IESBA ethics standards for purposes of convergence and appoint a task force to study and draft an appropriate standard for the AICPA Code. The PEEC modifies the IESBA standard only where modifications are deemed necessary for clarity purposes or where modifications are appropriate for U.S. legal and regulatory reasons. The AICPA code does not include standards for public interest entities (i.e., listed entities) as such entities are under the jurisdiction of the SEC and PCAOB.

The following IESBA standards have been incorporated into the AICPA Code for purposes of convergence:

- Definition and interpretation addressing network firms
- Definition of public interest entity
- Definition and Interpretation addressing client affiliates (i.e., related entities)
- Ethics interpretations dealing with confidential employer information, financial interests and promotion/marketing activities applicable to members in business and industry, consistent with Part C of IESBA Code.
- Ethics interpretations on conflicts of interest for members in public practice and members in business
- Ethics Interpretations on breaches (general) and breaches of independence

- Conceptual Frameworks for Members in Public Practice and Members in Business and incorporation of threats/safeguards language throughout all interpretations.

As part of convergence efforts, adopted guidance whereby Ethics Division recognizes the IESBA Code for purposes of:

i) Foreign component auditors when the AICPA member is the group auditor.

ii) Network firms of the member's firm located outside of the US.

As part of the codification of the AICPA Code, the AICPA has included separate sections for members in public practice and members in business, consistent with IESBA Code.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Continue to Notify Members of the Provisions of the IESBA Code of Ethics					
47.	Ongoing	Exposure drafts containing convergence projects (e.g., conflicts of interest) distributed to membership and other interested parties.	Ongoing	Professional Ethics Staff	Technical Staff, Ethics Committee Members
48.	Ongoing	Ethically Speaking – quarterly newsletter distributed to membership and other interested parties contain international (International Ethics Standards Board for Accountants, IESBA) ethics updates.	Ongoing	Professional Ethics Staff	Technical Staff
49.	Ongoing	Notification to members of IESBA ethics exposure drafts and publication of AICPA comment letters in response to proposals.	Ongoing	Professional Ethics Staff	Technical Staff
50.	Quarterly	IESBA update included on Professional Ethics Executive Committee's (PEEC) open meeting agenda.	Ongoing	Professional Ethics Staff	Technical Staff
51.	Ongoing	Discuss new IESBA standards on AICPA social media (e.g., blogs)	Ongoing	Professional Ethics Staff	Technical Staff
Convergence of AICPA and IESBA Code of Ethics					
52.	TBD	Comparison of revised AICPA Code to IESBA restructured Code that highlights significant differences between the rules of the AICPA Code and the IESBA Code.	TBD upon completion of IESBA Structure and Safeguards Projects	Professional Ethics Staff	Technical Staff, Ethics Committee Members
53.	April 2016	As part of convergence efforts, considering revisions made to Part C of the IESBA Code: Sections 320, *Preparation and Presentation of Information* and 370, *Pressure to Breach the Fundamental Principles*.	August 2017	Professional Ethics Staff	Technical Staff, Ethics Committee Members

#	Start Date	Actions	Completion Date	Responsibility	Resource
54.	April 2016	As part of convergence efforts, considering IESBA NOCLAR standard.	November 2017	Professional Ethics Staff	Technical Staff, Ethics Committee Members
Continue to Counsel and Provide Advice to Members to Help Resolve Ethical Conflicts					
55.	Ongoing	Professional ethics staff operates a free telephone and e-mail hotline to council members on ethical conflicts and interpretation of the Code.	Ongoing	Professional Ethics Staff	Technical Staff
56.	Ongoing	Continue to serve on IESBA task forces, as needed, to develop standards for IESBA Code (Director of Professional Ethics currently serves as member of the Board and as a member of the Part C Task Force and the Fees Working Group.	Ongoing	Professional Ethics Staff	Technical Staff
57.	Ongoing	Continue to provide technical support to United States member to the IESBA (nominated by the AICPA).	Ongoing	Director, Professional Ethics Technical Adviser to US member(s) on IESBA	Director, Professional Ethics
Review of AICPA's Compliance Information					
58.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	Professional Ethics Staff	AICPA Professional Ethics Staff

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Promote harmonization with IPSASs

Background:

AICPA will continue to use its best endeavors to encourage the U.S. Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory Board (FASAB) to harmonize with the IPSASB where appropriate. While GASB and FASAB monitor IPSASB, participate in certain IPSASB due process efforts, and share information with IPSASB on common projects, neither Board has moved towards adopting the IPSASs. With that said, there is a good relationship between all three Boards and the two U.S. Boards do consider the work of the IPSASB.

For more detailed information about the GASB and the FASAB, please visit the respective websites: www.gasb.org, www.fasab.gov.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Promote harmonization with IPSASs					
59.	January 2016	To further the harmonization objective, AICPA re-nominated FASAB member, Robert Dacey, to serve as United States member to the IPSASB.	Ongoing	AICPA Director, International Affairs	IPSASB Member (nominated by the AICPA)
60.	January 2017	Begin process of search for a proposed replacement of current U.S. member, Robert Dacey, whose final term ends in 2018.	Ongoing	AICPA Director, International Affairs / AICPA Director of Governmental Auditing and Accounting/ AICPA IPSASB member	AICPA Director, International Affairs/ AICPA Director of Governmental Auditing and Accounting/ AICPA IPSASB member
61.	Ongoing	Summarize current developments and issues related to IPSASB projects at Federal Accounting Standards Advisory Board (FASAB) and Governmental Accounting Standards Board (GASB) meetings. In addition, where appropriate, raise issues and solutions identified by IPSASB with respect to deliberations on current FASAB and GASB projects.	Ongoing	AICPA IPSASB member and AICPA members on the GASB technical staff	AICPA IPSASB member and AICPA members on the GASB technical staff
62.	Ongoing	At IPSASB meetings, raise issues related to specific projects, where appropriate, for the Board's consideration based on experience with similar transactions in the U.S.	Ongoing	AICPA IPSASB member	AICPA IPSASB member

#	Start Date	Actions	Completion Date	Responsibility	Resource
63.	Ongoing	Periodically discuss IPSASB activities with technical staff of the GASB and the FASAB to further promote harmonization.	Ongoing	AICPA Director of Governmental Auditing and Accounting	Same
Maintaining Ongoing Processes					
64.	Ongoing	Participate in high-level discussion of IPSAS proposals with U.S. member.	Ongoing	AICPA Director of Governmental Auditing and Accounting	Same
65.	Ongoing	Provide technical support to United States member to the IPSASB (nominated by the AICPA) on an as needed basis.	Ongoing	AICPA Director of Governmental Auditing and Accounting	Same
66.	Ongoing	Serve as a member of the non-exchange transactions task-based group; comment on IPSASB proposals; reference IPSASB standards in GASB research; and provide IPSASB with research material on common projects. (Total time per year spent by GASB staff on IPSASB activities is approximately 250 hours per year).	Ongoing	AICPA members on the GASB technical staff	Same
67.	Ongoing	Serve on advisory groups as appropriate. Reference IPSASB standards in FASAB research and provide IPSASB with research material on common projects. (Total time per year spent by FASAB staff on IPSASB activities is approximately 40 hours per year).	Ongoing	AICPA members on the FASAB technical staff	Same
68.	Ongoing	Publicize the activities of the IPSASB in the AICPA magazine *Journal of Accountancy*, its newsletter, the *CPA Letter*, and various other communication vehicles.	Ongoing	AICPA Governmental Auditing and Accounting staff and AICPA communications staff	Same
69.	Ongoing	Include discussion/mention of IPSASB activities in various presentations given in the United States as opportunities arise, including AICPA and other organization governmental conferences, Governmental Accounting Standards Advisory Council meetings, and in FASAB meetings.	Ongoing	AICPA IPSASB member	Same

#	Start Date	Actions	Completion Date	Responsibility	Resource
70.	Ongoing	Continue to identify opportunities to further assist in promoting harmonization.	Ongoing	AICPA Director of Governmental Auditing and Accounting/ AICPA IPSASB member/ AICPA members of the GASB and FASAB technical staff	Same
Review of AICPA's Compliance Information					
71.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	AICPA Director of Governmental Auditing and Accounting	AICPA Director of Governmental Auditing and Accounting and AICPA International Affairs Staff

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Maintenance of Investigation/Enforcement Process

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Background:

The AICPA's enforcement process is conducted in accordance with the Joint Ethics Enforcement Program ("JEEP") Manual of Procedures. The AICPA and each state CPA society that participates in JEEP has a code of professional conduct that members are obligated to observe as a condition of membership.

The provisions of the various state CPA society codes of conduct are identical with, or substantially similar to, the provisions of the AICPA Code. Because of this identity and similarity, and because it is not uncommon for a CPA to be a member of both the AICPA and one or more state CPA societies, the AICPA and 48 out of 55 state or jurisdictional CPA societies have joined together to participate in JEEP. The program allows the AICPA and state CPA societies to conduct a single investigation and, if warranted, a single disciplinary action. It should be noted that state societies that have not joined JEEP have their own committees to investigate violations or refer them to the appropriate state board of accountancy for investigation. For any AICPA cases resulting in admonishment, suspension or expulsion, the AICPA will notify the relevant state board of the disciplinary publication and with the member's consent, will share case files with the state board for its own investigation of the matter.

In addition to the enforcement process of AICPA and state CPA societies, the state boards of accountancy also have their own disciplinary processes and have the ability to suspend or revoke a CPA's license or take other appropriate action. CPAs who perform audits of public companies (i.e., listed entities) are also subject to disciplinary action by the SEC and/or PCAOB. The PCAOB's I&D procedures are overseen by the SEC; therefore, the AICPA does not have influence or authority over I&D procedures as it pertains to audits of public companies.

The AICPA has also offered a "cooperative enforcement agreement" to state boards of accountancy whereby the AICPA would share the results of its investigations of Dept. of Labor (employee benefit plans) and other government audit case with the applicable state board. Under this program, the state board would defer its investigation of the matter until the completion of the AICPA's investigation.

For more detailed information and a complete Overview of the Current AICPA Ethics Enforcement Process, please see the AICPA webpage (www.aicpa.org/).

Additionally, Disciplinary Actions and annual case statistics are published on the AICPA website: www.aicpa.org/InterestAreas/ProfessionalEthics/Resources/EthicsEnforcement/Pages/default.aspx.

Note: JEEP fulfills the requirements of SMO 6. (confirmed on November 23, 2016)

#	Start Date	Actions	Completion Date	Responsibility	Resource
Continue to Maintain Robust Enforcement Process for AICPA Members who Violate the Code of Professional Conduct					
72.	Ongoing	Maintain current enforcement/disciplinary process compliant with SMO 6.	Ongoing	Professional Ethics Staff	Technical Staff, Ethics Committee Members
73.	Ongoing	Reflect any changes and enhancements to the investigative process in the JEEP Manual and publish the Manual on the AICPA Web site so it is available to all members.	Ongoing	Professional Ethics Staff	Technical Staff, Ethics Committee Members

#	Start Date	Actions	Completion Date	Responsibility	Resource
Review of AICPA's Compliance Information					
74.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	Professional Ethics Staff	Technical Staff, Ethics Committee Members

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Use Best Endeavors to Maintain and Continuously Improve an Ongoing Program for Adoption and Implementation of IFRS

Background:

The Financial Accounting Standards Board (FASB) is the designated organization in the private sector for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental organizations. Those standards are officially recognized as authoritative by the Securities and Exchange Commission (SEC) and the AICPA.

The IASB and the US Financial Accounting Standards Board (FASB) have been working together since 2002 to achieve convergence of IFRSs and US generally accepted accounting principles (GAAP). The work that the two Boards have accomplished since they began collaborating represents major progress toward that goal. The FASB is currently completing its responsibilities pursuant to the 2002 Norwalk Agreement, which has focused on standard-setting efforts to converge IFRS and US GAAP. As the Boards move toward completion of their final joint projects, the FASB plans to continue to work with the IASB—and other standard setters—to increase the comparability of global accounting standards. The FASB participates actively in the development of IFRS, providing input on IASB projects through the IASB's Accounting Standards Advisory Forum (ASAF) and through other means

The SEC permits but does not require its foreign private issuers to use IFRSs as issued by the IASB in preparing the issuer's financial statements.

The SEC does not permit its domestic issuers to use IFRSs in preparing their financial statements; rather, it requires them to use US GAAP. However, pursuant to the Sarbanes-Oxley Act, the SEC's continued recognition of the standards of the FASB as "generally accepted" is, among other things, contingent on whether the FASB "…considers, in adopting accounting principles, … the extent to which international convergence on high quality accounting standards is necessary or appropriate in the public interest and for the protection of investors."

Regarding the use of IFRS by domestic public companies, the SEC staff is continuing to evaluate potential paths forward.

The AICPA's Leadership Role

The AICPA was a charter member of the International Accounting Standards Committee, the predecessor of the IASB. The AICPA supports the goal of a single set of high-quality, comprehensive accounting standards to be used by public companies in the preparation of transparent and comparable financial reports throughout the world. We believe the standards issued by the International Accounting Standards Board (IASB) are best positioned to become those standards.

The AICPA believes that, for any U.S. move to International Financial Reporting Standards (IFRS) to be successful and to be accomplished as smoothly as possible, it must be planned, organized, and managed. For its part, the AICPA has taken a leadership role and we intend to continue to do so as the SEC decides on an official direction for the IFRS initiative.

Strategic Initiative

A strategic initiative of the AICPA is creating an environment where our members and the U.S. financial reporting system can make an orderly move toward IFRS. We are taking concrete actions to create awareness and educate the market place on IFRS, and IFRS became eligible to be tested in the Uniform CPA Examination effective January 2011, among other actions.

Recognition of IASB

In May 2008, the AICPA governing Council voted to designate the IASB as an accounting body for purposes of establishing international financial accounting and reporting principles. This amendment to Appendix A of AICPA Rules 202 and 203 gives AICPA members the option to use IFRS as an alternative to U.S. GAAP.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Program Management of International Convergence					
75.	January 2008	Established governance model which includes Ongoing AICPA Board oversight.	Completed	CEO of AICPA	AICPA Staff Outside Program Management support
76.	March 2008	Project Plan (fully developed).	Completed	CEO of AICPA	AICPA Staff Outside Program Management support
77.	January 2008	Risk management and mitigation plan.	Completed	CEO of AICPA	AICPA Staff Outside Program Management support
78.	January 2008	Communications (internal).	Ongoing	CEO of AICPA	AICPA Staff Outside Program Management support
79.	April 2008	Development of business plan.	31st August 2008; Updated August 2009	CEO of AICPA	AICPA Staff Outside Program Management support
Awareness of IFRS among the CPA Profession and General Public					
80.	May 2008	Recognition of Rule 203 to recognize IASB as a standard setter and allow filing of Financial Statement under IFRS.	Completed	AICPA Board of Directors and Council	AICPA Staff
81.	March 2008	Determine an advocacy strategy with the international standard setter.	Ongoing	AICPA Staff	AICPA Staff
82.	March 2008	Continue to support national standard setter (Financial Accounting Standards Board, FASB).	Ongoing	AICPA Board of Directors, Council, Staff	AICPA Staff
83.	February 2008	Business unit and staff preparation for IFRS convergence.	Ongoing	AICPA Staff	AICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
84.	February 2008	Development of an external Communications Plan.	Ongoing	AICPA Staff	AICPA Staff
85.	July 2008	Private Company Financial Reporting – promote availability of the SME option.	Ongoing	AICPA Staff	AICPA Staff
86.	June 2008	Review and update Committee Structure.	Completed	AICPA Staff	AICPA Staff
87.	April 2008	Raise awareness with members and financial professionals. Utilize Benchmark surveys. Develop and distribute background information through multiple channels (State Societies, websites, video, publications, conferences, speeches, etc.). Development of introductory and intermediate level courses and publications to facilitate implementation and application of IFRS. Development of AICPA IFRS Certificate Program.	Ongoing, IFS Certificate Program launched in 2010	AICPA Staff	AICPA Staff
88.	February 2008	Raise awareness with government officials. Accomplish through establishment of Public Policy Management Team, Educating Congressional members (esp. finance, banking, tax committees) through office visits.	Ongoing	AICPA Staff	AICPA Staff
89.	May 2008	Launch IFRS.com to provide a comprehensive set of resources related to IFRS for accounting professionals, finance managers, audit committees, boards, investors, and other users of financial statements. The site will closely follow the work of the IASB, FASB and SEC on standards convergence, IFRS adoption, discussion papers and exposure drafts, including the AICPA's comment letters on significant IASB consultation documents, and standard issuance and provide links to pertinent news releases and other information on the host websites.	Ongoing	AICPA Staff	AICPA Staff
90.	March 2008	Raise awareness with Academic Community awareness by working through thought leaders.	Ongoing	AICPA Staff	AICPA Staff
Education on IFRS					
91.	July 2008	Population Needs Assessment of Members to understand information and knowledge needs.	Ongoing	AICPA Staff	AICPA Staff
92.	June 2008	Development of intermediate and advanced level IFRS courses and publications (summer '08).	Ongoing	AICPA Staff	AICPA Staff
93.	July 2008	Development of resources targeting audit committees (summer and fall '08, updated 2010).	Ongoing	AICPA Staff	AICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
94.	July 2008	Incorporate IFRS questions into the CPA Exam (process start 2008; IFRS eligible to be tested effective January 2011).	Completed	AICPA Staff	AICPA Staff
95.	July 2008	The AICPA offers a variety of training resources and publications including self-study courses, local seminars, on-site training, national conferences and Webinars. IFRS training has been one of the organization's most popular training products. Training products available through the AICPA range from basic awareness to intermediate technical coverage to advanced multi-day workshops. The AICPA introduced an IFRS Certificate Program in 2011. More products are in development. *Note:* *The AICPA develops and grades the Uniform CPA Examination. The AICPA's Board of Examiners has issued new Content and Skill Specification Outlines (CSOs/SSOs) for the Exam that includes IFRS on the list of study materials for the Financial and Reporting FAR section. IFRS became eligible for testing in 2011.* • *The AICPA released two new publications, IFRS Accounting Trends and Techniques (currently titled IFRS Financial Statements—Best Practices in Presentation and Disclosure 2012/2013) and IFRS Compass: IT System Implications. In addition, core AICPA publications, widely used by practicing CPAs (preparers and auditors), have been retooled to include IFRS content. The AICPA began releasing these materials in 2009.*	Ongoing	AICPA Staff	AICPA Staff
96.	October 2009	The AICPA hosted a second joint conference with the IFRS Foundation titled *International Financial Reporting Standards in North America 2011: The U.S. Perspective*. The Conference covered important IASB projects, allowed participants to learn from those who have converted to IFRS, provided information on IFRS for SMEs, discuss audit implications of IFRS in U.S. SEC filings, offered round-table sessions and more.	Completed	AICPA Staff	AICPA Staff
Implementation of IFRS					
97.	June 2008	Changing non-authoritative implementation guidance (e.g., accounting and audit guides; trends & techniques).	Ongoing	AICPA Staff	AICPA Staff
98.	May 2008	Development of tools and resources for the preparers to manage the IFRS adoption project (e.g. IFRS Compass: IT Systems Implications) (5/08; Ongoing).	Ongoing	AICPA Staff	AICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
99.	June 2008	Formal feedback loop to ensure member needs continue to be met (6/08; Ongoing).	Ongoing	AICPA Staff	AICPA Staff
IFRS for SMEs					
100.	July 2009	Concurrent with the release of the IASB's IFRS for Small and Medium-sized Entities, the AICPA launched a comprehensive communication plan to promote awareness of the new standard, including development of detailed questions and answers and other resources.	Ongoing	AICPA Staff	AICPA Staff
101.	March 2010	Launched an IFRS for SMEs wiki, describing the differences between that standard and U.S. GAAP. *Note:* *The AICPA also launched a non-GAAP special-purpose financial reporting framework for SMEs in June 2013.*	Completed	AICPA Staff	AICPA Staff
Review of AICPA's Compliance Information					
102.	Ongoing	Continue to perform periodic self-assessment against the revised SMOs updating sections of the Action Plan, and work with Compliance staff to publish updated information.	Ongoing	AICPA Staff	AICPA Staff

January 18, 2018

Alta Prinsloo
Executive Director, Quality & Development
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017 USA

Dear Ms. Prinsloo,
Subject: Letter to Confirm Institutional Support for the SMO Action Plan

This letter is to confirm that the leadership of the American Institute of Certified Public Accountants (AICPA) has reviewed the information contained in the SMO Action Plan prepared by the AICPA as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the AICPA, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

Barry Melancon, President and CEO
American Institute of Certified Public Accountants