

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 adoption¹ and implementation² 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 Associate:	Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)
Approved by:	KICPAA's Governing Council
Original Publish Date:	August 2011
Last Update:	April 2018
Next Update:	April 2019

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

ADB	Asian Development Bank
ANUKRET	Sub-Decree or Government Decree
AQM	Audit Quality Monitoring
CEO	Chief Executive Officer
CPA	Certified Public Accountant
CPD	Continuing Professional Development
DP	Donor Partners
EEC	Education and Examination Committee
GC	Governing Council
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IDF	International Development Fund
IES	International Education Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC	International Standards on Quality Control
KICPAA	Kampuchea Institute of Certified Public Accountants and Auditors
MEF	Ministry of Economy and Finance
MoC	Memorandum of Cooperation
NAC	National Accounting Council
OM	Operation Manager
PRAKAS	Ministerial Regulation
QA	Quality Assurance
QAC	Quality Assurance Committee
QAWG	Quality Assurance Working Group
QC	Quality Control
QEP	Qualifying Examination Programme
SME	Small and Medium Enterprises
SMO	Standards of Membership Obligation
WB	World Bank

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: Introduce the Concept of Quality Assurance to the Firms in Cambodia in Preparation to Establish a Quality Assurance Review System

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
<p>The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) is responsible for on-going surveillance and enforcement of compliance with International Standards on Auditing (ISA), and the International Standards on Quality Control (ISQC1). In order to fill its role as the professions regulator, KICPAA has developed a number of tools to assist in the monitoring and evaluation of auditing firms including (i) a firm wide quality control questionnaire; (ii) an audit engagement review questionnaire; and (iii) a quality control documentation guide.</p> <p>KICPAA/ AQMC (Audit Quality and Monitoring Committee) is planning to conduct quality review of its member firms from 2017.</p>					
Conducting the Audit Quality Monitoring (AQM) to Audit Firms which are Members of KICPAA					
1.	August 2015	The PRAKAS of the composition of the Audit Quality Monitoring Committee (AQMC) has been endorsed to ensure its independency.	April 2016	KICPAA Secretariat and AQMC	KICPAA's Governing Council and the Ministry of Economy and Finance
2.	March 2016	Update QA review toolkits	March 2016	KICPAA Secretariat and Independent Consultant	KICPAA Secretariat and Independent Consultant
3.	April 2016	Announced the AQM (Audit Quality Monitoring) Action Plan to all member firms.	April 2016	KICPAA Secretariat and AQMC	KICPAA Secretariat and QA committee
4.	Nov 2016	Offered TOT training program on Practical Audit to its members through Workshops/CPD Program (1 st round).	May 2017	KICPAA Secretariat and QA committee	KICPAA Secretariat and QA committee
5.	Feb 2017	Increased awareness of ISQC1 to its members and member firms through Continuing Professional Development (CPD)/Workshops/Seminars.	Feb 2017	KICPAA Secretariat and AQMC committee	KICPAA Secretariat and QA committee
6.	Feb 2017	Conducted first AQM visit to 5 member firms which are members of KICPAA supported by WB and PUM Netherland.	May 2017	Independent Consultant	Independent Consultant
7.	August 2017	Recruit qualified independent reviewer for AQMC (team leader and team member)	August 2017	AQMC and Secretariat	AQMC and Secretariat

#	Start Date	Actions	Completion Date	Responsibility	Resource
Maintaining Ongoing Process					
8.	August 2017	Randomly select the audit firms and conducting AQMC both firm-wide and engagement review.	Ongoing	Independent reviewer	Independent reviewer
9.	Ongoing	Continue to ensure KICPAA's QA review program is operating effectively and continues to be in line with SMO1 requirements. This includes periodic review of the operation of QA System and updating the Action Plan for future activities where necessary.	Ongoing	KICPAA Secretariat and QA Committee	KICPAA Secretariat and QA Committee
Review of KICPAA's Compliance Information					
10.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO1 as necessary. Once updated inform IFAC Compliance staff to republish updated information.	Ongoing	KICPAA Secretariat and QA committee	KICPAA Secretariat and QA committee

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: To Put in Place Membership Requirements and Certification in Line with SMO2

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
<p>A majority of current members of the KICPAA hold foreign accountancy qualifications and there are presently two further examination requirements to maintain membership, together with the CPD requirements. In acknowledging the lack of local qualifications for certification as a professional accountant, the Governing Council has resolved to establish the Cambodian CPA programme as specified by the Law. The purpose of this programme is to provide opportunities to accountants, financial managers, financial specialists, management accountants, tax specialists/experts, internal auditors, and even senior management with extensive accounting and/or financial experiences to become CPA members of KICPAA.</p> <p>There is a limited pool of such accountants, and therefore KICPAA has embarked on a major programme to rectify this by working with Cambodian universities to revamp accounting qualifications that produce skilled professional accountants and auditors who are attuned to international accounting or auditing standards and to build a licentiate programme for the certification of accountants. A curriculum and consistent framework are currently non-existent among universities and institutions which provide studies in the accounting discipline. Therefore, KICPAA will work closely with local universities to encourage the implementation of the developed standardised accounting curriculum.</p>					
Develop the National CPA Qualification Examination Program					
11.	July 2015	Discuss the first draft of the National CPA Qualification program among Governing Council (GC) members and government Commissioner to the Institute with the benchmarked syllabus of 08 papers	December 2015	KICPAA Secretariat, in cooperation with advisor	KICPAA Secretariat and KICPAA's Governing Council
12.	December 2015	Finalization of the composition of the Education and Examination Committee (EEC).	April 2016	KICPAA Secretariat, in cooperation with advisor	KICPAA's Governing Council and Ministry of Economy and Finance
13.	May 2016	Develop the National CPA Qualification Program. The detailed syllabus for 11 papers has been developed and reviewed by educational advisors.	March 2017	KICPAA Secretariat, in cooperation with advisor	Governing Council and Ministry of Economy and Finance
14.	June 2017	Develop Education Committee within KICPAA to guide on the National CPA Qualification program.	July 2017	KICPAA Secretariat, in cooperation with advisor	Governing Council and Ministry of Economy and Finance

#	Start Date	Actions	Completion Date	Responsibility	Resource
15.	August 2017	Conduct public consultation with relevant stakeholders on the final draft of the National CPA Qualification Examination program.	November 2017	KICPAA Secretariat and EEC	KICPAA Secretariat and EEC
16.	November 2017	Submit the Ministry of Economy and Finance the final draft of the National CPA Examination.	December 2017	KICPAA Secretariat and EEC	KICPAA Secretariat and Ministry of Economy and Finance
Continue to Provide CPD Programs to Members and the Public					
17.	Ongoing	Continue to provide CPD programs to members and the public.	Ongoing	KICPAA Secretariat	KICPAA Secretariat
Maintaining Ongoing Processes					
18.	Ongoing	KICPAA will use its best endeavours to ensure KICPAA education requirements will incorporate all IES requirements.	Ongoing	KICPAA Secretariat	KICPAA Secretariat
Review of KICPAA's Compliance Information					
19.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO2 as necessary. Once updated inform IFAC compliance staff to republish updated information.	Ongoing	KICPAA Secretariat	KICPAA Secretariat

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Support the Adoption of the International Standards on Auditing by the National Accounting Council (NAC)

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
<p>The Ministry of Economy and Finance has authorised the National Accounting Council (NAC) to undertake ongoing adoption of auditing standards. As mandated in the Prakas No. 370 MEF, Cambodia has fully adopted the most recent IAASB Standards on Auditing, Quality Control, Review Engagement, Assurance Engagement, and Related Services.</p> <p>KICPAA supports the process through membership on the NAC and has a remit to monitor implementation through its audit quality review programme (see SMO 1 background for details).</p>					
Best Endeavours Around the Adoption and Implementation of the International Standards on Auditing					
20.	May 2010	The National Accounting Council adopted all ISA, ISRE, ISAE, ISQC and Practice Statements including all amendments made/going to be made by the IAASB.	May 2010	NAC	NAC/MEF
21.	Ongoing	Support and monitor the implementation of international auditing standards in Cambodia by maintaining three members on the NAC and implementation of an audit quality review program.	Ongoing	KICPAA Secretariat and QA Committee	QA Committee /KICPAA's Secretariat
Review of KICPAA's Compliance Information					
22.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO3 as necessary. Once updated, inform IFAC Compliance Staff to republish updated information.	Ongoing	KICPAA Secretariat	The Quality Assurance committee

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: To Put in Place a Framework that Allows Full Adoption of the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
<p>The Kampuchea Institute of Certified Public Accountants and Auditors has an obligation to work toward full adoption of the IESBA Code of Ethics. KICPAA is currently working closely with the NAC and the Ministry of Economy and Finance to revise the current laws on Corporate Accounts, Their Audit, and Accounting Profession into a “Law on Accounting and Auditing”, which will allow the IESBA Code of Ethics to be adopted and issued through KICPAA Regulation.</p> <p>In the meantime KICPAA promotes the IESBA Code via the website.</p>					
Working Towards Full Adoption of IESBA Code of Ethics					
23.	July 2012	Conduct a full review of the IESBA Code of Ethics.	December 2012	KICPAA Secretariat	KICPAA Secretariat/KICPAA’s Governing Council
24.	July 2015	Final draft of the Law on Accounting and Auditing has been sent out to the second committee of the National Assembly and the Senate accordingly. This draft may be into force at the end of 2015	December 2015	KICPAA Secretariat	NAC, Ministry of Economy and Finance (MEF), KICPAA Secretariat/KICPAA’s Governing Council
25.	January 2017	Draft of the Prakas on Code of Ethics for professional accountants to comply with Law on Accounting and Auditing	March 2017	KICPAA Secretariat	KICPAA Secretariat/ KICPAA’s Governing Council
26.	March 2017	Draft of the Prakas on Code of Ethics for Accountants in Business to comply with Law on Accounting and Audit	June 2017	KICPAA Secretariat	KICPAA Secretariat/ KICPAA’s Governing Council
Maintaining Ongoing Processes					
27.	Ongoing	Promote awareness among members the IESBA Code of Ethics by providing a link to the IFAC Website and the relevant guidance.	Ongoing	KICPAA Secretariat	KICPAA Secretariat/ KICPAA’s Governing Council
Review of IFAC's Compliance Information					

#	Start Date	Actions	Completion Date	Responsibility	Resource
28.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO4 as necessary. Once updated, inform IFAC Compliance staff to republish updated information.	Ongoing	KICPAA Secretariat	KICPAA Secretariat/ KICPAA's Governing Council

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Encourage the Adoption of International Public Sector Accounting Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
<p>KICPAA has no direct responsibility for IPSAS adoption. However, as the national professional body of accountancy KICPAA will work closely with relevant authorities to encourage them to consider adopting IPSAS. The adoption of IPSAS is a long term project which requires proper understanding of challenges and how to address those challenges in proper planning of resources. The Government will play a major decision on adoption of IPSAS.</p> <p>On 23-24 February 2011, at the Ministry of Economy and Finance, the World Bank organised a workshop to introduce the use of the International Public Sector Accounting Standards to the Department of Treasury, Department of Internal Audit, and other concerned departments.</p> <p>On 05 March 2014, KICPAA and Institute of Chartered Accountants in English and Wales (ICAEW) co-organised a workshop on IPSAS to the officials of Ministry of Economy and Finance from Department of Treasury, Department of Internal Audit, and other concerned departments. There were 160 participants.</p>					
Maintaining Ongoing Processes					
29.	Ongoing	Use best endeavours to promote the benefits of IPSAS and circulate guidance issued by the IPSASB.	Ongoing	KICPAA's Governing Council	KICPAA's Governing Council
Review of IFAC's Compliance Information					
30.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO5 as necessary. Once updated, inform IFAC Compliance staff to republish updated information.	Ongoing	KICPAA's Governing Council	KICPAA's Governing Council

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Establish Investigation and Disciplinary Regulations and Guidelines

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
KICPAA is directly responsible for putting in place investigation and disciplinary processes for its membership. Due to resource limitations KICPAA has yet to develop fully-fledged investigation and disciplinary regulations and guidelines. In recognition of the importance of this aspect, KICPAA will review SMO6 and look into how it can best use its limited resource to put in place a system over the coming year.					
Currently, KICPAA is discussing with other AFA members for a study tour to learn from other institutes, aiming to develop the membership rules by 2017.					
Establishing Membership and Disciplinary Rules					
31.	July 2017	Establishment of the disciplinary committee.	July 2017	KICPAA Secretariat	KICPAA Secretariat/ KICPAA's Governing Council
32.	Ongoing	Review SMO 6 to understand the requirements and consider how the investigation and disciplinary mechanism can be established to suit the Cambodian environment.	Ongoing	KICPAA Secretariat and Disciplinary Committee	KICPAA Secretariat/ KICPAA's Governing Council
33.	Ongoing	Develop the Investigation and Disciplinary Regulations and Guidelines.	Ongoing	KICPAA Secretariat and Disciplinary Committee	KICPAA Secretariat/ KICPAA's Governing Council
34.	Ongoing	Conduct workshop consultation with members and finalisation of the Investigation and Disciplinary Regulations and Guidelines.	Ongoing	KICPAA Secretariat and Disciplinary Committee	KICPAA Secretariat/ KICPAA's Governing Council
Review of IFAC's Compliance Information					
35.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO6 as necessary. Once updated, inform the IFAC Compliance staff to republish updated information.	Ongoing	KICPAA Secretariat and Disciplinary Committee	KICPAA Secretariat/ KICPAA's Governing Council

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Support the Implementation of IFRS in Cambodia

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background:					
KICPAA has no direct responsibility for adoption of the IFRS and IFRS for Small and Medium Enterprises (SMEs). The Ministry has delegated the authority for adoption to the NAC. KICPAA has appointed three of its members to sit on the Board of the NAC to provide technical input into the standards adoption process.					
Cambodia, through the NAC, has already adopted IFRS and IFRS for SMEs without modifications. Cambodian International Financial Reporting Standards (CIFRS) are effective from 1 st January 2012. All public accountable entities are required to prepare their financial statements under such standards. CIFRS for SMEs have been effective from 1 st January 2010 and entities which do not have public accountabilities but are subject to statutory audit are required to prepare their financial statements in accordance with such standards					
Promoting IFRS Implementation					
36.	January 2009	Issue an announcement to fully adopt IFRS for entities that have public accountability and IFRS for SME for those entities that do not have public accountability but have audit obligation.	January 2012 Completed	NAC	NAC/MEF
37.	August 2009	Promote the need for an ongoing translation process.	December 2013	NAC Secretariat	NAC/MEF
38.	January 2012	Continue to monitor and play a role in the adoption of CIFRS and CIFRS for SME.	Ongoing	NAC Secretariat	NAC/MEF
39.	Ongoing	Work closely with the Government towards the establishment of a company registrar or equivalent body with which statutory audited financial statements will need to be filed.	Ongoing	NAC Secretariat	NAC/MEF
Review of IFAC's Compliance Information					
40.	Ongoing	Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO6 as necessary. Once updated, inform the IFAC Compliance staff to republish updated information.	Ongoing	KICPAA's Governing Council	KICPAA's Governing Council



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March 15, 2018

Adrian Lim
Technical Manager, Quality & Development
International Federation of Accountants
529 Fifth Avenue
New Yourk, NY 10017 UAS
Email: AdrianLim@ifac.org
Direct: [+1 \(646\) 568-4320](tel:+16465684320)
Main: [+1 \(212\) 286-9344](tel:+12122869344)
Fax: [+1 \(212\) 286-9570](tel:+12122869570)
Email:

Dear Mr. Adrian Lim,

Subject: Letter to Confirm Institutional Support for the SMO Action Plan

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

On behalf of the leadership of the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), 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,

Heng Seida
President

The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)

