



LESOTHO INSTITUTE OF ACCOUNTANTS

(Established under the Accounts Act No. 9 1977)

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16 January 2019

Sarah Gagnon
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International Federation of Accountants
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Dear Madam

Attestation of Ongoing SMO Compliance

IFAC Statements of Membership Obligations (SMOs) require IFAC Members and Associates to support the adoption and implementation 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.

The **LESOTHO INSTITUTE OF ACCOUNTANTS** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). We have reviewed the information contained within the SMO Action Plan and affirm that the LESOTHO INSTITUTE OF ACCOUNTANTS continues to undertake these and other relevant actions in order to maintain ongoing compliance and fulfillment of the membership obligations.

On behalf of the leadership of the **LESOTHO INSTITUTE OF ACCOUNTANTS**, I endorse the 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.

President

(Signature of President or Chairman of the Board or equivalent)

(Title)

(Lesotho Institute of Accountants)

16/01/2019
(Date)



A member of International Federation of Accountants & Pan African Federation of Accountants



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 Member:	Lesotho Institute of Accountants (LIA)
Original Publish Date:	April 2009
Last Updated:	January 2019
Next Update:	January 2022

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

ACCA	Association of Chartered Certified Accountants, United Kingdom
CAT	Certified Accounting Technician
CEO	Chief Executive Officer
CIPFA	Chartered Institute of Public Finance and Accountants
CLCO	Chief Legal and Compliance
CPD	Continuous Professional Development
EU	European Union
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Educational Standards Board
IESBA	International Ethics Standards Board for Accountants
IESs	International Educational Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IRBA	Independent Regulatory Board for Auditors, South Africa
ISAs	International Standards on Auditing
ISQC	International Standards on Quality Control
LIA	Lesotho Institute of Accountants
PAFA	Pan African Federation of Accountants
SAICA	South African Institute of Chartered Accountants
SAIPA	South African Institute of Professional Accountants
SMO	Statement on Membership Obligation
LePAP	Lesotho Professional Accountancy Programme
IASB	International Accounting Standards Board

General

The Lesotho Institute of Accountants was established by the Act of Parliament Accountants Act No. 9 of 1977. The Act gives the Institute with the authority to regulate the accountancy profession, to oversee the education and training of the Accountants and also act as the Accounting Membership house for the Accountants in Lesotho. The Act is the powerful tool that the Institute uses for its development and growth. Since its promulgation in 1977 the Act was only amended in 1984 was 32 years ago, as a result there are many provisions in the law, which have been overtaken by events. There are also many new developments that have come with the obligations of the Institute under IFAC and PAFA requirements. There are also other issues of law and corporate governance which have emerged that should be included in the law for LIA to meet the structural and cultural dynamics of the changing world and in law. The Act was found outdated and is now in the amendment process.

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	June 2018	Action Plan submitted to IFAC Compliance Staff for agreement and publication	November 2018	CLCO	CEO's office and the Legal and Compliance Department/
2.	Ongoing	<p>The revision of the Accountants Act is still ongoing; The draft amendments have been submitted to Minister of Finance who has tabled the Bill in Cabinet for Clearance. The final draft of the Bill is now with the Office Parliamentary Council for drafting, after which the following process will ensue;</p> <ul style="list-style-type: none"> • Obtaining drafting clearance certificate from Attorney General. • Tabling the Bill in three stages before Parliaments <p>The Bill has now got Cabinet Clearance and is in the drafting process by Parliamentary Council. The Bill is expected to be passed into law in the first half of 2019.</p>	May 2019	CLCO	CEO's office and the Legal and Compliance Department

Action Plan Subject: SMO 1—Quality Assurance
Action Plan Objective: Development and Implementation of a Quality Assurance System in accordance with the requirements of SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
<p>LIA is mandated by the Accountants Act of 1977 to regulate and oversee the Accountancy Profession and its practice in Lesotho. LIA is a member of IFAC since 1985 and is obliged to implement IFAC requirements. International standard on Quality Control (ISQC 1) is one of IFAC requirements and as such LIA is bound to implement. On the Basis of the foregoing, Council of LIA has, pursuant to Sections 9 and 10 of the Act passed a resolution under which it introduces QAR as a mandatory procedure which every member in audit practice is obliged to undergo. QAR has also been included in the proposed amendments to the Accountants Act in order to give LIA more powers to implement and enforce QAR as a process. Currently QAR is a shared responsibility between LIA and its members as they pay for the Reviews. LIA had contracted Association of Chartered Certified Accountants (ACCA) on a six-year engagement that expired in December 2014 to carry out the Quality Assurance Review on its behalf, with a condition that ACCA transfers skills to LIA so that it will be able to conduct the QAR on its own after the lapse of the contract... The proposed amendment does not preclude the status of shared responsibility instead it gives LIA more powers with regard to enforcement and disciplinary actions that it may take against members in this regard.</p> <p>For purposes of Compliance, LIA has a QAR policy which stipulates all the details of the QAR process and a Quality Assurance Committee which ensures that the Quality Assurance system is implemented and that members complies with the requirements of the reviews. The committee communicates feedback from reviews to the prospective Practitioners and makes several follow-ups which may eventually end up in a disciplinary action being taken against such practitioner if they fail to comply. After lapse of contract with ACCA, LIA proposed to work closely with PAAB of Zimbabwe, to do the reviews jointly, with the objective of transferring skills. LIA jointly with PAAB has hosted a sensitization workshop for Practioners in June 2018 to prepare them for the reviews. We are currently preparing for first reviews early January 2019. The Legal department also has been capacitated to support with ensuring compliance and enforcement of the decisions of the Council committees.</p>					
Further Development of a Quality Assurance Review System					
1.	January 2009	Subject all the practitioners who provide audit to public interest entities to practice reviews on a rotational basis as provided for under the QAR policy.	Ongoing	Technical Office	Technical Department and Legal and Compliance Department
2.	January 2009	To table the findings of the reviews before the committee for appraisal and subsequent action by the practitioners.	Ongoing	Technical Office	Technical Department and Legal and Compliance Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	May 2017	Signed Memorandum of Corporation with PAAB Zimbabwe to jointly carry out the reviews and assist LIA to acquire skills as both teams work jointly. In this regard LIA has included very distinctively the component of skills transfer/on the job training in the partnership it is negotiating with PAAB	Ongoing	Technical Office	Technical Department and Legal and Compliance Department
4.	October 2011	To capacitate technical department staff through formal training on the theoretical aspect (ISAs and ISQC 1) and on the job training through the partnership. In this regard LIA has included very distinctively the component of skills transfer/on the job training in the partnership it is negotiating with PAAB Zimbabwe. Has already shown interest and the negotiations are at an advanced stage.	Ongoing	Technical Office	Technical Department and CEOs Office
5.	March 2018	LIA also participated in a workshop / training organized by PAFA on Quality Reviews. PAFA members were trained on a methodology specifically to assist immediate implementation	Ongoing	Technical Office	Technical Department and Legal and Compliance Department
6.	July 2018	Meetings have been held with PAAB Zimbabwe to discuss how LIA wants the implementation to start. A training and Practitioners briefing was done in June 2018. The first reviews will be done in January 2019. The reviews are done in line with IFAC SMO 1 requirements.	Ongoing	Technical Office	Technical Department and CEOs Office
<i>Maintaining an ongoing process</i>					
8.		To continually conduct refresher workshops/ share material on ISQC1 for auditing practitioners as a compliance monitoring tool.	Ongoing	CEO	Technical Department and CEO's Office
9.		Ensure that the requirements of SMO 1 are complied with in the planning, design and implementation of follow-up reviews – which will further involve LIA staff as part of internal capacity building in this area.	Ongoing	CEO	Technical Department and CEO's Office
10		Establish a relationship with other PAOs, especially PAFA members in the southern region to share common issues and derive solutions together.	Ongoing	CEO	Technical Department and CEO's Office

#	Start Date	Actions	Completion Date	Responsibility	Resource
11		Perform periodic review of LIA's response and update sections relevant to SMO1 as necessary.	August 2018	CEO	Technical Department and CEO's Office

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the system</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	Yes			
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	Yes			
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	Yes			
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	Yes			Workshop is done for firms to equip them with the objectives of quality control and also on how each firm can implement the requirements.
<p>Review cycle</p>	Yes			The review cycle is 3 years. Those firms and partners found to have serious concerns the review cycle become shorter, from

Requirements	Y	N	Partially	Comments
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.				six months to a year depending on the seriousness of the matter. A mixed approach is used for selecting firms for review.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Yes			A review cycle is 3 years
QA Review Team	Yes			
7. Independence of the QA Team is assessed and documented.	Yes			
8. QA Team possesses appropriate levels of expertise.	Yes			
Reporting	Yes			
9. Documentation of evidence supporting the quality control review report is required.	Yes			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Yes			
Corrective and disciplinary actions	Yes			
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Yes			

Requirements	Y	N	Partially	Comments
12. QA review system is linked to the Investigation and Discipline system.	Yes			
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Yes			LIA is responsible for QA reviews. LIA is also the regulator. The functioning of the review system is shared with Minister of Finance
Regular review of implementation and effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	Yes			

Action Plan Subject: SMO 2 and International Education Standards
Action Plan Objective Implementing the requirements of the International Education Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>Section 6 of the Act mandates the Institute to provide for the training, Education and Examination for persons intending to follow accountancy profession. LIA has a three-tiered membership namely technician accountant, general accountant and chartered accountant levels influenced by its three-tier qualification framework. As a prerequisite for LIA membership, students have to undergo practical training for technician, general and chartered accountant levels. This is regarded as the Initial PD and is monitored by the Institute through the technical department. This practical training period is further increased when a member applies or reclassifies into practice. Furthermore, LIA ensures that its members are fully conversant with the developments in the profession. To this end LIA has introduced a compulsory CPD policy in line with SMO2, under which members are obliged to complete 40 CPD hours of training on technical and ethical issues as well as to enhance their soft skills. LIA supports compliance with the policy by providing and facilitating CPD workshops and seminars, for members. LIA also monitors compliance by compelling members to file CPD hours returns biannually which are verified by the Compliance committee to ensure compliance with the policy requirements.</p> <p>LIA is currently in a joint qualification scheme with ACCA and is offering ACCA qualification as it is except for two Lesotho variant modules. Working with the ACCA, the LIA ensures compliance of the accounting syllabus with SMO 2 in Lesotho. LIA has to comply with SMO 2 by virtue of being a member to IFAC. As a result, LIA has Developed a New qualifications framework which will be addressing the needs of both the Public and the Private Sector. The new programme, has an Initial Professional Development Scheme (IPDS) embedded in it and capability has been established to ensure that students who qualify as professional accountants have acquired the practical experience considered appropriate at the time to function as competent professional accountants. The programme has been accredited by Council on Higher Education Lesotho, the body responsible for accreditation of all new programmes before they can be taught in the institutions of higher learning in Lesotho. The text books for all the levels, TA, GA and CA have been developed, the question papers for the 6 Technician Accounting modules have been developed with the assistance of our Strategic Partner and an Advisor for Examinations Quality Assurance; Institute of Chartered Accountants of England and Wales (ICAEW), and are ready for the first examinations in December, 2018. The first cohort of students started classes in July 2018 and have sat for the first examinations in November 2018. The next intake into the programme will be in July 2019. Above that, LIA still runs a joint scheme with ACCA. The current agreement ends in September 2023.</p>					
<p>Final Assessment Requirement</p>					
7.	Ongoing	To ensure that LIA/ACCA syllabus is Reviewed from time to time to assess its effectiveness and competency. The review was of the syllabus was in 2013 where there were changes made to meet required competencies	Ongoing	Education and Training Manager	Education and Training Department and Technical department
8.	Ongoing	To ensure that the variant Taxation and Business Law papers are based on Lesotho Tax and Business Law and that the syllabi for these courses are developed by examiners conversant with Lesotho Law	Ongoing	Education and Training Manager	Education and Training Department and Technical department

#	Start Date	Actions	Completion Date	Responsibility	Resource
9.	Ongoing	Provide training to examiners and moderators of the variant papers.	Ongoing	Education and Training Manager	Education and Training Department and Technical department
10.	January 2012	To implement CIPFA as a pilot project that is intended to professionalize the accounting carder in the public sector. CIPFA will still be maintained for a period of 5 years until LePAP is well established in the market.	ongoing	Education and Training Manager	Education and Training Department and Technical department.
Implementation of the Lesotho Professional Accountancy Programme					
11.	Jan 2012	To implement Lesotho professional Accountancy Programme (LePAP) and phase out CIPFA. CIPFA was a pilot project which was intended to professionalize the public sector accounting cadre in the absence of any Lesotho qualification on public sector Accounting. LIA has developed LePAP for this purpose and the first intake of students in the program is planned to be in July 2018, with the first examinations in December 2018. LIA has entered into a strategic partnership to assist in the implementation of the new qualification framework. The examinations governance has been developed to ensure smooth management of the examinations. The examinations Board has therefore been composed and its terms of reference fully developed. It had its first meeting at the beginning of 2018 to approve the Technician Accounting question papers. The Education Committee of the Institute which comprises with different stakeholders has been given authority to oversee implementation of the framework and is fully operational.	Ongoing	Education and Training Manager	Education and Training Department and Technical department
12.	January 2011	To increase competency base of LIA members through formal training. In this regard LIA has included as a component Accountancy qualification, financial Fraud forensic investigation and Advanced Tax Planning Skill as imminent competency that LIA	ongoing	Education and Training Manager	Education and Training Department and the Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
		has to consider developing amongst its members. As a result, LIA enrolled 10 individuals for a Financial Fraud Forensic Investigation programme in 2016.			
Ensuring Compliance with International Education Standards (IESs) by Accounting Education Providers					
13.	August 2011	Encourage the National University of Lesotho and other providers of Accounting Education within Lesotho to incorporate within their respective syllabi the 2015 IESs requirements. Negotiations are ongoing with the universities authorities and trainings have been organized in this regard. To this end NUL has improved its Bachelor of Commerce – Accounting (Bcom Accounting & Finance) programme and it incorporates most of accounting modules under LePAP programme. As such Bcom holders for the revised programme are going to be exempted from all TA and GA modules. The new Bcom at NUL is expected to start in the academic year that starts in August 2019.	Ongoing	Education and Training Manager	Education and Training Department and the Technical Department
14.		Establish relationship with the Council on higher Education in order to influence participation of LIA in the accreditation of tuition providers of accountancy qualifications and ensure that LIA competency requirement is considered as well as compliance with IESs. To this end, LIA has signed an MOU with CHE where they have agreed to work together in the accreditation of accounting programmes. LIA has worked together with CHE to accredit Bsc Honors in Accounting for Botho University. LIA has also partnered with CHE to do Quality Reviews at Centre for Accounting Studies.		Education and Training Manager	Education and Training Department and the Technical Department
15.		To implement IPD scheme of the Institute as developed through LePAP and spread it to other accountancy qualifications as a prerequisite for membership		Education and Training Manager	Education and Training Department and the Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
Monitoring of Practical experience					
16.	June 2010	Take further steps in advancing a campaign to enlist the support of employers for a formalized program of monitoring practical experience.	Ongoing	Education and Training Manager	Education and Training Department and the Technical Department
17.		LIA has entered into contract with 6 organisations under Approved Training Employers (ATE) Scheme where those identified organisations will offer attachment to LIA students under agreed terms. This is for the new programme but it will later be extended to other LIA programmes. The number of contracted employers will also increase with time, the first 6 are going to be used to pilot the programme. The contract stipulates what the student will be learning, duration, the type of person to supervise the student etc. This will be operational when the first group of LePAP students go for attachment.	ongoing	Education and Training Manager	Education and Training Department and the Technical Department
18.	June 2011	To further advance the agreement with selected employers regarding having a jointly monitored attachment program for LIA students final year students. To improve on the program in the following areas – planned for completion over the next 12 months: <ul style="list-style-type: none"> • Strong ethical stance of the students • The communication skills level • The computer literacy especially in analysis on information 	Ongoing	Education and Training Manager	Education and Training Department and the Technical Department
Monitoring compliance with Continuous professional Development (CPD) requirements:					
19.	September 2010	To effectively implement the CPD policy of the Institute	Ongoing	CLCO	Legal and Compliance Department and the Technical department and Education and Training Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.		To review the Policy in order to align it to IESs		CLCO	Legal and Compliance Department and the Technical department
21.		To develop and incorporate sanctions for non-compliance with Continuous Professional Development in the Policy. The sanctions have been developed and were approved in February 2013.	Completed	CLCO	Legal and Compliance Department and the Technical department
22.	September 2011	To educate the members on the need to comply with the CPD requirements through the aid of the newsletter, meetings, and workshops.	Ongoing	CLCO	Legal and Compliance Department and the Technical department
23.	September 2011	To organise and or facilitate CPD oriented events annually in support of members and in this regard LIA will; <ul style="list-style-type: none"> • annually publish a CPD events calendar • Organise an LIA annual conference 		Technical Manager	Legal and Compliance Department and Education and Training department
24.		To continually monitor compliance with the Policy through filing CPD returns bi-annually and to evaluate such returns to ensure that they are consistent with the Policy		CLCO	Legal and Compliance Department and the Technical department
25.		To continually monitor compliance with the Policy through filing CPD returns bi-annually and to evaluate such returns to ensure that they are consistent with the Policy	ongoing	CLCO	Legal and Compliance Department and the Technical department
Review of LIA's Compliance Information					
26.	Ongoing	Perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO2 as necessary.	ongoing	CEO	Legal and Compliance Department and the Technical department and Education and Training Department

Action Plan Subject: SMO 3 and IAASB Pronouncements:
Action Plan Objective Continue use of Best Endeavors for the Ongoing Implementation of ISAs

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
<p>Section 103 of the companies Act of Lesotho stipulates that companies will audit their financial statements using auditing standards prescribed by LIA. LIA has in terms of the Accountants Act of 1977) adopted the ISAs as the standards to be applied in Lesotho. The ISAs are adopted in full and without any modifications. LIA has however not legally pronounced that such prescribed standards are the ones it had adopted. The process requires publication of the standards in a gazette as a legal Notice. LIA does not develop any local standards, but contributes in the development of international standards. Comments on Exposure drafts are sent to IAASB.</p>					
SMO 3 and IAASB Pronouncements					
27.	01/01/2000	<p>To adopt every changes without any modifications in Auditing Standards whenever are issued by the IASB and ensure that the changes are communicated to the members and the Companies. Regular communication is done with members and firms on any changes that happen.</p> <p>LIA has also adopted the new audit report and a training was done for auditing partners. The audit firms are now using the new audit report.</p>	Ongoing	Technical Manager.	Legal and compliance Department and Technical Department
26.		To participate and comment on the exposure drafts as are issued by the IAASB	June 2016	Technical Manager	Technical Department
28.	On going	Review the changes and updates in the ISAs communicate the same to the members and the business community.	Ongoing	Technical Manager,	Technical Department, Marketing and Publications Officer
Assist LIA Members with the Implementation of the Standards					
29.	May 2010	To formally adopt the code of good practice to form basis of Governance structure of Lesotho in consultation and or in conjunction with relevant	may 2015	Technical Manager	Technical Department and Legal and Compliance Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
		government ministries and departments as well as the private sector.			
30.	Ongoing	LIA to continuously support the implementation of the clarified ISAs by publishing articles on requirements of the clarified ISA, in its newsletter.	Ongoing	Technical Manager	Technical Department, Marketing and Public Relations Department
31.	Ongoing	Notify members of the new standards, statements and other papers from IAASB and to Conduct training seminars and workshops on the updates and changes in the ISAs before they become effective in order to prepare the members and companies for the proper application of such and their implications.	Ongoing	Technical Manager	Technical Department, Marketing and Publications Department
32.		To Monitor proper and effective application of the ISAs by the members through QAR.		Technical Manager	Technical Department, Marketing and Publications Department
Review of LIA's Compliance Information					
33.	Ongoing	Perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO3 as necessary.	Ongoing	CEO	Technical Department and Legal and Compliance Department

Action Plan Subject: SMO 4 and IESBA Code of Ethics
Action Plan Objective Adoption and use of IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
<p>The Accountants Act is the principal document that regulates conduct of members and the accountancy practice in general. The Act therefore gives LIA Council powers to make Rules, Standards, Code of Ethics and Byelaws for purposes of implementation of the Act. In terms of the Act, LIA has adopted International Ethics Standards Board for Accountant (IESBA) Code of Ethics and without any modifications. IESBA Code however permits that member countries may modify part D of the code to provide for specific country needs. LIA has modified part D of the code and has been formally approved and adopted by Council together with the other parts of the code in 2010. LIA formally adopts the revised versions of the IESBA as and when such revisions are made and issued to member countries by IFAC. These amended versions are circulated and communicated to all members by way of meetings and emails. The latest version being applied is the 2016 version and the general announcement regarding this version was made at the 2017 Annual general meeting. LIA is also aware of the revised and restructured IESBA Code of Ethics and will be holding a training for all members in January in preparation of adoption and implementation by June 2019.</p>					
Adoption of IESBA Code of ethics and development of Part D of the Code					
34.	June 2012	To conduct training on the restructured and revised Code of ethics in general, intended for to all accountants registered with LIA.	January 2019	CLCO.	Legal and Compliance department and Technical Department
35.		To update Part D of the code to accommodate new developments in the profession	May 2019	CLCO	Legal and Compliance department and Technical Department
Assistance to LIA Members with compliance with the Code of Ethics					
36.	June 2012	To conduct and/or facilitate training of members on issues of ethics and regulatory compliance. The revised Code of Ethics has been circulated amongst members and was discussed in the Compliance Committee of the Institute.	ongoing	CLCO	Legal and Compliance department and Technical Department
37.	April 2013	To identify through inspections and surveys challenging ethical areas and develop a discussion forum to interpret such areas and even conduct workshops where necessary.	Ongoing	CLCO	Legal and Compliance department and Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
38.		To include in the attachment manual, issues of ethics for execution by supervising bodies	November 2016	CLCO	Legal and Compliance department and Technical Department
39.		To randomly select provisions of the Act, Rules or the Code of ethics to discuss and publish in the LIA newsletter as a continuous reminder to the members of their compliance obligations as well as consequences for non-compliance.	ongoing	CLCO	Legal and Compliance department and Technical Department
40.	Ongoing	To conduct regular inspections intended to reconfirm and monitor compliance with the Act and the code.	Ongoing	CLCO	Legal and Compliance department and Technical Department
41.	Ongoing	To revise and amend Accountants Rules to incorporate other ethical issues	November 2019	CLCO	Legal and Compliance department and Technical Department
<i>Review of LIA's Compliance Information</i>					
42.		To perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO4 as necessary.		CEO	Legal and Compliance Department and Technical Department

Action Plan Subject: SMO 5 and IPSAS:
Action Plan Objective: Continue use of Best Endeavors for the adoption and implementation of IPSASs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>LIA is mandated to regulate the accounting practice, of which public sector part has been missed, however LIA as a regulator has a significant role to play in ensuring the growth and advancement of Lesotho's economy. As a result LIA has improved its relationship with the Government of Lesotho especially the office of the Accountant General. The purpose of this relationship is to ensure that LIA has a platform to provide government the objective information, advice and assurance on how public funds may be used, and to encourage high standards in financial management and accountability, good governance and propriety in the conduct of public business. This led to the inclusion of a provision in the Public Financial Management and Accountability Act 2010 that LIA will be the body that will prescribe the applicable public sector accounting standards in Lesotho. As a result LIA adopted the IPSAS in full and without any modifications and prescribed them as the applicable standards in Lesotho.</p> <p>There is however a challenge with the full application and implementation of the IPSAS within the public sector, however the Lesotho Government has given a preliminary indication that the IPSASs should be fully applied and implemented by 2021 As a result, the Lesotho Government has engaged in the professionalization of the Accounting carder by introduction CIPFA qualification, LIA was given a mandate run CIPFA qualification as a pilot project until when Lesotho has its own customised professional qualification. LePAP has been developed and implemented. LIA will still maintain CIPFA until such time that LePAP has been well established in the market..</p> <p>Government has also restructured the Accounting Cadre with the help of LIA. The Office of Accountant General is working on the road map for implementation of full IPSAS.</p>					
<p>Promoting IPSAS and Assisting government with the application of IPSAS</p>					
43.	September 2011	To continually encourage full application and implementation of IPSAS in the public sector. LIA will continue raising awareness to the government in this regard through regular meetings with key stake holders; Ministry of Finance Officials, Accountant General and Auditor General. LIA is working together with Accountant General and Ministry of Finance to develop a road map towards implementation of full IPSASs. The full implementation is expected to be done by 2021.	Ongoing	Technical Manager	Technical Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
44.	December 2008	To continually encourage the office of the Accountant General to professionalize the accounting career through formal education. To support this initiative LIA will;	Ongoing	Technical Manager	Technical Department and Marketing and public Relations Department
	September 2018	<ul style="list-style-type: none"> • admit public sector graduates for the LIA membership upon application. • Develop a membership pathway for people working in the public sector on recognition of prior learning • Identify graduates of the current CIPFA programme illegible to continue with their studies towards qualifying as Chartered Accountants specializing in Public Sector Accounting • enroll as much as possible public sector officials in LePAP. LePAP has two streams leading to Chartered Accountancy Qualification, i.e private sector stream and Public sector stream. 	Ongoing	Education Manager	Education and Training department and Membership Office.
<i>Review of LIA's Compliance Information</i>					
45.	Ongoing	Perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO5 as necessary.	ongoing	CEO	Education and Training Department and the Technical Department

Action Plan Subject: SMO 6 and Investigation and Discipline:
Action Plan Objective Further Development of Investigation and Discipline (I & D) in accordance with SMO 6.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>Background</p> <p>LIA is established by the Accountants Act of 1977 as a regulator of the accountancy profession in Lesotho. LIA as thus regulates the accountancy education, conduct of professional accountants and the accountancy practice in general. LIA as a regulator is committed to protect the interests of the public by monitoring compliance of its members to laws and regulations, code of ethics and standards. To this end Council has established the Risk and Compliance Committee with a mandate to monitor compliance of members and an adhoc investigations committee to investigate reported cases of noncompliance. On the other hand, the Act establishes the Disciplinary Committee endowed with powers to conduct disciplinary processes and to enforce compliance by giving sanctions and penalties to members who are found guilty of misconduct.</p> <p>LIA has included in the LIA Rules (as an amendment to the existing Rules) a section on Discipline and Disciplinary Procedure which guide the disciplinary process from a point of lodging a complaint, through to the passing of a verdict. The amendment has considered and included SMO 6 as was revised in 2012. The amendment process of the rules have been completed at the Council level and have been presented to Annual General Meeting in 2017 for approval.</p>					
<p>Maintaining ongoing processes</p>					
46.	2010	To table revised disciplinary rules and procedures before the General membership for approval and adoption To develop whistle blowing policy and create clearer channels for the members of the public to lodge their complaints	April 2016	CLCO	Legal and Compliance department and Technical Department
47.		To develop and maintain a regulatory compliance risk register	Ongoing	CLCO	Legal and Compliance department and Technical Department
48.	Ongoing	To conduct disciplinary hearings on all cases in the risk register. Since 2016 up to date, the Institute has not received any complaints about our members.	Ongoing	CLCO	Legal and Compliance department and Technical Department
49.	Ongoing	To investigate on newly reported cases	Ongoing	CLCO	Legal and Compliance department and Technical Department
50.	2010	To develop and monitor compliance programmed and plan	Ongoing	CLCO	Legal and Compliance department and Technical Department.

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	2011	To promote awareness of the existence of the Investigation and Discipline process to both LIA members and the public. A detailed report of the disciplinary actions has been taken and in process in the LIA's 2015 annual report.	Ongoing	CLCO	Legal and Compliance department and Technical Department
<i>Review of LIA's Compliance Information</i>					
52.	Ongoing	Perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO6 as necessary.	Ongoing	CEO	Legal and Compliance department CEO's office

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the system	YES			
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.				
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	YES			
Initiation of Proceedings	YES			
3. Both a “complaints-based” and an “information-based” approach are adopted.				
4. Link with the results of QA reviews has been established.	YES			
Investigative process	YES			A disciplinary committee is established to deal with investigations and disciplinary. The Council has also decided to include the Law Society representative to be the Chair of the committee.
5. A committee or similar body exists for performing investigations.				
6. Members of a committee are independent of the subject of the investigation and other related parties.	YES			The Chairman is independent as he is representative of Law Society. Other members of the committee are also members of Council.
Disciplinary process	YES			
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.				

8. Members of the committee/entity include professional accountants as well as non-accountants.	YES			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	YES			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	YES			
Rights of representation and appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	YES			Appeals can be taken to the High Court of Lesotho
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	YES			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	YES			
14. Records of investigations and disciplinary processes are established.	YES			

Requirements	Y	N	Partially	Comments
<p>Public Interest Considerations</p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	YES			
<p>16. A process for the independent review of complaints on which there was no follow-up is established.</p>	YES			
<p>17. The results of the investigative and disciplinary proceedings are made available to the public.</p>	YES			
<p>Liaison with Outside Bodies</p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	YES			There are processes in place to liaise with Directorate of Crimes and Economic Offences(DCEO) and Financial Intelligence Unit (FIU).
<p>Regular review of implementation and effectiveness</p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>		No		No reviews to the system has been done so far. The Institute however keeps regular conduct with the bodies to keep up to date on any changes in the laws and any other developments.

Action Plan Subject: SMO 7 and IFRS
Action Plan Objective Maintaining ongoing compliance with IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
<p>Pursuant to section 7 of the Act LIA has authority to make rules which include rules and standards of practice. In exercise of this mandate LIA has adopted full IFRSs and IFRSs for SMEs without any modifications. This adoption was made by the members at the AGM in 2005 giving effect to the application of the standards in January 2005. This adoption was communicated to the Government and the public. The adoption also led to a provision being made in the Companies Act that the Companies in Lesotho will use reporting standards prescribed by LIA which in this case are the IFRSs and IFRSs for SMEs. LIA has however not legally pronounced that such prescribed standards are the IFRSs as it had adopted them. The process requires publication of the standards in a gazette as a legal Notice. LIA holds annual workshops on new standards and updates. The next workshop on IFRSs will be in February 2019. The recent IFRSs are applied by companies in Lesotho.</p> <p>Comments on Exposure drafts are sent to IASB and PAFA.</p>					
Maintaining Ongoing processes					
53.	Ongoing	To adopt every changes without any modifications in the IFRSs and IFRSs for SMEs whenever are issued by the IASB and ensure that the changes are communicated to the members and the Companies.	Ongoing	Technical Manager.	Technical Department and CEO's Office
54.	On going	To participate and comment on the exposure drafts as are issued by the IASB	Ongoing	Technical Manager,	Technical Department and CEO's Office
55.	On going	Review the changes and updates in both accounting standards together with their implications and identify the applicable IFRICs, or recommend for issuance of an IFRIC and communicate the same to the members and the business community.	Ongoing	Technical Manager,	Technical Department and CEO's Office
56.	Ongoing	Conduct training seminars and workshops on the updates and changes in the standards before they become effective in order to prepare the members and companies for the proper application of such and their implications. Training on IFRS 16 will be done in February 2019 together with the updates on other standards.	Ongoing	Technical Manager,	Technical Department, Marketing and Public Relations Department

57.		LIA to continuously support the application of and compliance with the IFRSs by publishing articles on the latest requirements in its newsletter, website and notice board. The newsletter has the standing technical column which has Articles on standards (including IFRS for SMEs) are planned for the	ongoing	Technical Manager	Technical Department, Marketing and Public Relations Department
58.		To hold CPD events discussing updates on the IFRSs and their application and refresher seminars on the same. LIA has a standing CPD events calendar which covers training workshops and seminars on technical issues (including IFRSs), ethical issues as well as soft skills. In the year 2019, 12 events are scheduled. Two of which are IFRSs and Ethics.	Ongoing	Technical Manager	Technical Department, Marketing and Public Relations Department
59.		To Monitor proper and effective application of the standards by the members and the business community through the spot checks and inspections.	ongoing	Technical Manager	Technical Department and Legal and Compliance Department
Review of LIA's Compliance Information					
60.	Ongoing	Perform periodic review of LIA's response for IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO7 as necessary.	Ongoing	CEO	Technical Department. Legal and Compliance Department and CEO's office



LESOTHO INSTITUTE OF ACCOUNTANTS

(Established under the Accounts Act No. 9 1977)

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16 January 2019

Sarah Gagnon
Technical Manager, Quality & Development
International Federation of Accountants
529 Fifth Avenue
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SarahGagnon@ifac.org

Dear Madam

Attestation of Ongoing SMO Compliance

IFAC Statements of Membership Obligations (SMOs) require IFAC Members and Associates to support the adoption and implementation 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.

The **LESOTHO INSTITUTE OF ACCOUNTANTS** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). We have reviewed the information contained within the SMO Action Plan and affirm that the LESOTHO INSTITUTE OF ACCOUNTANTS continues to undertake these and other relevant actions in order to maintain ongoing compliance and fulfillment of the membership obligations.

On behalf of the leadership of the **LESOTHO INSTITUTE OF ACCOUNTANTS**, I endorse the 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.

President

(Signature of President or Chairman of the Board or equivalent)

(Title)

(Lesotho Institute of Accountants)

16/01/2019
(Date)



A member of International Federation of Accountants & Pan African Federation of Accountants

