

## **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<sup>1</sup> and implementation<sup>2</sup> 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**

<b>IFAC Associate:</b>	Lao Chamber of Professional Accountants and Auditors (LCPAA)
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<sup>1</sup> *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.

<sup>2</sup> *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

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>AFA</b>	ASEAN Federation of Accountants
<b>AD</b>	Accounting Department of the Ministry of Finance
<b>AFAR</b>	Audit Firm Annual Report
<b>AQSC</b>	Audit Quality Steering Committee
<b>BoL</b>	Bank of Lao PDR
<b>CPA</b>	Certified Public Accountant
<b>CPD</b>	Continuing Professional Development
<b>CSOEC-CNCC</b>	Compagnie Nationale des Commissaires aux Comptes-Conseil Supérieur de l'Ordre des Experts-Comptables (France)
<b>DSI</b>	Department of State Owned Enterprise Management, Development and Insurance
<b>FAP</b>	Federation of Accountancy Professionals of Thailand
<b>IAASB</b>	International Assurance and Auditing Standards Board
<b>IESs</b>	International Education Standards
<b>IESBAs</b>	International Ethics Standards for Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>IPD</b>	Initial Professional Development
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISCA</b>	Institute of Singapore Chartered Accountants
<b>ISQC 1</b>	International Standard on Quality Control 1
<b>ISAs</b>	International Standards on Auditing
<b>MIA</b>	Malaysian Institute of Accountants
<b>MoF</b>	Ministry of Finance
<b>MRA</b>	Mutual Recognition Arrangement
<b>LAQAS</b>	Lao Audit Quality Assurance System
<b>LCPAA</b>	Lao Chamber of Professional Accountants and Auditors
<b>LICPA</b>	Lao Institute of Certified Public Accountants
<b>LSCO</b>	Lao Security Exchange Committee Office
<b>NOCLAR</b>	Non-compliance with laws and regulations
<b>QAR</b>	Quality Assurance Review
<b>QMA</b>	Quality Management Approach
<b>SMEs</b>	Small and Medium Sized Entities
<b>SMOs</b>	Statement of Membership Obligations
<b>SMPs</b>	Small and Medium Practices
<b>SPU</b>	Sripatum University of Thailand
<b>SUSS</b>	Singapore University of Social Sciences
<b>ToT</b>	Training of Trainers

## **General information**

The first professional organization – The LICPA – predecessor of the LCPAA was established in 1998 by the MoF Decision No. 0722/MoF of May 5, 1998 pursuant to the Prime Minister’s Decree No. 161/PM, of August 26, 1996, on the establishment of the Accountancy Council and Accountancy Organization.

Since 1998, Lao Public Authorities and the Accountancy Profession have undertaken significant efforts and actions, with the support of the French Accountancy Profession, to reform the statutory framework for accounting and auditing. These reforms have been carried out with the aim of improving the quality and transparency of financial reporting and of ensuring high-quality performance by professional accountants.

Major changes in the legal framework were initiated by the adoption of the Law on Accounting 47/NA of December 26, 2013 and the Law on Independent Audit 51/NA of July 22, 2014 which are fully compliant with IFRS standards and IFAC professional standards (IAASB and IESB standards).

In particular, the Law on Independent Audit lays down requirements for becoming a CPA. It establishes rules for registration of statutory auditors, accounting and audit firms. It creates CPD obligations for CPAs. It sets out requirements for performing the statutory audit of annual financial statements with an emphasis on public-interest entities, promotes rules on the independence of auditors and audit firms, and establishes general principles for the supervision of the accountancy profession.

To secure an effective implementation of these two laws, the MoF in cooperation with the LCPAA has published specific regulations to facilitate their implementation, particularly as regards accounting standards and the organization of the Accountancy Profession. In this framework, through the MoF Decision No. 1004/MoF of April 7, 2015 concerning the change of name and mandate, LICPA became LCPAA. The main changes relate to:

1. The commitment of the LCPAA to act in the public interest by promoting high quality professional standards throughout the profession, and
2. The establishment of a broader mandatory membership comprising not only CPAs in public practice, accounting and audit firms but also CPAs in business as well as chief accountants of PIEs and Large Enterprises.

Under the provisions of Article 66 of the Law on Independent Audit ,duties of the LCPAA are as follows:

1. Develop actions and budget plans on a monthly, quarterly and annual basis;
2. Study and develop internal management rules and participate in studying the code of ethics for professional accountants and auditors and other relevant regulations;
3. Organize professional accounting and audit training and courses in line with relevant contents, projects, programs and syllabus;
4. Collaborate, discuss, share opinions and experience on professional accounting and audit subjects;
5. Cooperate with foreign professional accountancy bodies in the region and world with the agreement of the MoF;
6. Monitor performance of its members;
7. Summarize and report its performance and budget execution to the MoF and other relevant organizations regularly;
8. Exert rights and obligations in accordance with regulations.

According to Article 22 of the LCPAA’s bylaw issued in April 2016, categories of LCPAA members are:

1. Ordinary members comprising CPAs in public practice, those in business, especially in public interest enterprises and large-sized enterprises, as it is mandatory to be registered as stated in the accounting law as well accounting and audit firms
2. Associate members comprising foreign CPAs practicing in Lao PDR; and
3. Honorary members.

The number of LCPAA members, including all members categories, has increased from 175 in 2016 to 208 in 2018.

It should be noted that in Lao PDR, a CPA can only practice his profession through an accounting or an audit firm, depending on the kind of activities he wishes to perform.

The LCPAA is a primary member of ASEAN Federation of Accountants (AFA).

With a view to building sustainable capacity in line with national accounting and audit reforms, the LCPAA designed during May and June 2016 a first version of its action plan to meet SMO requirements and has updated it in July 2017 and September 2018.

The design of the Action Plan relies on an analytical framework combining legal requirements in force in Lao PDR and those of the IFAC's SMOs. This framework serves as a benchmark for the development of basic principles, objectives, actions and responsibilities of the different stakeholders of the Action plan. The components of this framework are set forth in the following table:

SMO	Responsibility			Comments
	Direct	Shared	No Responsibility	
SMO 1		X		LCPAA: Article 66.6 of the Law on Independent Audit and MoF : Articles 30, 82 to 89
SMO 2	X			MoF Decision No. 3777/MoF delegating CPD performance tasks to the LCPAA
SMO 3		X		Law on Independent Audit: Article 29: MoF promulgates ISAs,LCPAA: Dissimination and training
SMO 4		X		Law on Independent Audit: Article 28: MoF Promulgates the Code of Ethics, LCPAA: Dissimination and training
SMO 5			X	Under the jurisdiction of the MoF
SMO 6	X			MoF and LCPAA agreement: investigation and discipline procedures are managed by the LCPAA
SMO 7		X		Under the jurisdiction of the MoF. LCPAA: Dissimination and training

The magnitude of the effort and the paucity of financial and human resources led the MoF and the LCPAA to prioritize the implementation of the different SMOs by taking into consideration the Lao Public Interest. In this way, over the past two years, efforts have been focused on:

1. IPD and CPD;
2. Quality Assurance;
3. Code of Ethics;
4. ISAs;
5. IFRS; and
6. IPSAS

Details of these actions are set forth below in each relevant SMO.

Over the past years, a proactive management of the Action Plan risks have enabled reduction of the global risk from high to medium high as necessary financial resources have been secured, particularly for the implementation of the LAQAS. But the lack of human resources remains a problem. Reducing this risk to an acceptable level has been taken into consideration when developing the specific actions necessary to effectively implement the SMOs requirements.

**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** Supporting the MoF in Implementing an Effective and Efficient Quality Assurance System

**Background:**

In Lao PDR, pursuant to the provisions of the relevant legislation and regulation, quality assurance is addressed at three levels: the engagement level (ISA 220), the firms level (ISQC1), and the MoF level, through the AD, for the performance of the LAQAS. There was no Quality Assurance System under the legal and regulatory framework in force before the adoption of the Law on Independent Audit in July 2014.

***Developing and Implementing a Quality Assurance System to be Applied to Audit Firms: the LAQAS***

Based on the IAASB’s Framework for Audit Quality, the LAQAS developed by the MoF comprises three levels of actions to be performed:

Level 1: Arrangement of the relationships (coordination) between regulatory bodies in the framework of the LAQAS implementation, with evaluation of the arrangement’s effectiveness every 4 years;

Level 2: Contextual factors: proper identification and assessment every 4 years; and

Level 3: Quality assurance procedures: Evaluation of the effectiveness of the procedures every 4 years

Under this approach, the scope of the LAQAS includes not only reviewing the audit firms but also implementing the Multi-Year Monitoring Program through a set of carefully managed and coordinated actions on the 3 levels mentioned above in order to consistently improve the quality of audit work.

As a consequence, the LAQAS is carried out through the implementation of the Multi-Year Monitoring Program over a four-year period, broken down into an annual set of actions. The Multi-Year Monitoring Program is published and distributed to interested parties.

The implementation of the Audit Quality Multi-Year Monitoring Program is based on the performance of two broad types of activities:

1. Administrative, intended to manage all the actions required by the implementation of the program adequately and efficiently; and
2. Operative, intended to implement all scheduled actions of each component of the program, i.e., Desktop Surveillance, Quality Assurance Reviews and Coaching
  - a) Desktop Surveillance Program: The Desktop Surveillance Program is performed annually by the staff .of the Accounting Department of the MoF and consists in processing and analyzing the AFARs filled out by the audit firms to determine potential non-compliance and audit risk areas and to assess their materiality for further adequate actions such as audit firms visits and/or QARs.

The AFAR comprises five main parts and provides information on audit firms about their:

- i. Main data;
- ii. Activities;
- iii. Human resources;
- iv. Quality Assurance System; and
- v. Annual report on audit engagement performance.

Audit firms without PIEs audit engagements only underfo the Desktop Surveillance Program.

b) Quality Assurance Review Program: A Quality Assurance Review is carried out to ensure that the audit firm and its statutory auditors comply with:

- i. Legal texts and policies that regulate statutory and contractual audits;
- ii. The Code of Ethics; and
- iii. The professional audit standards in force during the year in which the audit engagement was performed.

When performing a Quality Assurance Review of an audit firm, an overall/risk-based approach is adopted.

The Coaching Program: The Coaching Program shall apply to statutory auditors which:

- i. Do not at all or only partly comply with prescriptions of the Law on Independent Audit, the Code of Ethics and professional standards;
- ii. As a result of a Quality Assurance Review, have been recommended for training on specific topics in order to implement the measures required to improve the conformity of their work to prescriptions of the Law on Independent Audit, the Code of Ethics and professional standards; and
- iii. Have had educational sanctions provided for in the Law on Independent audit imposed on them.

The Coaching program shall consist of specific training courses to help auditors in taking ownership of provisions of the Law on independent audit, the Code of Ethics and professional standards and in effectively implementing them when performing an audit engagement. Attendance at training courses and implementation procedures shall be monitored by a mentor appointed by the LCPAA.

The funding of the LAQAS is ensured by a fixed levy on auditees collected by the audit firms and refunded to the LCPAA which manages the financial aspects of the system.

To carry out its duties, the AD is assisted by the AQSC made up of regulatory bodies and LCPAA. The AQSC makes recommendations to the AD regarding the Audit Quality Multi-Year Monitoring Program. The LCPAA provides administrative support to the AD.

**Action Steps :**

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Developing and supporting the design of the LAQAS</i>					
1	Prior years	Making International Expertise Available	Continuing	LCPAA	LCPAA

#	Start Date	Actions	Completion Date	Responsibility	Resources
2	Prior Years	Training sessions and seminars on IAASB's Framework for Audit Quality, SMO1, Audit Quality indicators, ISQC 1 and IAASB's improving audit quality project with a focus on proposed QMA	Continuing	MoF/LCPAA	MoF/Technical Adviser
3	January 2017	Performing training sessions and seminars intended to design the MoF Decision on LAQAS. Drafting and translating the draft MoF Decision on the LAQAS	March 2017	MoF	MoF/Technical Adviser
4	March 2017	Drafting the AFAR and its notice updated annually	Continuing	MoF	MoF/Technical Adviser
5	April 2017	Presentation of the Draft Decision on LAQAS and AFAR to the regulators: BoL, LSCO, DSI of MoF, Tax Department of MoF and LCPAA	April 2017	MoF	MoF/Technical Adviser
6	April 2017	Review of the draft Decision on LAQAS by MoF legal services and adoption by the Mof Minister	April 2019	MoF	MoF/Technical Adviser
7	June 2019	Developing a draft MoU on AQSC operations rules; signature of the document by the regulators members of the AQSC;	October 2019	MoF	MoF/Technical Adviser
<i>Implementing of the LAQAS</i>					
1	March 2017	Launching the Desktop Surveillance Program, disseminating the AFAR and its notice to the Audit firms and processing them on an annual basis	Continuing	MoF	MoF/Technical Adviser
2	June 2017	Processing the AFARs for year 2016, and on-site visits of the Big 4 audit firms and 1 mid-tier audit firm	December 2017	MoF	MoF/Technical Adviser
3	December 2017	Building and developing a database of all audit engagements in Lao PDR on an annual basis, performing data processing to identify audit risks and taking actions in response of these risks.	Continuing	MoF	MoF/Technical Adviser
4	February 2018	Drafting, translation, review by the MoF legal services and publication of the First Audit Quality Multi-Year Monitoring program	June 2019	MoF	MoF/Technical Adviser



#	Start Date	Actions	Completion Date	Responsibility	Resources
5	July 2019	Presentation of the results of the processing of the AFARs for year 2016 and presentation of the LAQAS outlines to the audit firms: One session held for the PIEs audit firms and one session for the SMP audit firms	july2019	MoF	MoF
6	April 2019	Drafting an application guide to LAQAS and designing the documents required for collection of the levy to be paid by the auditees to support the costs incurred by LAQAS operations	June 2019	LCPAA	LCPAA/Technical Adviser
7	October 2019	Launching the QAR program: 2 PIE audit firms identified as risky will be reviewed in November and December 2018, the other PIE audit firms will be reviewed from 2019 to 2020	December 2020	MoF	MoF/Technical Adviser
8	September 2019	Launching the Coaching Program Implementation	September 2021	MoF	LCPAA
9	October 2021	Assessment of the legal framework and proposals for amendments to relevant Laws and regulations as well as assessment of the LAQAS activities	April 2022	MoF/and AQSC	Mof/AQSC/External Experts
10	January 2022	Implementing Improvements to Initial LAQAS	July 2022	MoF	MoF

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

**Action Plan Objective:** **Developing and Effectively Implementing CPA Certification and CPD Programs**

**Background:**

According to Article 66.3 of the Law on Independent Audit, the LCPAA has a duty and responsibility to organize professional accounting and audit training and courses in line with relevant contents, projects, programs and syllabus. In order to implement these provisions, the MoF has issued the Decision No. 3777/MoF of November 2, 2015) specifying the practical and operational procedures necessary to allow the LCPAA to comply with its duties.

The Law on Independent Audit establishes the requirements for becoming a CPA comprising the CPA professional training program and 3 years of CPA practical training, Article 32 of the Law on Independent Audit also creates a CPD obligation of 120 hours over 3 years with a minimum of 20 hours in any year for all practitioners including CPAs in public practice and in business, i.e., those practicing in PIEs and Large Enterprises.

To comply with its legal and regulatory obligation, the LCPAA has developed a CPA certification program and a CPD program.

***Developing and Implementing a CPA Certification Program***

Over the past years, the LCPAA has been developing a CPA Certification program which meets the requirements of:

1. Articles 34 and 35 of the Law on Independent Audit regarding the CPA certification and CPA practical training; and
2. IES1-6.

In developing the CPA curriculum the provisions of the ASEAN MRA on Accountancy Services signed by the Lao Government in 2014 have been taken into consideration.

In order to meet these requirements, LCPAA signed a partnership agreement with ACCA in February 2016 by which ACCA allows LCPAA to use the ACCA syllabus as a basis for Lao CPA qualification which fully complies with the IES.

To qualify as a Lao CPA, candidates are required to have:

1. Passed 14 exams(batch XII): fundamentals (9) and Professional (5);, and 13 exams (for batch XIII and XIV); Fundamental level subjects (9) and Professional subjects (4)
2. Three years of relevant practical experience; and
3. Attended a complete Professional Ethics module.

Lao Accounting Consultants who qualified under the legal and regulatory provisions prior to the Law on Independent audit and wishing to become a Lao CPA shall be able to take the examinations of the professional level only if they have the relevant accredited accounting level and have completed specific CPD programs.

At present, there are 353 trainees attending the CPA certification program divided into 3 groups

1. The first group started in 2016 and comprises 54 Lao Accounting Consultants;
2. The second group started in 2017.

### 3. The third group started in 2018

#### **Developing and Implementing a CPD Program**

The development and implementation of the CPD program are subject to a regulation published by the LCPAA in December 2016 fully aligns on IES7.

This regulation deals with:

1. Defining criteria for compliance with professional accountants' CPD obligations;
2. Selecting topics for CPD by the LCPAA;
3. Developing training sessions in accordance with the topics selected; and
4. Monitoring professional accountants' CPD obligations.

These activities are performed by the Education Committee

To help with the implementation of the CPD program LCPAA has signed Memoranda of Understanding with SCA, Sripatum University of Thailand, CPA Australia, SUSS, MIA

Since June 2016, LCPAA has been performing 31 CPD training actions.

#### **Action Steps :**

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Promotion of IESs</i>					
1	May 2016	Translation of ACCA fundamental level qualification materials	Completed	Education Committee	LCPAA
2	July 2016	Implementation of CPA training program using the new ACCA syllabus. 3 groups of attendees: 2016 ( CPA batch XII)3; 2017(CPA batch XIII):116; (CPA batch XIV): 116	Continuing	Education Committee	LCPAA
<i>Designing and Implementing the updating training program for existing CPAs</i>					
1	June 2016	Designing an upgrading training program for existing Lao Accounting Consultants LCPAA has received the support on designing the ACCA Bridging Program Guidance funded by the World Bank	completed	Education Committee	LCPAA
2	July 2016	Translation of professional level presentation materials (from ACCA qualification syllabus)	Continuing	Education Committee	LCPAA

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resources</b>
3	July 2016	50 Lao Accounting Consultants have been attending the updating program	Continuing	Education Committee	LCPAA
<i>Designing and Implementing CPD program</i>					
1	June 2016	Designing a CPD program by taking into account the actual requirements of the local and regional economies and IES7 to ensure the sustainability of the CPD process.	Continuing	Education Committee	LCPAA
2	June 2016	Implementing CPD program: to date, 31 CPD actions have been performed with the support of ISCA, CPA Australia, Federation of Accounting Professions of Thailand, Sripatum University of Thailand and National University of Laos on: IFRS, ISAs, Internal control, financial fraud, risk management, ethics, taxation, financial management and analysis	Continuing	Education Committee	LCPAA

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** **Developping Trainings Sessions with a Focus on SMPs and Based on Application Materials Developed and Published by the IAASB and the SMP Committee**

**Background:**

In Lao PDR, entities required to have their financial statements audited are listed in Article 59 of the Law on Independent Audit and are as follows:

1. Foreign enterprises;
2. Banks and other financial institutions under supervision of the Bank of Lao PDR;
3. Insurance companies and insurance agents;
4. Listed companies, securities companies, and public companies;
5. State-owned enterprises;
6. External Loan and grant projects; and
7. Enterprises defined in relevant regulations.

Relevant regulation consists mainly in:

1. Law on Enterprises No. 46/NA of December 26, 2013
2. Law on Commercial Banks No. 03/NA of December 26, 2006; and
3. Law on Securities No. 21/NA of December 10, 2012.

The Law on Enterprises obliges the following entities to have their financial statements audited:

1. Limited Companies with assets more than 5 billion kip (Article 134);
2. Public Companies (Article 184); and
3. State Enterprises (Article 200).

The Law on Commercial Banks and the BoL Regulation No. 338 of September 13, 2012 states conditions for the Banks' audit, in particular, Article 1 of the regulation of the Bank of Laos requires the banks' statements to be audited only by a Big 4 audit firm.

The Law on Securities and the Regulation No.12 of May 27, 2017 sets out rules for audit firms of listed companies:

An audit firm that provides audit services to securities exchange issuers, listed companies, public funds and securities intermediaries shall be approved by the LSCO and also shall :

1. Have at least five full-time auditors who have satisfied the conditions prescribed by the Law on Securities;
2. Have a minimum registered capital of at least one billion Kip;
3. Be a member of the LCPAA; and
4. Have experience in accounting and auditing operations.

It should be noted that PIE audit engagements are exclusively performed by the Big 4 audit firms.

In conformity with the provisions of Article 29 of the Law on Independent Audit, the Announcement No. 697 MoF Cabinet published on March 20, 2017, makes mandatory the enforcement of ISQC1, ISAs, ISAE and ISREs). As 98% of the statutory audit engagements are performed in Lao PDR by the Big 4 audit firms which have working procedures in English, English versions of these standards have legal status. Thus, it is their latest version which is in force in Lao PDR.

Translation of essential sections of ISA and other IAASB Pronouncements as well as the Guide to “Using ISAs in the Audits of SMEs” published by the SMP Committee shall be launched after completion of the continuing amendments to IAASB standards expected end of 2019. This will reduce the workload to be handled as their translation into Lao is a complex, time consuming exercise requiring significant financial resources.

It should be noted that CPA Certification Program attendees are trained on ISAs.

The LCPAA will not develop specific training material as it considers that guidance, guides and other application materials developed and published by the IAASB and the SMP committee are of high quality and are judged to be the most appropriate to the needs of training of the SMPs practitioners and their employees to be carried out by LCPAA over the next years. Partners and employees of the Big 4 audit firms are trained in house on IAASB standards. These firms are required to report annually on the training they have performed on this subject in their AFAR.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption of ISAs and other IAASB Pronouncements and Updating</i>					
1	Previous Years	Making International Expertise Available	Continuing	LCPAA	LCPAA
2	February 2016	30 Training sessions and seminars on ISAs, ISREs, ISAEs, ISRS have been held from February 2016 to June 2018 with special attention paid to the new auditor’s report and on the “IAASB’s Improving Audit Quality “Project: ISA 315, 540 as well as Professional Skepticism	Continuing	MoF	MoF+Technical Adviser
3	March 2017	Publication of the Announcement No. 697 MoF Cabinet making mandatory the enforcement of ISQC1, ISAs, ISAE and ISREs	March 2017	MoF	MoF

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
4	June 2020	Translation of essential sections of ISA and other IAASB Pronouncements amended as of December 2019 as well as guidance, guides and other application materials developed and published by the IAASB Translation of the updated "Guide to Using ISAs in the Audits of SMES published by the SMP Committee	December 2020	LCPAA	LCPAA
<i>Enforcement of Implementation of ISA and other IAASB Pronouncements</i>					
1	March 2017	Following up on ISA training sessions carried out by the audit firms through their AFAR	Continuing	MoF/LCPAA	MoF/LCPAA
2	Sept. 2016	CPD actions on ISAs in cooperation with ASEAN Professional organizations	Continuing	Education Committee	LCPAA
3	January 2021	Developing CPD actions on amended ISAs	Continuing	Education Committee	LCPAA

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** **Developing Application Materials and Training Sessions to Support Implementation of the Lao Code of Ethics and Maintaining it up to Date**

**Background:**

The Lao Code of Ethics, complying with the IESBA Code of Ethics principles, has been published in October 2016 by the MoF following the provisions of the Audit Law (Art. 28). This Code of Ethics has been developed based on both a normative approach in line with prohibitions for auditors and CPAs defined in the Law on Independent Audit framework and a conceptual approach which identifies fundamental principles of ethical behavior and potential threats to same, as well as a variety of safeguards to eliminate or reduce these threats to compliance with fundamental principles of the IESBA Code of Ethics.

LCPAA cooperates with the MoF in performing an awareness campaign for professional accountants, regulators and other interested parties on the Code of Ethics and obtaining feedback on this code from professional accountants.

LCPAA will develop a training campaign for professional accountants and accounting and audit firms. To this end, it has developed an application guide and training materials.

The MoF with the support of LCPAA will take into consideration the IESBA revised and restructured Code of Ethics for Professional Accountants and the NOCLAR standard with the objective of identifying and drafting the required amendments to be implemented in the Law on Independent Audit and the Lao Code of Ethics.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Updating the Code of Ethics</i>					
1	January 2019	Developing and organizing training sessions on the IESBA revised and restructured Code of Ethics for Professional Accountants and on the NOCLAR standard	Continuing	MoF, LCPAA	MoF, LCPAA
2	January 2020	Amending ethics principles and independence rules in the Law on Independent Audit, implementing provisions of the NOCLAR standard into this Law, updating the Code of Ethics	December 2021	MoF	MoF
<i>Enforcement of Code of Ethics</i>					
1	Prior Years	Elaborating an application guide for the Code of Ethics, training materials for both initial training and CPD as well as organizing an awareness campaign, and a series of seminars and conferences. These materials are updated annually based on feedback from trainers and trainees.	Continuing	LCPAA	LCPAA



**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

**Action Plan Objective:** Promoting Adoption and Supporting the MOF in Implementing IPSAS Cash-basis Training Program

**Background:**

The Accounting Law 2013 (Art. 13) has adopted Cash-Basis IPSAS to be applied by the public sector. This is the first step to improve its financial reporting through a strong accounting basis as previously the public sector accounting record was simply single entries. The implementation of the accrual-basis IPSAS as stated in the same article of the Accounting Law, is also an MoF goal, but its application would be a subsequent step after the Cash-Basis IPSAS is fully and properly applied and the Government has sufficient resources to move ahead.

To facilitate the implementation of this IPSAS, the MoF issued a Ministerial Decision, in February 2016, on the implementation of Lao translated Cash-Basis IPSAS. Training sessions on this IPSAS with the technical assistance of the International Monetary Fund (IMF) have been launched in several provinces in parallel with training on double-entry government accounting with a unified chart of accounts. At present, there are very few budgetary entities capable of preparing their own financial statements in this manner.

The MoF is also trying to prepare a consolidated financial statement model in line with Cash-Basis IPSAS using previous financial information. However, as this data is not compatible since it originates from different authorities and some of it is not available for the consolidation, to assist all authorities to provide the information required for the consolidation, the MoF is preparing a guide for Cash-Basis IPSAS implementation with the support of the IMF.

After approval of this guide, the MoF will distribute it nation-wide to all relevant parties.

The MoF should include Cash-Basis IPSAS in accountancy education. The LCPAA can assist the public sector for IPSAS training in future.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Enforcement of Cash-Basis IPSAS</i>					
1	June 2016	Seeking technical assistance in developing guides for the implementation of Cash-Basis IPSAS	September 2017	MoF	MoF
2	Sept. 2016	Developing guides for the implementation of Cash-Basis IPSAS with illustrations using the unified Chart of Accounts	November 2018	MoF	MoF/IMF
3	November 2016	On the job training on implementation of Cash-Basis IPSAS	Continuing	MoF	MoF

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
4	Jan. 2017	Designing a training program and developing teaching material on Cash-Basis IPSAS	April 2019	MoF	MoF
5	November 2018	Trial run of IPSAS-Cash implementation	2019	MoF	MoF/IMF
6	July 2019	Developing guides for preparing consolidated financial statement	2019	MoF	MoF/IMF
7	May 2022	Conducting training program on Cash-Basis IPSAS to ensure the sustainability of its implementation	2022	MoF	MoF/LCPAA

**Action Plan Subject:** SMO 6–Investigation and Discipline

**Action Plan Objective:** **Developing Investigatory and Disciplinary Proceedings in Conformity with SMO 6 and Identified Best Practices.**

**Background:**

To avoid overlapping of disciplinary responsibilities conferred on MoF and LCPAA by the Law on Independent Audit, MoF and LCPAA have agreed that investigation and discipline procedures will be managed by the LCPAA. The MoF and other regulators will keep the power to impose sanctions upon professional accountants and accounting and audit firms for breaches of the laws and regulations they are responsible for enforcing and to lodge complaints with the Disciplinary Committee established under the auspices of the LCPAA.

The draft LCPAA Regulation on Investigatory and Disciplinary Proceedings fully complies with the provisions of SMO 6 and identified best practices in the area while being adapted to specific national constraints. It has the following main features:

1. Efficient, effective and fair system for dealing with Complaints, investigating them and, when appropriate, disciplining Members;
2. Based on a well-founded complaint approach;
3. Establishing a link to results of Desktop Surveillance and QARs;
4. independent Disciplinary Committee, i.e., the majority of its members are not CPAs;
5. Investigations performed by an Investigating Officer who is not a member of the Disciplinary Committee;
6. Members of the Disciplinary Committee and the Investigating Officer must exhibit independence from the subject and Parties involved in the case;
7. Parties may instruct lawyers or other qualified Persons to accompany and represent them during any Investigatory and Disciplinary Proceedings;
8. Administrative proceedings allow a case to be promptly handled and all necessary actions to be taken at the appropriate stage: The overall duration of Investigatory and Disciplinary Proceedings shall not exceed 360 days;
9. All Persons employed or otherwise participating in the Investigatory and Disciplinary Proceedings or having access to information concerning the proceedings must ensure and maintain confidentiality;
10. Sanctions are listed in the Law on Independent Audit and comprise educational sanctions, fines, warnings, suspension and cancellation of the professional licence and LCPAA membership;
11. A third appeal body is established and is independent from both the Investigating Officer and the Disciplinary Committee; and
12. Regular reviews of implementation and effectiveness of the Investigatory and Disciplinary Proceedings are performed every 3 years by a lay officer who is independent of the Investigating Officer and the disciplinary bodies.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Developing and supporting the design of Investigatory and Disciplinary System</i>					
1	Previous Years	Making international expertise available	Continuing	LCPAA	LCPAA
2	September 2017	Performing an awareness campaign on investigatory and disciplinary procedures comprising: Holding of 2 seminars with the objectives to present the professional disciplinary principles, SMO 6 and best identified practices Drafting of Technical and practical notes	June 2018	LCPAA	LCPAA+ Technical Adviser
3	August 2018	Developing the Draft LCPAA Regulation on Investigatory and Disciplinary Proceedings	September 2019	LCPAA	LCPAA+ Technical Adviser
<i>Implementing the Investigatory and Disciplinary System</i>					
1	September 2019	Adoption of the Draft LCPAA Regulation on Investigatory and Disciplinary Proceedings	November 2019	LCPAA	LCPAA
2	November 2019	Appointment of the Investigating Officer, of the Disciplinary Committee members as well as putting in place the administrative resources necessary to perform the Investigatory and Disciplinary Proceedings	December 2019.	LCPAA	LCPAA

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB

**Action Plan Objective:** **Supporting the MoF in Implementing the IFRS Training Program**

**Background:**

The Accounting Law (Art. 14) adopts the International Financial Reporting Standards to be applied by Public Interest Enterprises. The MoF is the body that promulgates financial reporting standards (Art. 12). In February 2016, the MoF issued a Ministerial Decision on the adoption of Lao Financial Reporting Standards for Non-Public Interest Enterprises that was adapted from IFRS for SMEs 2009 with the assistance of the CSOEC-CNCC and translated into Laotian. These latest standards are simplified, apply to Large Enterprises and SMEs and will be effective starting from 2019.

Simultaneously, the MoF issued a Ministerial instruction concerning implementation of the Accounting Law that explains which type of entity must apply which financial reporting standards and provides them with an opportunity to apply higher level standards.

The big challenge for implementation of these standards is a nationwide training program. A first training session for trainers on these standards will be organized then made available to all other accountants and introduced to all local accountancy institutions with limited resources.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Enforcement of IFRSs</i>					
1	Previous Years	Promulgation of IFRS for PIEs (English version)	Completed	MoF	MoF
2	Previous Years	Designing and approving of a ToT program on IFRS for existing CPAs with FAP (in Thai language, but with material in English)	Completed	LCPAA	LCPAA
3	Previous Years	Implementing ToT program on IFRS with FAP	Completed	LCPAA	LCPAA
4	Previous Years	Designing a training program on IFRS for CPD and professional training.	Completed	LCPAA	LCPAA
5	November 2016	Implementation of training program on IFRS for other existing CPAs and accountants (in Laotian)	Continuing	LCPAA	LCPAA
6	June 2018	Implementing ToT program on LFRS for non-PIEs	Continuing	LCPAA/MoF	LCPAA/MoF/WB
7	December 2018	Training on LFRS for non-PIEs to Lao LEs and SMEs	Continuing	MoF/LCPAA	MoF/LCPAA

ORGANIZATION'S LETTERHEAD

Date 15/11/2019

Name Phirany Phissamay

Title President

Company Lao Chamber of Professional Accountants and Auditors

Address 349/2, Thongsangnang Village, Chanthabouly District Vientiane Capital, Lao PDR

Email [phirany@yahoo.com](mailto:phirany@yahoo.com); [lcpaalaos@gmail.com](mailto:lcpaalaos@gmail.com)

Dear Adrian Lim,

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

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

On behalf of the leadership of LCPAA, 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,



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

\_\_\_\_\_  
(Title)

Lao Chamber of Professional Accountants and Auditors

\_\_\_\_\_  
(Name of Organization)

15/11/2019

\_\_\_\_\_  
(Date)