

Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: Institute of Certified Public Accountants in Israel
Country: Israel
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Number	Question Title/Text/Help text	Answer	Comments
IFAC Part 2 SMO Self-Assessment			
1.	SMO 1		
1.1.	Quality Assurance Program		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.2.	Responsibility for Quality Assurance - Overview		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Yes - for all audits of financial statements	

Number	Question Title/Text/Help text	Answer	Comments
		<input type="radio"/> 2 Yes - for all audits except those of listed entities <input type="radio"/> 3 Our organization shares responsibility for the quality assurance program with another body <input type="radio"/> 4 No, responsibility for quality assurance for all audits rests with another body <input type="radio"/> 5 Other (please describe) <input type="radio"/> 6 Not applicable - no members of our organization perform audits of listed entities	
1.2.6.	<i>Quality Assurance (Member Body) All Audits - Scope</i> What types of engagements are included in the scope of the quality assurance review program? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> 1 Financial statement audit - listed entities (minimum requirement) <input type="checkbox"/> 2 Financial statement audit - audit of other than listed entities <input type="checkbox"/> 3 Other services (e.g., review, compilation) <input type="checkbox"/> 4 Insolvency <input type="checkbox"/> 5 Other (please specify)	
1.4.	Member - Benchmarking		
1.4.1.	Quality Control Standards and Guidance		
1.4.1.1.	<i>Quality Control Standards</i> Has your organization established and	<input checked="" type="radio"/> 1 Yes	

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	published quality control standards requiring firms to implement a system of quality control in accordance with International Standard on Quality Control 1?	2○ No	
1.4.1.3.	<i>Quality Control Standards - Name</i> State the name of the relevant quality control standards.	Office Quality Control	
1.4.1.4.	<i>Other Quality Control Guidance</i> Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems of quality control?	1⊙ Yes 2○ No	
1.4.1.5.	<i>Other Quality Control Guidance - Name</i> State the name of the other quality control guidance.	1. Guidelines for Peer Review Program 2. Peer review Questionnaire	
1.4.2.	Design of the Quality Assurance Review Program		
1.4.2.1.	<i>Subject of the QA Review Program</i> Who is the subject of the quality assurance review program?	1☑ Audit firm 2☐ Partner	
1.4.2.2.	<i>Audit Firm</i> As the audit firm is the subject of the quality	1⊙ Yes	

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	<p>assurance review program, the quality assurance program should be designed, as required by SMO 1, to obtain reasonable assurance that:</p> <ul style="list-style-type: none"> - The firm has an adequate system of quality control relating to audits of financial statements of listed entities (and of other entities or engagements that are also included in the scope of the review). - The firm complies with that system. - The firm and engagement teams have adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review. <p>Does the quality assurance program contain all three of these elements?</p>	<p style="text-align: right;">2○ No</p>	
1.4.2.5.	<p><i>Publication of Scope</i> Does your organization publish a description of the scope and design of its quality assurance review program?</p>	<p style="text-align: right;">1⊙ Yes</p> <p style="text-align: right;">2○ No</p>	
1.4.2.7.	<p><i>Name of Documents</i> Please name the published document(s) that describe the scope and design of the quality</p>	<p>Guidelines for Peer Review Program</p>	

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	assurance review program.		
1.4.2.8.	<i>Location of Documents</i> Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your organization).	website: www.icpas.org.il/mosad (in Hebrew only)	
1.4.3.	Review Cycle		
1.4.3.1.	<i>Selection Approach</i> Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Cycle approach 2 <input type="checkbox"/> Risk-based approach	
1.4.3.2.	<i>Cycle Approach - Firm</i> As the audit firm is the subject of the review, please indicate the maximum number of years in the review cycle:	1 <input type="radio"/> 1 year 2 <input type="radio"/> 2 years 3 <input checked="" type="radio"/> 3 years 4 <input type="radio"/> 4 years 5 <input type="radio"/> 5 years 6 <input type="radio"/> 6 or more years	
1.4.4.	Implementation of the Quality Assurance Program		

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1.4.4.1.	<i>Date of Implementation</i> On what date did the quality assurance review program commence? (provide month/year)	1/1/2005	
1.4.4.2.	<i>Number of Reviews - 2005</i> How many quality assurance reviews were completed during the year ended December 31, 2005 (or other 12 month period ending in 2005)?	6	
1.4.4.3.	<i>Number of Reviews - 2004</i> How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	0	
1.4.4.4.	<i>Number of Reviews - 2003</i> How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	0	
1.4.5.	Quality Assurance Review Team Procedures		
1.4.5.1.	<i>Publication of Review Guidelines</i> Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1 <input checked="" type="radio"/> Yes	

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		2⊙ No	
1.4.5.2.	<i>Name of Guidelines</i> State the name of the published document(s) that include the procedures required to be followed by quality assurance review teams.	Guidelines for Peer Review Program	
1.4.5.4.	<i>Location of Guidelines</i> How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?	www.icpas.org.il	
1.4.5.5.	<i>Content of Guidelines</i> SMO 1 requires that the procedures to be performed during the quality assurance review include: a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement) b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate: - The functioning of that system of quality control, and compliance with it; and - The compliance with professional	1⊙ Yes	

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	<p>standards and regulatory and legal requirements in respect of audits of financial statements</p> <p>c. Review of engagement working papers</p> <p>d. Specific requirements regarding documentation of the review</p> <p>Does your quality assurance review program include requirements for all of these procedures?</p>	<p><input type="radio"/> No</p>	
1.4.5.7.	<p><i>Review of Engagement Working Papers</i></p> <p>SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of:</p> <ul style="list-style-type: none"> - The existence and effectiveness of the system of quality control implemented by the subject of the review; - Compliance with professional standards and regulatory and legal requirements in performing the engagement; - The sufficiency and appropriateness of evidence documented in the working papers; and - Whether the auditor's reports are appropriate in the circumstances. <p>Does your quality assurance review program include requirements for all of these</p>	<p><input checked="" type="radio"/> Yes</p>	

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	procedures?	2○ No	
1.4.5.9.	<p><i>Documentation</i></p> <p>Do the procedures to be performed by the quality assurance review team require documentation:</p> <ul style="list-style-type: none"> - of evidence supporting the quality assurance review report; and - that establishes that the quality assurance review was carried out in accordance with the established guidelines. <p>Are both of these requirements included in the quality assurance review program?</p>	1⊙ Yes	
		2○ No	
1.4.6.	The Quality Assurance Review Team		
1.4.6.1.	<p><i>Skills and Competence</i></p> <p>Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include:</p> <ul style="list-style-type: none"> - Appropriate professional education - Relevant professional experience - Specific training on performing quality assurance reviews <p>Does the quality assurance review program</p>	1⊙ Yes	

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	require members of the quality assurance review team to have all three of these competencies?	2○ No	
1.4.6.3.	<i>Certification/Credentials</i> Are members of the quality assurance review team required to possess certification or credentials issued by your organization to be eligible to serve as team members?	1⊙ Yes	
		2○ No	
1.4.6.5.	<i>Quality Assurance Review Team Leader</i> Where more than one reviewer is used to conduct a review, is a quality assurance review team leader assigned for each quality assurance review assignment?	1⊙ Yes	
		2○ No	
1.4.6.7.	<i>QA Review Team Leader - Responsibilities</i> As required by SMO 1, the responsibilities of the quality assurance review team leader should include: - Supervision of the quality assurance review. - Communication of the quality assurance review team's conclusions to the subject of the review. - Preparation of the quality assurance review report.	1⊙ Yes	

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	Does the quality assurance program place all these responsibilities on the review team leader?	2○ No	
1.4.6.9.	<i>Size of Quality Assurance Review Team</i> Please estimate the average number of reviewers included on a review team.	3	For large audit firms - 4 reviewers For other audit firms - 1-3 reviewers incl. team leader
1.4.7.	Quality Assurance Confidentiality - QA Review Team		
1.4.7.1.	<i>Exemption for QA Reviewers</i> Does your organization exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	1⊙ Yes 2○ No	
1.4.7.3.	<i>Confidentiality Requirements</i> Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1⊙ Yes 2○ No	
1.4.8.	Ethical Requirements and QA Review Team		
1.4.8.1.	<i>Fundamental Principles</i> Are the fundamental principles set out in the	1⊙ Yes	

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	IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	2○ No	
1.4.8.3.	<p><i>Consideration of Independence</i></p> <p>Quality assurance review team members are expected to be independent of the member (i.e., the accountant or firm being reviewed) and the member's clients selected for review.</p> <p>Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and each member of the quality assurance review team has been reasonably assured?</p>	1⊙ Yes	
		2○ No	
1.4.8.5.	<p><i>Reciprocal Reviews</i></p> <p>Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.</p>	1○ Yes, reciprocal reviews are permitted	
		2⊙ No, reciprocal reviews are not permitted	
		3○ Not applicable - peer review is not used	
1.4.9.	Reporting		
1.4.9.1.	<p><i>Quality Assurance Review Report</i></p> <p>Is the quality assurance review team leader</p>	1⊙ Yes	

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	<p>required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?</p>	2○ No	
1.4.9.3.	<p><i>Contents of Report</i> As required by SMO 1, the quality assurance review report should include the following elements:</p> <ul style="list-style-type: none"> - The review guidelines (referred to in Question 1.4.5.1) utilized by the quality assurance review team. - Recommendations for areas of improvement at both firm wide and engagement level. <p>Does the quality assurance program require both of these elements to be included in the report?</p>	1⊙ Yes	
		2○ No	
1.4.9.5.	<p><i>Contents of Report - Firm</i> As required by SMO 1, the quality assurance review report should include the following conclusions:</p> <ul style="list-style-type: none"> - Whether the firm's system of quality control has been designed to meet the requirements of the applicable quality 	1⊙ Yes	

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	<p>control standards; - Whether the firm has complied with its system of quality control during the period under review; and - Reasons for reaching negative conclusions on either or both of the above.</p> <p>Does the quality assurance program require all of these elements to be included in the report?</p>	2 <input type="radio"/> No	
1.4.9.8.	<p><i>Response to Reporting</i> Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?</p>	1 <input type="radio"/> Yes	
		2 <input checked="" type="radio"/> No	
1.4.9.9.	<p><i>Response to Reporting Follow Up</i> Please explain why the subject of the review is not required to provide a timely written response to the recommendations and conclusions of the quality assurance review report.</p>		P.R.I considers the implementation of response to reporting follow up as of next year.
1.4.9.10.	<p><i>Reporting to the Public</i> Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report</p>	1 <input type="radio"/> Yes	

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	summarizing the results of the quality assurance review program?	2Ⓐ No	
1.4.9.11.	<i>Reporting to the Public Follow Up</i> Please explain why your organization does not prepare an annual report summarizing the results of the quality assurance review program available to the public?	1. Upon request from regulatory authorities - yes. 2. Otherwise, for reasons of confidentiality, we submit reports only when the cases are irregular.	
1.4.10.	Corrective and Disciplinary Actions		
1.4.10.1.	<i>Corrective Actions Required</i> Does your organization require each of its members to make appropriate corrections to its system of quality control, or in its compliance with policies and procedures?	1Ⓐ Yes 2Ⓐ No	
1.4.10.3.	<i>Disciplinary Actions</i> If one of your members subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, do you take appropriate disciplinary action?	1Ⓐ Yes 2Ⓐ No	
1.4.10.5.	<i>Linkage with Disciplinary Actions</i> Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under	1Ⓐ Yes	The referral is on a case by case basis. The Board of Directors of the P.R.I discusses each review of a

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	its disciplinary system?	2○ No	particular firm, and if it finds serious discrepancies, the Board considers referring a description of the discrepancies to the Auditors' Council (and the Securities Authority). If the discrepancies are not serious they are raised within the comments referred to the Securities Authority and the Auditors' Council once a year.
2.	SMO 2		
2.1.	<i>MB Membership Requirements</i> Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.	1☑ Complete a program of professional accountancy education 2☑ Complete a practical experience requirement 3☑ Complete a final assessment of the individual's professional capabilities and competencies 4☐ None of the above	For most of the applicants. However, there is an alternative track in which academic education is not required.
2.2.	<i>Continuous Professional Development</i> Is there a requirement for your members to	1○ Yes	Due to constitutional

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	develop and maintain competence through continuous professional development (CPD)?	2⊙ No	requirement in Israel, compulsory CPD is subject to legislation by the Ministry of Justice.
2.3.	Professional Accountancy Education		
2.3.1.	<p><i>Professional Accountancy Education Program</i></p> <p>Who delivers the professional accountancy education program for your members? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> Our organization</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input checked="" type="checkbox"/> Universities</p> <p>4 <input type="checkbox"/> Approved training institutions</p> <p>5 <input type="checkbox"/> Government bodies</p> <p>6 <input type="checkbox"/> Other organizations</p>	
2.3.2.	<p><i>Describe Other Organizations</i></p> <p>Where your response in question 2.3.1 indicates another IFAC member body, universities, approved training institutions, and / or other organizations deliver the professional accountancy education program, describe these organizations and their legal authority to deliver the program. (Include the name of the other IFAC member body where relevant).</p>	<p>Israeli Universities are under the academic supervision of the Israeli Council for Higher Education (CHEI) and the professional supervision of the Auditors' Council (Ministry of Justice)</p>	
2.3.3.	<p><i>Prof Accountancy Education Program Follow Up</i></p>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Please describe how your organization ensures the professional accountancy education program, delivered by the organization in response to question 2.3.1., meets the required content.</p> <p>Include in your description the specific activities your organization undertakes with regards to the necessary content requirements.</p>	This falls under the responsibility of the Auditors' Council	The Institute's members on the Council are actively involved in this task.
2.6.	Continuous Professional Development Follow Up		
2.6.1.	<p><i>Plans to Develop CPD</i></p> <p>Are there plans to introduce continuous professional development requirements?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.6.2.	<p><i>Describe Plans for CPD</i></p> <p>Please describe the proposed continuous professional development requirement including how the requirement will be undertaken and when your organization intends to implement the requirement.</p>	The Council has commenced the legislation procedures required for enforcing CPD regime.	
2.11.	IES 5 Practical Experience Requirement		
2.11.1.	<p><i>Approved Provider</i></p> <p>Section 2.11 deals with the practical experience requirement established by your organization.</p>	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	Does the practical experience requirement have to be obtained with approved providers or employers?	20 No	
2.11.2.	<i>Provider Characteristics</i> Please describe the characteristics set by your organization for recognizing approved providers.	There are valid by-laws and the Council's policy.	
		<p>The Auditors' Council approves the place of apprenticeship.</p> <p>The Council approves the place of apprenticeship under the supervision of a "coach" who has been approved to act as a "coach" by the Council.</p> <p>There are exceptions: The Auditors' Council may approve apprenticeship in other bodies such as the Securities Authority, the Tax Authority and large public corporations. The conditions are:</p> <ol style="list-style-type: none"> 1. The apprenticeship must take place where audit and assurance work is performed. 2. The apprenticeship takes place under the supervision of a CPA who has been approved by the Council as a "coach". 3. On occasion, the period of apprenticeship is 1 year, and the 	

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		additional year is to be carried out in a CPA firm.	
2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input type="radio"/> Three years 2 <input checked="" type="radio"/> Less than three years 3 <input type="radio"/> More than three years	
2.11.5.	<i>Length of Practical Experience Follow Up</i> Describe the length of the practical experience requirement and what special conditions or factors were relevant in establishing the length.	2 years after graduation	
2.11.6.	Practical Application SMO 2		
2.11.6.1.	<i>Practical Application</i> Where relevant graduate (beyond undergraduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	However, as stated above, most applicants study one year after completing their undergraduate studies.
2.11.7.	Timing of Experience		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants may be obtained (select all the answer options that are appropriate):	1 <input type="checkbox"/> Before the professional accountancy education program of study 2 <input type="checkbox"/> At the same time as the	

Number	Question Title/Text/Help text	Answer	Comments
		<p>professional accountancy education program of study</p> <p>3 <input checked="" type="checkbox"/> After the professional accountancy education program of study</p>	
2.11.7.2.	<p><i>Describe Pre or Post Experience</i></p> <p>Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.</p>	2 years after graduation	
2.12.	IES 5 Monitoring of Practical Experience Requirement		
2.12.1.	<p><i>Monitoring of Practical Experience</i></p> <p>Is the period of practical experience monitored?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.12.3.	<p><i>Monitoring Practical Experience</i></p> <p>How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> Mentoring system</p> <p>2 <input type="checkbox"/> Approved training employers and organizations</p> <p>3 <input type="checkbox"/> Self-declaration required from the candidate</p> <p>4 <input type="checkbox"/> Record of the practical experience is kept and submitted to the member body when applying for membership</p>	

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		5 <input type="checkbox"/> An assessment is made by the mentor or employer	
		6 <input type="checkbox"/> Other (please describe)	
2.13.	IES 6 Assessment of Prof Capabilities and Competence		
2.13.1.	<p><i>Assessment by IFAC Body or Other</i></p> <p>Section 2.13 deals with the final assessment requirements established by your organization.</p> <p>Select all the organizations involved in conducting the final assessment.</p> <p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.</p>	<p>1 <input type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input checked="" type="checkbox"/> Government or regulatory body</p> <p>4 <input type="checkbox"/> Other</p>	
2.13.2.	<p><i>Assessment - Name of IFAC Organization SMO 2</i></p> <p>State the name of the IFAC member body, government or regulatory body, or other organization that conducts the final assessment.</p>	The Auditors' Council (Ministry of Justice)	

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2.13.3.	<i>MB Input Follow Up</i> Please describe how does your organization provide input into the government or regulatory body or other organization's assessment activities?	The Institute's members on the Auditors' Council provide input.	
2.13.4.	<i>Characteristics of Assessment</i> Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Uniform for all students</p> <p>2 <input type="checkbox"/> Given simultaneously where it is being held in more than once location in the country</p> <p>3 <input type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.5.	<i>Qualifying for Final Assessment</i> What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Specified pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes</p> <p>2 <input type="checkbox"/> Specified practical experience requirements</p> <p>3 <input type="checkbox"/> Other (please describe)</p> <p>4 <input type="checkbox"/> None of the above</p>	Usually BA in Accountancy
2.13.6.	<i>Timing Considerations for Final Assessment</i>		

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	Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
2.13.8.	<i>Assess Professional Knowledge</i> Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.		Comprehensive written examinations
2.13.9.	<i>Assess Professional Skills</i> Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.		Only by comprehensive written examinations.
2.13.10.	<i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.		Comprehensive written examinations.
2.13.11.	<i>Recorded or Oral Format</i>		

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	Is the final assessment conducted through:	1 <input checked="" type="radio"/> Recorded format with recorded (e.g. written) response required 2 <input type="radio"/> Oral format with oral responses 3 <input type="radio"/> Both recorded and oral response formats	
2.13.13.	<i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	1 <input checked="" type="checkbox"/> Multiple choice questions 2 <input type="checkbox"/> Case studies 3 <input type="checkbox"/> Technical questions 4 <input type="checkbox"/> Thesis 5 <input type="checkbox"/> Other (please describe) 6 <input type="checkbox"/> None of the above	
2.13.14.	<i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.	1. Q&A Tests 2. Statistical Analysis	
2.13.15.	<i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.	1 <input type="radio"/> Yearly (or once a year) 2 <input checked="" type="radio"/> Half yearly (or twice a year) 3 <input type="radio"/> Three sessions a year	

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		4○ Four sessions a year 5○ Five sessions a year 6○ Other (please describe the frequency of the examinations)	
2.15.	<i>Activities to Promote IESs SMO 2</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.	Our Institute has initiated the establishment of a Public Committee for implementation of IES.	
3.	SMO 3		
3.1.	<i>Auditing Standards in Law/Regulation</i> Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate. Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation. Where the law / regulation gives authority to	1□ Yes for audits of listed entities	The Institute of Certified Public Accountants in Israel is the entity responsible for establishing auditing standards which are obligatory. The regulators have assigned this duty to the Institute.

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	<p>a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>2 <input type="checkbox"/> Yes for audits of non-listed entities 3 <input checked="" type="checkbox"/> No for audits of listed entities 4 <input checked="" type="checkbox"/> No for audits of non-listed entities</p>	
3.2.	<p>Responsibility for Private Sector Auditing Standards</p>		
3.2.1.	<p><i>Auditing Standards - Private Sector</i> Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input checked="" type="radio"/> The auditing standards for listed entities and non-listed entities are the same set of standards 2 <input type="radio"/> The auditing standards for listed entities and non-listed entities are not the same set of standards</p>	
3.2.6.	<p><i>Responsibility for Auditing Standards</i> Who has the authority for establishing the auditing standards for listed and non-listed entities?</p>	<p>1 <input checked="" type="radio"/> Our organization 2 <input type="radio"/> Another IFAC member body 3 <input type="radio"/> Joint process between our organization and another IFAC member body or other organization</p>	

Number	Question Title/Text/Help text	Answer	Comments
		4○	Another organization
3.3.	Member Body SMO 3		
3.3.1.	<i>MB Convergence Objective SMO 3</i> Has convergence with IAASB pronouncements been established as an objective?	1⊙ Yes 2○ No	
3.3.3.	<i>MB Convergence Implemented SMO 3</i> Has the convergence objective for auditing standards been implemented?	1⊙ Yes 2○ No	
3.6.	Incorporation of Auditing Standards		
3.6.1.	<i>Incorporation Approach SMO 3</i> Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate. Help text: Answer Option 1 and reference to "adopted without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to: Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into	1○ IAASB pronouncements are adopted as drafted without amendments (refer Help Text) 2⊙ IAASB pronouncements are adopted as national standards and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer Help Text)	

Number	Question Title/Text/Help text	Answer	Comments
	<p>another language; Apply an effective date that differs from the IAASB pronouncement.</p> <p>Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include: Requirements in addition to those specified in the IAASB pronouncement or ISA; Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA; Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an ISA requirement was not deleted in full because a similar requirement was included).</p>	<p>3○ Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible differences between the national standard and the IAASB pronouncement (refer Help Text)</p> <p>4○ Other</p>	
3.6.3.	Adoption with Amendments SMO 3		
3.6.3.1.	<i>IAASB Pronouncements with Amendments</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Which of the following IAASB pronouncements have been adopted or incorporated? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/>	International Standard on Quality Control 1
		2 <input checked="" type="checkbox"/>	International Standards on Auditing
		3 <input checked="" type="checkbox"/>	International Auditing Practices Statements
		4 <input checked="" type="checkbox"/>	International Standards on Assurance Engagements
		5 <input checked="" type="checkbox"/>	International Standards on Review Engagements
		6 <input type="checkbox"/>	International Standards on Related Services
3.6.3.2.	<i>Name of Standards SMO 3 - Amendments</i> When the IAASB pronouncements are adopted, are the IAASB pronouncements renamed as national standards and pronouncements?	1 <input checked="" type="radio"/>	IAASB pronouncements are adopted without changes to the pronouncement's name
		2 <input type="radio"/>	IAASB pronouncements are adopted with changes to their names
3.6.3.4.	<i>Adopted with Amendments SMO 3</i> Is information publicly available describing: The IAASB pronouncements that have been adopted; Whether the adopted IAASB pronouncement is the version in effect as at September 30, 2005; The effective date set by your organization	1 <input type="radio"/>	Yes

Number	Question Title/Text/Help text	Answer	Comments
	<p>where it differs from the IAASB pronouncement; The differences between the IAASB pronouncement and what was adopted; The reasons for the differences?</p>	2Ⓞ No	
3.6.3.5.	<p><i>Submit Information - Amendments SMO 3</i> If the standard-setter has issued information about the status of adopted ISAs and other IAASB pronouncements and it is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the SMO 3 Comparison with IAASB Pronouncements.doc SMO 3: Comparison with IAASB Pronouncements report by clicking on the link and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report. Help text:</p>	<p>1Ⓞ The information is available and in English and will be submitted to Compliance Staff</p> <p>2Ⓞ The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted</p>	<p>The Institute of Certified Public Accountants in Israel will not be able to complete the Comparison Report in the near future as it requires resources that are not available to the Institute at present.</p>

Number	Question Title/Text/Help text	Answer	Comments
			to Compliance Staff
3.10.	Translation SMO 3		
3.10.1.	<i>Translation of IAASB Pronouncements</i> Are the IAASB pronouncements translated into a national language?	<input type="radio"/> No as English is the national language or a widely spoken language <input checked="" type="radio"/> Yes, the IAASB pronouncements are translated <input type="radio"/> No and English is not an official language or is not widely spoken	
3.10.2.	<i>IFAC Translation Policy SMO 3</i> Is the IFAC Translation Policy followed?	<input type="radio"/> Yes <input checked="" type="radio"/> No	
3.10.3.	<i>Principal Translator SMO 3</i> Who is the principal translator? Select the answer option that is most appropriate.	<input checked="" type="radio"/> Our organization is the principal translator <input type="radio"/> The government or another organization is the principal translator <input type="radio"/> Our organization and the government or another organization are the principal translators	
3.10.4.	<i>Key Words SMO 3</i> Does the translation process include a list of key words?	<input type="radio"/> Yes <input checked="" type="radio"/> No	

Number	Question Title/Text/Help text	Answer	Comments
3.10.5.	<i>Faithful Translation SMO 3</i> What processes are in place to ensure a faithful translation of the IAASB pronouncements?	The technical translation is monitored by the Auditing Standards Committee.	
3.11.	<i>Activities to Promote IAASB Pronouncements</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.	The Institute holds seminars and conferences in regards.	
4.	SMO 4		
4.1.	Responsibility and National Ethical Requirements		
4.1.1.	<i>IFAC MB and Ethical Requirements</i> Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members? Help text: In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.	1 <input checked="" type="radio"/> Yes, our organization does establish ethical requirements 2 <input type="radio"/> No, our organization does not establish ethical requirements	
4.1.2.	<i>IFAC MB and Convergence with IFAC Code</i> Has your organization implemented	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
	convergence with the IFAC Code of Ethics as an objective?	2○ No	
4.1.9.	<p><i>IFAC MB Approach to Ethics</i> Which of the following options best describes your organization's activities to incorporate the IFAC Code?</p> <p>For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.</p>	<p>1○ Our organization adopted the IFAC Code as issued without modifications</p> <p>2⊙ Our organization adopted the IFAC Code but with modifications</p> <p>3○ Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code</p> <p>4○ Our organization develops</p>	

Number	Question Title/Text/Help text	Answer	Comments
		our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics	
4.1.10.	<i>IFAC MB and Code - Eliminate Differences</i> Describe the process used to adopt the IFAC Code or the process used to eliminate differences between your organization's ethical requirements and the IFAC Code.	The Institute's Central Committee nominates a committee that proposes adequate adaptations to the Israeli laws and regulations.	
4.2.	MB and Version of IFAC Code		
4.2.1.	<i>Version of IFAC Code</i> Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?	<input type="radio"/> 1 The IFAC Code currently in effect, revised and issued in June 2004 <input checked="" type="radio"/> 2 A version issued prior to 2004 <input type="radio"/> 3 The revised IFAC Code issued and in effect June 30, 2006	
4.2.2.	<i>Version Pre 2004 Follow Up SMO 4</i> Please explain why the IFAC Code that is currently in effect has not been adopted or incorporated. Provide information about special conditions, challenges, or impediments relevant to this matter.	The profession's Code of Ethics is set by governmental laws and regulations which have not been amended since 2004, and will be amended within 12-24 months.	
4.2.3.	<i>MB and Revised Code</i> Does your organization have plans to adopt the revised IFAC Code (effective June 30,	<input type="radio"/> 1 Our organization has already amended our ethical	

Number	Question Title/Text/Help text	Answer	Comments
	2006) or revise your ethical requirements to incorporate the revised IFAC Code? Select the option that is the most relevant.	<p>requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>2 <input checked="" type="radio"/> Our organization is in the process of amending or has included a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>3 <input type="radio"/> Our organization currently has not included in our work program a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>4 <input type="radio"/> Other (please describe)</p>	
4.2.5.	<i>MB and Revision Plans</i> Please describe the work program timetable.	<p>1. The Code of Ethics has been translated.</p> <p>2. The Ethics sub-committee will prepare a proposal which includes the modifications to the IFAC Code.</p>	
4.3.	<i>Ethical Requirements by Gov / Reg Bodies</i> In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?	1 <input checked="" type="radio"/> Yes	

Number	Question Title/Text/Help text	Answer	Comments
		2○ No	
4.4.	Gov / Reg Bodies and Ethical Requirements		
4.4.1.	<p><i>Gov/Reg Bodies - Ethical Requirements</i> Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional accountants</p> <p>2<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities</p> <p>3<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit entities other than listed entities</p> <p>4<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>than as auditors of listed or other entities)</p> <p>5 <input type="checkbox"/> There is a law / regulation that sets out ethical requirements for professional accountants employed in business</p> <p>6 <input type="checkbox"/> None of the above</p>	
4.4.3.	<p><i>Describe Law / Reg - Prof Accountants</i> Regarding your response to question 4.4.1 and the law / regulation for professional accountants, please: State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	<p>The Auditors Law includes the following descriptions: Auditors' license; annual fee; unauthorized practicing; offences; state employees; no remuneration for unauthorized practicing; conduct derogatory to the profession; inquiry into conduct of auditors; publications; appeal; repeal; transitional provision; implementation and regulations</p>	
4.4.7.	<p><i>Gov/Reg and Convergence</i> Please explain whether your organization has undertaken any activities to promote the IFAC Code of Ethics to the relevant government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been</p>	None	

Number	Question Title/Text/Help text	Answer	Comments
	undertaken.		
4.5.	<p data-bbox="400 357 875 384"><i>Comparison of Requirements SMO 4</i></p> <p data-bbox="400 392 949 608">Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p> <p data-bbox="400 647 927 751">Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements;</p> <p data-bbox="400 759 927 863">Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements;</p> <p data-bbox="400 871 981 1007">Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code.</p> <p data-bbox="400 1054 949 1270">The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.</p>	<p data-bbox="1005 392 1464 496">1 <input type="radio"/> Yes, our organization has this information and it will be submitted</p> <p data-bbox="1005 1278 1464 1380">2 <input type="radio"/> This information will be submitted by another IFAC member body</p>	

Number	Question Title/Text/Help text	Answer	Comments
		3 <input checked="" type="radio"/>	No, the information is not available
4.6.	Fundamental Principles - National		
4.6.1.	Integrity - Principle		
4.6.1.1.	<i>Integrity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "integrity" as described in the revised IFAC Code?	1 <input checked="" type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/>	Yes, professional accountants are required to comply with the same principle Yes, professional accountants are required to comply with a similar or equivalent principle The same or similar / equivalent principle has not been established
4.6.1.2.	<i>Integrity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>	Our organization's ethical requirements Law that regulates professional accountants and / or auditors Securities regulation Other laws and / or regulation
4.6.2.	Objectivity - Principle		
4.6.2.1.	<i>Objectivity</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "objectivity" as	1 <input checked="" type="radio"/>	Yes, professional accountants are required to comply with the same principle

Number	Question Title/Text/Help text	Answer	Comments
	described in the revised IFAC Code?	2○	Yes, professional accountants are required to comply with a similar or equivalent principle
		3○	The same or similar / equivalent principle has not been established
4.6.2.2.	<i>Objectivity Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	1☑	Our organization's ethical requirements
		2☑	Law that regulates professional accountants and / or auditors
		3☐	Securities regulation
		4☐	Other laws and / or regulation
4.6.3.	Professional Competence / Due Care - Principle		
4.6.3.1.	<i>Prof Competence / Due Care</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional competence and due care" as described in the revised IFAC Code?	1Ⓞ	Yes, professional accountants are required to comply with the same principle
		2○	Yes, professional accountants are required to comply with a similar or equivalent principle
		3○	The same or similar / equivalent principle has not

Number	Question Title/Text/Help text	Answer	Comments
			been established
4.6.3.2.	<i>Prof Competence / Due Care Req</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Our organization's ethical requirements <input checked="" type="checkbox"/> Law that regulates professional accountants and / or auditors <input type="checkbox"/> Securities regulation <input type="checkbox"/> Other laws and / or regulation	
4.6.4.	Confidentiality - Principle		
4.6.4.1.	<i>Confidentiality</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "confidentiality" as described in the revised IFAC Code?	<input checked="" type="radio"/> Yes, professional accountants are required to comply with the same principle <input type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle <input type="radio"/> The same or similar / equivalent principle has not been established	
4.6.4.2.	<i>Confidentiality Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Our organization's ethical requirements <input type="checkbox"/> Law that regulates professional accountants and /	

Number	Question Title/Text/Help text	Answer	Comments
		<ul style="list-style-type: none"> or auditors 3 <input type="checkbox"/> Securities regulation 4 <input type="checkbox"/> Other laws and / or regulation 	
4.6.5.	Professional Behavior - Principle		
4.6.5.1.	<i>Professional Behavior</i> Do the national ethical requirements require professional accountants to comply with the fundamental principle "professional behavior" as described in the revised IFAC Code?	<ul style="list-style-type: none"> 1 <input checked="" type="radio"/> Yes, professional accountants are required to comply with the same principle 2 <input type="radio"/> Yes, professional accountants are required to comply with a similar or equivalent principle 3 <input type="radio"/> The same or similar / equivalent principle has not been established 	
4.6.5.2.	<i>Professional Behavior Requirement</i> Is the principle set out in your organization's ethical requirements and / or in laws and regulations? Select all the answer options that are appropriate.	<ul style="list-style-type: none"> 1 <input checked="" type="checkbox"/> Our organization's ethical requirements 2 <input type="checkbox"/> Law that regulates professional accountants and / or auditors 3 <input type="checkbox"/> Securities regulation 4 <input type="checkbox"/> Other laws and / or regulation 	
4.7.	Threats and Safeguards - National		
4.7.1.	<i>Threats and Safeguards</i> Do the national ethical requirements establish a framework or principle similar or	<ul style="list-style-type: none"> 1 <input checked="" type="radio"/> Yes, our organization has a threats and safeguards 	Our Code is indeed based on pre-2004 IFAC Code,

Number	Question Title/Text/Help text	Answer	Comments
	equivalent to the threats and safeguards framework as described in the revised IFAC Code (effective June 30, 2006)? Select the answer option that is the most appropriate.	framework or similar / equivalent framework in our ethical requirements	however, we have already established a threats and safeguard framework back in November of 2004.
		<p>2○ Yes, a threats and safeguards framework or similar / equivalent framework is in the ethical requirements established in law and / or regulation</p> <p>3○ No, a threats and safeguards framework, or similar / equivalent framework has not been established in the national ethical requirements</p>	
4.7.3.	<i>Threats and Safeguards - Other</i> Please describe the threats and safeguards framework or similar requirement established by your organization or law / regulation.	See 4.7.1	
4.7.4.	<i>Application of Framework SMO 4</i> Which of the following does the threats and safeguards framework, or similar / equivalent requirement, apply to? Select the answer option that is the most appropriate.	<p>1⊙ All professional accountants</p> <p>2○ Only to independence requirements relating to professional accountants in</p>	

Number	Question Title/Text/Help text	Answer	Comments
		3 <input type="radio"/> Other	public practice.
4.8.	Ethical Behavior Resolution		
4.8.1.	<i>Identifying and Resolving Unethical Behavior</i> Are there specific requirements and guidance provided to assist your members in identifying and resolving ethical matters? Select all of the answer option that are appropriate.	1 <input checked="" type="checkbox"/> Yes, our organization has developed requirements for identifying and resolving ethical matters 2 <input checked="" type="checkbox"/> Yes, government, regulatory, or oversight bodies have developed requirements for identifying and resolving ethical matters 3 <input type="checkbox"/> No, there is no such requirements or guidance	
4.8.2.	<i>MB and Ethical Conflict Resolution</i> Are the ethical conflict resolution requirements and guidance adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.	1 <input type="radio"/> Yes, the requirements and guidance are adopted from the IFAC Code 2 <input type="radio"/> Yes, the IFAC Code was used as a model in developing the requirements 3 <input checked="" type="radio"/> Yes, the requirements are similar / equivalent to the IFAC Code	

Number	Question Title/Text/Help text	Answer	Comments
		4○	No, the requirements differ from the IFAC Code
4.8.3.	<p><i>Gov/Reg/Oversight and Ethical Conflict Resolution</i></p> <p>Are the ethical conflict resolution requirements and guidance established by government, regulators adopted from the IFAC Code or similar / equivalent to the guidance in the Code? Select the answer option that is the most appropriate.</p>	<p>1○</p> <p>2○</p> <p>3⊙</p> <p>4○</p>	<p>Yes, the requirements and guidance are adopted from the IFAC Code</p> <p>Yes, the IFAC Code was used as a model in developing the requirements</p> <p>Yes, the requirements are similar / equivalent to the IFAC Code</p> <p>No, the requirements differ from the IFAC Code</p>
4.9.	Independence and Threats So Significant		
4.9.1.	<p><i>Provisions and Threats to Independence</i></p> <p>The "SMO 4: Provisions Relating to Threats to Independence" report refers to specific provisions of Section 290 of the revised IFAC Code of Ethics that are currently in effect. Section 290 requires members of assurance teams, firms, and when applicable, network firms be independent of assurance clients and describes specific circumstances that may give rise to threats to independence.</p>	1⊙	Our organization will complete the "SMO 4: Provisions Relating to Threats to Independence" report

Number	Question Title/Text/Help text	Answer	Comments
	<p>Where Section 290 is applicable to your members, the SMO 4: Provisions Relating to Threats to Independence report should be completed and submitted to Compliance Staff. Alternatively, where this information is available in another format it can be submitted instead of the report. Select the option below to confirm the information to be submitted.</p> <p>Help text: Section 290 of the revised Code of Ethics is currently in effect. Section 290 describes specific provisions that may give rise to threats to independence that are so significant, no safeguards are available to reduce the threat to an acceptable level. For some provisions the Code describes the actions that are available to address the threat.</p>	<p>2○ Our members provide assurance services; however, another IFAC member body will complete the "SMO 4; Provisions Relating to Threats to Independence" report or provide the relevant information to Compliance Staff.</p> <p>3○ Our members do not provide assurance services; therefore, Section 290 and the Provisions Relating to Threats to Independence is not applicable to our organization.</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.10.	National Ethical Requirements - Other		
4.10.1.	National - Prof Accountants		
4.10.1.1.	<i>National Additional - Prof Accountants</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that your members must comply with but are not addressed in the revised IFAC Code (effective June 30, 2006)?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
4.10.1.2.	<i>National Conflicts - Prof Accountants</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your requirements?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
4.10.2.	National - Public Practice		
4.10.2.1.	<i>National Additional - Public Practice</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in public practice that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants in public practice 2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	

Number	Question Title/Text/Help text	Answer	Comments
4.10.2.2.	<i>National Conflicts - Public Practice</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants in public practice?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants in public practice 2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.10.3.	National - Business		
4.10.3.1.	<i>National Additional - Business</i> Are there rules, regulations, laws, or other mandatory ethical requirements established by your organization, government, regulatory or other bodies that are applicable to your members who are professional accountants in business that are not addressed in the revised IFAC Code (effective June 30, 2006)?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants employed in business 2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	
4.10.3.2.	<i>National Conflicts - Business</i> Are there principles, concepts, and guidance in the revised IFAC Code (effective June 30, 2006) that conflict with national ethical requirements applicable to your members who are professional accountants employed in business?	1 <input type="radio"/> Not applicable as our members do not operate as professional accountants employed in business 2 <input type="radio"/> Yes 3 <input checked="" type="radio"/> No	

Number	Question Title/Text/Help text	Answer	Comments
4.11.	<p><i>Translation of IFAC Code</i> Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.</p>	<p>1 <input type="checkbox"/> No, as English is an official language or widely spoken language</p> <p>2 <input type="checkbox"/> Yes, our organization has translated the IFAC Code</p> <p>3 <input type="checkbox"/> Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4 <input checked="" type="checkbox"/> No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	
4.13.	<p><i>Translation and Follow Up</i> Explain the reasons why the IFAC Code was not translated including information about specific challenges or impediments.</p>	<p>Our code of Ehics covers all necessary aspects and more.</p>	
4.15.	<p><i>Activities to Promote IFAC Code of Ethics</i> Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.</p>	<p>1. Establishment of a working group to examine the translation (quality, adherence)</p> <p>2. Establishment of a sub-committee to examins modifications.</p> <p>3. Recommendations to be submitted to Governance.</p>	

Number	Question Title/Text/Help text	Answer	Comments
5.	SMO 5		
5.1.	<i>Public Sector Accounting Standards - Objective</i> Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p> <p>3 <input type="radio"/> Information is not available or not known</p>	
5.3.	Convergence and IPSASs		
5.3.1.	<i>Convergence Approach - IPSASs</i> Which of the following best describes government's convergence objective? Select the answer option that is the most appropriate.	<p>1 <input checked="" type="checkbox"/> IPSASs are adopted as drafted without amendments</p> <p>2 <input type="checkbox"/> IPSASs are adopted with amendments</p> <p>3 <input type="checkbox"/> National public sector accounting standards are developed with a process to eliminate differences between the national standards and IPSASs</p> <p>4 <input type="checkbox"/> IPSASs are incorporated using another approach</p>	
5.3.3.	<i>Comparison Information SMO 5</i> Is information about the IPSASs that have been incorporated (e.g. by adoption or other approaches) publicly available? Information	1 <input checked="" type="radio"/> Yes	The governmental regulations have been distributed to all government ministries and

Number	Question Title/Text/Help text	Answer	Comments
	<p>should include the IPSASs issued and in effect that have been incorporated and differences between the IPSASs and national public sector accounting standards where differences exist.</p>	<p>2○ No 3○ Our organization is not aware of such information</p>	<p>also were given as professional material in academic courses in government accounting at the universities and in professional courses of the Institute of CPAs in Israel. In addition, within approximately 2 months, a web site will be available, and all standards will be publicly available.</p>
<p>5.3.4.</p>	<p><i>Submit Comparison Information SMO 5</i> If the comparison information is current and in English, please submit it to Compliance staff.</p>	<p>1○ The comparison information will be submitted 2⊙ The comparison information is not current or is not available in English</p>	<p>The comparison is not currently available in English, however once the web site is available, it will include basic information in English.</p>
<p>5.4.</p>	<p><i>Activities to Promote IPSASB Pronouncements</i> Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board.</p>	<p>Agenda for the Adoption of IPSASs in Israel is available as a word document.</p>	

Number	Question Title/Text/Help text	Answer	Comments
	Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.		
6.	SMO 6		
6.1.	<i>Investigation and Discipline Program</i> In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?	1 <input checked="" type="radio"/> Yes	
		2 <input type="radio"/> No	
6.3.	Responsibility for Investigation and Discipline		
6.3.1.	<i>Body Responsible for Investigation and Discipline</i> Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.	1 <input type="radio"/> Yes, our organization has this responsibility	
		2 <input checked="" type="radio"/> No, responsibility for investigation and discipline rests solely with an external body	

Number	Question Title/Text/Help text	Answer	Comments
		<p>3○ Our organization shares responsibility for investigation and discipline with an external body</p> <p>4○ Other</p>	
6.3.2.	<p><i>Name of Body Responsible for Investigation and Discipline</i> Provide the name(s) of the external body responsible for investigation and discipline or the name of the body sharing this responsibility with the member body.</p>	The Auditors' Council - Ministry of Justice.	
6.4.	<p><i>Activities to Promote SMO 6</i> Please describe what activities your organization undertakes to promote obligations set in SMO 6, Investigation and Discipline.</p>	<p>Each member of the ICPAS is committed according to the Ethical Code and other professional standards, rules and requirements, and signs a written declaration stipulating adherence to the Code. The ICPAS' Central Committee has the authority to inform the Auditors' Council of a member's misconduct. 50% of the members on the Auditors' Council are representatives of the ICPAS. According to the Auditors Law, Section 11; Conduct derogatory to the Profession - the Minister of Justice may determine by regulations, after consulting with</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>the Council, other things which shall be conduct derogatory to the profession; and an auditor who does anything in contravention of such regulations shall be guilty of conduct derogatory to the profession.</p> <p>Section 12; The Council shall itself or through whomsoever it may appoint for the purpose from among its members, investigate every case brought to its notice in which an auditor is accused of conduct derogatory of the profession.</p>	
7.	SMO 7		
7.1.	<p><i>Accounting Standards in Law/Regulation</i></p> <p>Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please</p>	<p>1 <input type="checkbox"/> Yes, for financial statements of listed entities</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>2 <input type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input checked="" type="checkbox"/> No, for financial statements of non-listed entities</p>	
7.2.	<p>Responsibility for Private Sector Accounting Standards</p>		
7.2.1.	<p><i>Accounting Standards - Private Sector</i></p> <p>Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input checked="" type="radio"/> The accounting standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input type="radio"/> The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	<p>Commencing 1/1/08, listed entities will be subject to full IFRS while non-listed entities will be subject to the existing Israeli GAAP which is similar but not identical to IFRS.</p>

Number	Question Title/Text/Help text	Answer	Comments
7.2.6.	<i>Responsibility for Accounting Standards</i> Who has the authority establishing the accounting standards for listed and non-listed entities?	<p>1 <input type="radio"/> Our organization</p> <p>2 <input type="radio"/> Another IFAC member body</p> <p>3 <input type="radio"/> Joint process between our organization and another IFAC member body</p> <p>4 <input checked="" type="radio"/> Another organization</p>	
7.2.7.	<i>Responsibility - Other SMO 7</i> State the organization's name that is responsible for establishing accounting standards for listed and non-listed entities.	The Israeli Accounting Standard Board (IsASB)	
7.7.	Other Organization Standard-Setter SMO 7		
7.7.1.	<i>Standard-Setter and Convergence SMO 7</i> Has the standard-setter established convergence of national accounting standards with IFRSs and other IASB pronouncements? Select the answer option that is most appropriate.	<p>1 <input type="radio"/> Standard-setter's convergence objectives are not known</p> <p>2 <input checked="" type="radio"/> Standard-setter has established convergence as a formal objective</p> <p>3 <input type="radio"/> Standard-setter has not established convergence as a formal objective</p>	
7.7.4.	Convergence Established - Standard-Setter SMO 7		

Number	Question Title/Text/Help text	Answer	Comments
	<p>If this information is not available, refer to the SMO 7: Comparison with IASB Pronouncements report by clicking on the link and complete it to the extent your organization is able to and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the "SMO 7: Comparison with IASB Pronouncements" report.</p>	<p>2 <input type="radio"/></p> <p>3 <input checked="" type="radio"/></p>	<p>No, information is not available from standard-setter; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p>No, information is not available</p>
7.10.	Translation SMO 7		
7.10.1.	<p><i>Translation of IFRSs</i></p> <p>Are the IFRSs and other IASB pronouncements translated into national language?</p>	<p>1 <input type="radio"/></p> <p>2 <input checked="" type="radio"/></p>	<p>No, as English is an official language or widely spoken language</p> <p>Yes, the IFRSs are translated</p>

Number	Question Title/Text/Help text	Answer	Comments
		3 <input type="radio"/> No and English is not an official language or is not widely spoken	
7.10.4.	<i>Translation coordinator SMO 7</i> Who is the translation coordinator? Select the answer option that is most appropriate.	1 <input type="radio"/> Our organization is the translation coordinator 2 <input checked="" type="radio"/> The government or another organization is the translation coordinator 3 <input type="radio"/> Our organization and the government or another organization are the translation coordinators	IsASB is in charge of the translations.
7.10.5.	<i>Key Terms SMO 7</i> Does the translation process include a list of key terms?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
7.10.6.	<i>Faithful Translation SMO 7</i> What processes are in place to ensure a faithful translation of the IFRSs?	The official translators have been approved by the IASB.	
7.11.	<i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.	We, as partners on the IsASB undertook to encourage early implementation of IFRS with Israeli GAAP for other entities rather than SMEs, for which we are participating on the SMEs project of IASB.	

Number	Question Title/Text/Help text	Answer	Comments
8.	Certification of Chief Executive		
8.1.	<p><i>Complete Certification</i> Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click Part 2 SMO Self Assessment Certification.doc here to download a copy of the Certification form.</p>	<p>1 <input checked="" type="checkbox"/></p> <p>2 <input type="checkbox"/></p>	<p>Yes, the Certification of Chief Executive has been submitted</p>

SMO 3: Comparison with IAASB Pronouncements

Objective

The purpose of this report is to understand how national auditing standards and related pronouncements compare with pronouncements issued by the International Auditing and Assurance Standards Board (IAASB). The comparison seeks to understand whether there are differences between national pronouncements and IAASB pronouncements and the reasons for these differences. These differences often exist because of conflicts between the IAASB pronouncement and requirements stipulated by national law or regulation. Other times differences exist because of timing differences between the national standard-setter's work program and the IAASB's work program.

The differences may be in the form of specific IAASB pronouncements or individual principles, procedures, or related guidance within an IAASB pronouncement that is not in the national auditing standard and related pronouncement. There may also be differences in the form of principles, procedures, or guidance in national auditing standards and related pronouncements that are not required or addressed by IAASB pronouncements. Information obtained about the differences will assist the Compliance Advisory Panel in understanding the special conditions, challenges, and impediments IFAC member bodies face within their standard-setting and regulatory framework and convergence with IAASB pronouncements.

This report includes a listing of IAASB pronouncements that have been issued or amended and are in effect as of **September 30, 2005**. These pronouncements include conforming amendments to recently issued ISAs including the Audit Risk ISAs issued in 2004 (effective for audits of financial statements for periods beginning on or after December 15, 2004). When completing the report, the full text of the IAASB pronouncement that is in effect should be referred to. IAASB's pronouncements are available, in Adobe Acrobat pdf format, freely on its website at www.ifac.org/iaasb.

Instructions to the SMO 3: Comparison with IAASB Pronouncements

Respondents are asked to provide the following information:

1. Provide the name and effective date of the national auditing standard and related pronouncement which address the IAASB pronouncement. Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or describe the special conditions, challenges, impediments or other reasons why it has not yet been addressed
2. Describe the principles, procedures or related guidance in national auditing standards and related pronouncements that are not required by the IAASB pronouncement. Include a brief description about the legal, regulatory, or other national practice giving rise to this difference.
3. Describe the IAASB principles, procedures or related guidance that has been omitted from or modified in the national auditing standards and related pronouncements in order to comply with national requirements and practices. Include a brief description about the legal, regulatory, or other national practice giving rise to this omission or modification.
4. Additional information may be provided in the Comment Box or by attaching additional pages.
5. To avoid duplication of effort, where this information is available in other formats, the information may be separately submitted to Compliance Staff.

SMO 3: Comparison with IAASB Pronouncements

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Glossary of Terms	none	none	IAASB Glossary of Terms: Confirm whether terms defined in the IAASB Glossary have the same term and meaning in the national auditing standards and related pronouncements.	
ISQC 1	International Standards on Quality Control (ISQC) Quality Control for				

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	<p>Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.</p> <p>Systems in compliance with ISQC 1 are required to be established by June 15, 2005</p>	Statement No 67 Guide for Quality Control in CPA Firms	None	We have based this Statement on ISA 220 from 1994	
	<p>International Framework for Assurance Engagements (ISA Framework of</p>				

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	International Standards on Auditing was withdrawn in December 2004)				
	International Standards on Auditing (ISAs)				
ISA 200	Objective and General Principles Governing an Audit of Financial Statements	Objective and General Principles Governing an Audit of Financial Statements January 2002		Omitted or modified in accordance with the changes between the 2002 and 2005 versions.	
ISA 210	Terms of Audit Engagements	Terms of Audit Engagements Statement 91		Omitted: Par. 1b. Modifications in the Hebrew Version Statement 91: Par. 3: The engagement letter does not include any reference to engagements other than auditing of financial statements or report	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
				<p>on tax adjustments.</p> <p>Audit engagement letters: Par. 11: In Israel, the auditor may not commence the audit prior to receiving the engagement letter.</p> <p>The additions we have made in Statement 91: Section 5: 1. Inherent limitations in the audit</p> <p>Section 7: we have included par. 26 - ISA 240</p> <p>Section 13: we have included the possibility of cases requiring communication according to ISA 260</p> <p>Section 17: the audit reports are the sole property of the auditor.</p> <p>Para. 7 : reference to tax</p>	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
				adjustment report with necessary adjustments. Recurring audits: Par. 4b: a new engagement letter must be prepared and signed annually prior to the engagement.	
ISA 220 (Revised)	Quality Control for Audits of Historical Financial Information Effective for audits of historical financial information for periods commencing on or after June 15, 2005				
ISA 230	Documentation	Statement 87	none	none	
ISA 240	The Auditor’s				

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Responsibility to Consider Fraud in an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	Statement 92	None	None	
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements				Exposure Draft
ISA 260	Communications of Audit Matters With Those Charged With Governance				

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for audits of financial statements for periods ending on or after December 31, 2000	Statement 76	None	Omitted para. 20 – not relevant in Israel	
ISA 300	Planning an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	Statement 74	none	Omitted or modified in accordance with the changes between the version prior to 2004 and the updated version	
ISA 315	Understanding the Entity and Its Environment and Assessing the Risks	Statement 93	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	<p>of Material Misstatement</p> <p>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge of the Business was withdrawn in December 2004)</p>				
ISA 320	Audit Materiality	Statement 86	None	Version before 2004	
ISA 330	<p>The Auditor’s Procedures in Response to Assessed Risks</p> <p>Effective for audits of financial</p>	Exposure Draft			Exposure Draft

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer Information Systems Environment were withdrawn in December 2004)				
ISA 402	Audit Considerations Relating to Entities Using Service Organizations	Statement 95	None	None	
ISA 500	Audit Evidence				

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Effective for audits of financial statements for periods beginning on or after December 15, 2004	Statement 82	None	None	
ISA 501	Audit Evidence— Additional Considerations for Specific Items	Statement 83	Added appendix: Checklist for Auditors' Observation during Physical Inventory Counting	none	
ISA 505	External Confirmations Effective for audits of financial statements for periods ending on or after December 31, 2001	Statement 84	None	None	
ISA 510	Initial	Statement 77	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Engagements— Opening Balances				
ISA 520	Analytical Procedures	Statement 79		Based on 2004 version	
ISA 530	Audit Sampling and Other Selective Testing Procedures Effective for audits of financial statements for periods ending on or after July 1, 1999	Statement 85	None	None	
ISA 540	Audit of Accounting Estimates	Statement 81	None	None	
ISA 545	Auditing Fair Value Measurements and Disclosures Effective for audits of financial	Exposure Draft			Exposure Draft

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods ending on or after December 31, 2003				
ISA 550	Related Parties	Statement 52		1989 version	
ISA 560	Subsequent Events	Statement 11		We have omitted paragraphs: 8-12; 13-18;19	
ISA 570	Going Concern Effective for audits of financial statements for periods ending on or after December 31, 2000	Statement 58		Version of 1994	
ISA 580	Management Representations	Statement 21		Version of 1979	
ISA 600	Using the Work of Another Auditor	Statement 9		Version of 1973	
ISA 610	Considering the Work of Internal	Statement 88	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Auditing				
ISA 620	Using the Work of an Expert	Statement 64		Version of 1996	
ISA 700	The Auditor's Report on Financial Statements Effective for audits of financial statements for periods ending on or after September 30, 2002	Statement 90		Version of December 2004	We are currently working on a new ED.
ISA 710	Comparatives Effective for reports issued or reissued on or after July 1, 1997	Statement 78	None	Omitted para: 6-19, corresponding figures	
ISA 720	Other Information in Documents	Statement 75			The main difference between the Israeli

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Containing Audited Financial Statements				Statement No 75 and ISA 720 : the auditor must receive other information before the submission of the auditor's report.
ISA 800	The Auditor's Report on Special Purpose Audit Engagements	Statements 7+70			7+70 relate to special purpose audit engagement (not audit of annual financial statements) and circumstances in which auditors can give confirmation as a special report.
	International Auditing Practice Statements (IAPSs)				
IAPS 1000	Inter-Bank Confirmation Procedures				

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
IAPS 1004	The Relationship Between Bank Supervisors and Banks’ External Auditors				
IAPS 1005	The Special Considerations in the Audit of Small Entities	Exposure Draft			Exposure Draft
IAPS 1006	Audits of the Financial Statements of Banks				
IAPS 1010	The Consideration of Environmental Matters in the Audit of Financial Statements				
IAPS 1012	Auditing Derivative Financial Instruments	Exposure Draft			Exposure Draft
IAPS 1013	Electronic	Statement 94	None	None	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Commerce—Effect on the Audit of Financial Statements				
IAPS 1014	Reporting by Auditors on Compliance With International Financial Reporting Standards Approved in March 2003 for publication on June 1, 2003				
	International Standards on Review Engagements (ISREs)				
ISRE 2400	Engagements to Review Financial	Statements 47+65 (old version)			

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Statements (Previously ISA 910)				Exposure Draft
	International Standards on Assurance Engagements (ISAEs)				
ISAE 3000	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information Effective for assurance reports dated on or after January 1, 2005				
ISAE 3400	The Examination of Prospective Financial				

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Information (Previously ISA 810)				
	International Standards on Related Services (ISRSs)				
ISRS 4400	Engagements to Perform Agreed-upon Procedures Regarding Financial Information (Previously ISA 920)				
ISRS 4410	Engagements to Compile Financial Information (Previously ISA 930)				

IAASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IAASB pronouncements have been issued but are not in effect as of September 30, 2005.

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 230 (Revised)	Audit Documentation Effective for audits of historical financial information for periods beginning on or after June 15, 2006				
ISA 700 (Revised)	The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements Effective for auditors’ reports’ dated on or after December 31, 2006	Exposure Draft			Exposure Draft
ISA 701	Modifications to the Independent Auditor’s Report	Statement 72	Same name (2002)		

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Effective for auditors’ reports’ dated on or after December 31, 2006				
ISRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity Effective for engagements to review the interim financial information of an audit client for periods beginning on or after December 15, 2006	No		Yes	
ISA 200	ISA 200 Amended as a	No		Yes	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
(Amended)	Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning On or After December 15, 2005				
ISA 210 (Amended)	ISA 210 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005	No		Yes	
ISA 560 (Amended)	Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) - Effective for Auditor’s Reports Dated On or After December 31, 2006	No		Yes	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 800 (Amended)	Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)— Effective for Auditor’s Reports Dated On or After December 31, 2006	No		Yes	

IAASB Pronouncements that Have Been Withdrawn

The following IAASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
IAPS 1001	IT Environments— Stand-alone Personal Computers – Withdrawn December 2004	Yes			
IAPS 1002	IT Environments— On-line Computer Systems – Withdrawn December 2004	Yes			
IAPS 1003	IT Environments— Database Systems – Withdrawn December 2004	Yes			
IAPS 1007	Communications With Management— Withdrawn	Yes			
IAPS 1008	Risk Assessments and Internal Control—	Yes			

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
	CIS Characteristics and Considerations – Withdrawn December 2004				
IAPS 1009	Computer-assisted Audit Techniques – Withdrawn December 2004	Yes			
IAPS 1011	Implications for Management and Auditors of the Year 2000 Issue— Withdrawn	Yes			

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

SMO 4: Provisions Relating to Threats to Independence

Section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. Section 290 of the revised IFAC Code of Ethics is applicable to assurance engagements when the assurance report is dated on or after June 30, 2006.

The purpose of this report is to understand whether your country's national ethical requirements currently contain the same, equivalent or similar requirements as the revised IFAC Code of Ethics. If not, the report provides a basis for IFAC member bodies to explain whether the revised Section 290 is currently under development or how the national ethical requirements differ from the IFAC Code of Ethics.

Appendix 1 includes an extract of the relevant paragraphs of Section 290 of the revised IFAC Code of Ethics. It is necessary to refer to the full text of the Code of Ethics and the definitions as extracts do not include relevant concepts and definitions.

SMO 4: Provisions Relating to Threats to Independence

In completing this report, IFAC members and associate should refer to the terms defined in the revised IFAC Code of Ethics (see Definitions)

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	General:			
1.	290.13	Yes		
2.	290.21	Yes		
	Restricted Use Reports:			
3.	290.19	Yes		
	Engagement Period:			
4.	290.31	Yes		
5.	290.32	Yes		
6.	Provisions Applicable to All Assurance Clients:			
7.	290.106	Yes		
	Provisions Applicable to Financial Statement Audit Clients:			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
8.	290.113	Yes		
9.	290.114	Yes		
10.	290.115	Yes		
11.	290.117	Yes		
12.	290.119	Yes		
13.	290.121	Yes		
	Provisions Applicable to Non-Financial Statement Audit Assurance Clients:			
14.	290.122	Yes		
15.	290.123	Yes		
16.	290.124	Yes		
	Loans and Guarantees:			
17.	290.129	Yes		
18.	290.130	Yes		
19.	290.131	Yes		
20.	Close Business Relationships With Assurance Clients:			
21.	290.132	Yes		
	Family and			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	Personal Relationships:			
22.	290.136	Yes		
	Recent Service with Assurance Clients:			
23.	290.147	Yes		
	Serving as an Officer or Director on the Board of Assurance Clients:			
24.	290.149	Yes		
25.	290.151	Yes		
	Financial Statement Audit Clients That are Listed Entities:			
26.	290.154	No – (supervision of) Israel Securities Authority		
	Provision of Non-Assurance services to Assurance Clients:			
27.	290.158	Yes		

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
28.	290.159	Yes		
29.	Preparing Accounting Records and Financial Statements:			
30.	290.167	Yes		
31.	290.171	Yes		
	Valuation Services:			
32.	290.176	Yes		
	Provision of Internal Audit Services to Financial Statement Audit Clients:			
33.	290.185		The external auditor cannot act as an internal auditor for the audit client except for the preparation of "broad internal audit" i.e., on-going reports which are submitted, from time to time, to the owner or director and are based on broader external	

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
			audit procedures that are not internal audits.	
	Provision of IT Systems Services to Financial Statement Audit Client:			
34.	290.188	Under development – within 12-24 months		
	Temporary Staff Assignments to Financial Statement Audit Clients:			
35.	290.192	Under development		
36.	290.200	Under development		
37.	290.202	Yes		
38.	290.204	Yes		
	Pricing:	Under development		
39.	290.209			
	Contingent Fees:			
40.	290.11	yes		
	Gifts and Hospitality:			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
41.	290.213	Under development		

Appendix 1: Section 290 Provisions

The following paragraphs from section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. The provisions are effective.

General

- 290.13 The nature of the threats to independence and the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level differ depending on the characteristics of the individual assurance engagement: whether it is a financial statement audit engagement or another type of assurance engagement; and in the latter case, the purpose, subject matter information and intended users of the report. A firm should, therefore, evaluate the relevant circumstances, the nature of the assurance engagement and the threats to independence in deciding whether it is appropriate to accept or continue an engagement, as well as the nature of the safeguards required and whether a particular individual should be a member of the assurance team.
- 290.21 The threats and safeguards identified in this section are generally discussed in the context of interests or relationships between the firm, network firms, members of the assurance team and the assurance client. In the case of a financial statement audit client that is a listed entity, the firm and any network firms are required to consider the interests and relationships that involve that client's related entities. Ideally those entities and the interests and relationships should be identified in advance. For all other assurance clients, when the assurance team has reason to believe that a related entity of such an assurance client is relevant to the evaluation of the firm's independence of the client, the assurance team should consider that related entity when evaluating independence and applying appropriate safeguards.

Restricted Use Reports

- 290.19 In the case of an assurance report in respect of a non-financial statement audit client expressly restricted for use by identified users, the users of the report are considered to be knowledgeable as to the purpose, subject matter information and limitations of the report through their participation in establishing the nature and scope of the firm's instructions to deliver the services, including the criteria against which the subject matter are to be evaluated or measured. This knowledge and the enhanced ability of the firm to communicate about safeguards with all users of the report increase the effectiveness of safeguards to independence in appearance. These circumstances may be taken into account by the firm in evaluating the threats to independence and considering the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level. At a minimum, it will be necessary to apply the provisions of this section in evaluating the independence of members of the assurance team and their immediate and close family. Further, if the firm had a material financial interest,

whether direct or indirect, in the assurance client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Limited consideration of any threats created by network firm interests and relationships may be sufficient.

Objective and Structure of This Section

290.24 The objective of this section is to assist firms and members of assurance teams in:

- (a) Identifying threats to independence;
- (b) Evaluating whether these threats are clearly insignificant; and
- (c) In cases when the threats are not clearly insignificant, identifying and applying appropriate safeguards to eliminate or reduce the threats to an acceptable level.

Consideration should always be given to what a reasonable and informed third party having knowledge of all relevant information, including safeguards applied, would reasonably conclude to be unacceptable. In situations when no safeguards are available to reduce the threat to an acceptable level, the only possible actions are to eliminate the activities or interest creating the threat, or to refuse to accept or continue the assurance engagement.

Engagement Period

290.31 The members of the assurance team and the firm should be independent of the assurance client during the period of the assurance engagement. The period of the engagement starts when the assurance team begins to perform assurance services and ends when the assurance report is issued, except when the assurance engagement is of a recurring nature. If the assurance engagement is expected to recur, the period of the assurance engagement ends with the notification by either party that the professional relationship has terminated or the issuance of the final assurance report, whichever is later.

290.32 In the case of a financial statement audit engagement, the engagement period includes the period covered by the financial statements reported on by the firm. When an entity becomes a financial statement audit client during or after the period covered by the financial statements that the firm will report on, the firm should consider whether any threats to independence may be created by:

- Financial or business relationships with the audit client during or after the period covered by the financial statements, but prior to the acceptance of the financial statement audit engagement; or
- Previous services provided to the audit client.

Similarly, in the case of an assurance engagement that is not a financial statement audit engagement, the firm should consider whether any financial or business relationships or previous services may create threats to independence.

Provisions Applicable to All Assurance Clients

- 290.106 If a member of the assurance team, or their immediate family member, has a direct financial interest, or a material indirect financial interest, in the assurance client, the self-interest threat created would be so significant the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to:
- (a) Dispose of the direct financial interest prior to the individual becoming a member of the assurance team;
 - (b) Dispose of the indirect financial interest in total or dispose of a sufficient amount of it so that the remaining interest is no longer material prior to the individual becoming a member of the assurance team; or
 - (c) Remove the member of the assurance team from the assurance engagement.

Provisions Applicable to Financial Statement Audit Clients

- 290.113 If a firm, or a network firm, has a direct financial interest in a financial statement audit client of the firm the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.114 If a firm, or a network firm, has a material indirect financial interest in a financial statement audit client of the firm a self-interest threat is also created. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.115 If a firm, or a network firm, has a material financial interest in an entity that has a controlling interest in a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.117 If other partners, including partners who do not perform assurance engagements, or their immediate family, in the office in which the engagement partner practices in connection with the financial statement audit hold a direct financial interest or a material indirect financial interest in that audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such partners or their immediate family should not hold any such financial interests in such an audit client.

- 290.119 If other partners and managerial employees who provide non-assurance services to the financial statement audit client, except those whose involvement is clearly insignificant, or their immediate family, hold a direct financial interest or a material indirect financial interest in the audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such personnel or their immediate family should not hold any such financial interests in such an audit client.
- 290.121 A self-interest threat may be created if the firm, or the network firm, or a member of the assurance team has an interest in an entity and a financial statement audit client, or a director, officer or controlling owner thereof also has an investment in that entity. Independence is not compromised with respect to the audit client if the respective interests of the firm, the network firm, or member of the assurance team, and the audit client, or director, officer or controlling owner thereof are both immaterial and the audit client cannot exercise significant influence over the entity. If an interest is material, to either the firm, the network firm or the audit client, and the audit client can exercise significant influence over the entity, no safeguards are available to reduce the threat to an acceptable level and the firm, or the network firm, should either dispose of the interest or decline the audit engagement. Any member of the assurance team with such a material interest should either:
- (a) Dispose of the interest;
 - (b) Dispose of a sufficient amount of the interest so that the remaining interest is no longer material; or
 - (c) Withdraw from the audit.
- 290.122 If a firm has a direct financial interest in an assurance client that is not a financial statement audit client the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.123 If a firm has a material indirect financial interest in an assurance client that is not a financial statement audit client a self-interest threat is also created. The only action appropriate to permit the firm to perform the engagement would be for the firm to either dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.124 If a firm has a material financial interest in an entity that has a controlling interest in an assurance client that is not a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only action appropriate to permit the firm to perform the engagement would be for the firm either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.

Loans and Guarantees

- 290.129 If the firm, or a member of the assurance team, makes a loan to an assurance client, that is not a bank or similar institution, or guarantees such an assurance client's borrowing, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.130 Similarly, if the firm or a member of the assurance team accepts a loan from, or has borrowing guaranteed by, an assurance client that is not a bank or similar institution, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.131 The examples in paragraphs 290.126 through 290.130 relate to loans and guarantees between the firm and an assurance client. In the case of a financial statement audit engagement, the provisions should be applied to the firm, all network firms and the audit client.
- 290.132 In the case of a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm, the network firm and the audit client, no safeguards could reduce the threat to an acceptable level. In the case of an assurance client that is not a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm and the assurance client, no safeguards could reduce the threat to an acceptable level. Consequently, in both these circumstances the only possible courses of action are to:
- (a) Terminate the business relationship;
 - (b) Reduce the magnitude of the relationship so that the financial interest is immaterial and the relationship is clearly insignificant; or
 - (c) Refuse to perform the assurance engagement.

Unless any such financial interest is immaterial and the relationship is clearly insignificant to the member of the assurance team, the only appropriate safeguard would be to remove the individual from the assurance team.

Family and Personal Relationships

- 290.136 When an immediate family member of a member of the assurance team is a director, an officer or an employee of the assurance client in a position to exert direct and significant influence over the subject matter information of the assurance engagement, or was in such a position during any period covered by the engagement, the threats to independence can only be reduced to an acceptable level by removing the individual from the assurance team. The

closeness of the relationship is such that no other safeguard could reduce the threat to independence to an acceptable level. If application of this safeguard is not used, the only course of action is to withdraw from the assurance engagement. For example, in the case of an audit of financial statements, if the spouse of a member of the assurance team is an employee in a position to exert direct and significant influence over the preparation of the audit client's accounting records or financial statements, the threat to independence could only be reduced to an acceptable level by removing the individual from the assurance team.

Recent Services with Assurance Clients

290.147 If, during the period covered by the assurance report, a member of the assurance team had served as an officer or director of the assurance client, or had been an employee in a position to exert direct and significant influence over the subject matter information of the assurance engagement, the threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, such individuals should not be assigned to the assurance team.

Serving as an Officer or Director on the Board of Assurance Clients

290.149 If a partner or employee of the firm serves as an officer or as a director on the board of an assurance client the self-review and self-interest threats created would be so significant no safeguard could reduce the threats to an acceptable level. In the case of a financial statement audit engagement, if a partner or employee of a network firm were to serve as an officer or as a director on the board of the audit client the threats created would be so significant no safeguard could reduce the threats to an acceptable level. Consequently, if such an individual were to accept such a position the only course of action is to refuse to perform, or to withdraw from the assurance engagement.

290.151 If a partner or employee of the firm or a network firm serves as Company Secretary for a financial statement audit client the self-review and advocacy threats created would generally be so significant, no safeguard could reduce the threat to an acceptable level. When the practice is specifically permitted under local law, professional rules or practice, the duties and functions undertaken should be limited to those of a routine and formal administrative nature such as the preparation of minutes and maintenance of statutory returns.

Financial Statement Audit Clients That are Listed Entities

290.154 Using the same engagement partner or the same individual responsible for the engagement quality control review on a financial statement audit over a prolonged period may create a familiarity threat. This threat is particularly relevant in the context of the financial statement audit of a listed entity and safeguards should be applied in such situations to reduce such threat to an acceptable level. Accordingly in respect of the financial statement audit of listed entities:

- (a) The engagement partner and the individual responsible for the engagement quality control review should be rotated after serving in either capacity, or a combination thereof, for a pre-defined period, normally no more than seven years; and
- (b) Such an individual rotating after a pre-defined period should not participate in the audit engagement until a further period of time, normally two years, has elapsed.

Provision of Non-assurance Services to Assurance Clients

290.158 Firms have traditionally provided to their assurance clients a range of non-assurance services that are consistent with their skills and expertise. Assurance clients value the benefits that derive from having these firms, which have a good understanding of the business, bring their knowledge and skill to bear in other areas. Furthermore, the provision of such non-assurance services will often result in the assurance team obtaining information regarding the assurance client's business and operations that is helpful in relation to the assurance engagement. The greater the knowledge of the assurance client's business, the better the assurance team will understand the assurance client's procedures and controls, and the business and financial risks that it faces. The provision of non-assurance services may, however, create threats to the independence of the firm, a network firm or the members of the assurance team, particularly with respect to perceived threats to independence. Consequently, it is necessary to evaluate the significance of any threat created by the provision of such services. In some cases it may be possible to eliminate or reduce the threat created by application of safeguards. In other cases no safeguards are available to reduce the threat to an acceptable level.

290.159 The following activities would generally create self-interest or self-review threats that are so significant that only avoidance of the activity or refusal to perform the assurance engagement would reduce the threats to an acceptable level:

- Authorizing, executing or consummating a transaction, or otherwise exercising authority on behalf of the assurance client, or having the authority to do so.
- Determining which recommendation of the firm should be implemented.
- Reporting, in a management role, to those charged with governance.

Preparing Accounting Records and Financial Statements

290.167 It is the responsibility of financial statement audit client management to ensure that accounting records are kept and financial statements are prepared, although they may request the firm to provide assistance. If firm, or network firm, personnel providing such assistance make management decisions, the self-

review threat created could not be reduced to an acceptable level by any safeguards. Consequently, personnel should not make such decisions. Examples of such managerial decisions include:

- Determining or changing journal entries, or the classifications for accounts or transaction or other accounting records without obtaining the approval of the financial statement audit client;
- Authorizing or approving transactions; and
- Preparing source documents or originating data (including decisions on valuation assumptions), or making changes to such documents or data.

Financial Statement Audit Clients That are Listed Entities

290.171 The provision of accounting and bookkeeping services, including payroll services and the preparation of financial statements or financial information which forms the basis of the financial statements on which the audit report is provided, on behalf of a financial statement audit client that is a listed entity, may impair the independence of the firm or network firm, or at least give the appearance of impairing independence. Accordingly, no safeguard other than the prohibition of such services, except in emergency situations and when the services fall within the statutory audit mandate, could reduce the threat created to an acceptable level. Therefore, a firm or a network firm should not, with the limited exceptions below, provide such services to a listed entity that is a financial statement audit client.

Valuation Services

290.176 If the valuation service involves the valuation of matters material to the financial statements and the valuation involves a significant degree of subjectivity, the self-review threat created could not be reduced to an acceptable level by the application of any safeguard. Accordingly, such valuation services should not be provided or, alternatively, the only course of action would be to withdraw from the financial statement audit engagement.

Provision of Internal Audit Services to Financial Statement Audit Clients

290.185 Safeguards that should be applied in all circumstances to reduce any threats created to an acceptable level include ensuring that:

- (a) The audit client is responsible for internal audit activities and acknowledges its responsibility for establishing, maintaining and monitoring the system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, to be responsible for internal audit activities;
- (c) The audit client, the audit committee or supervisory body approves the scope, risk and frequency of internal audit work;

- (d) The audit client is responsible for evaluating and determining which recommendations of the firm should be implemented;
- (e) The audit client evaluates the adequacy of the internal audit procedures performed and the findings resulting from the performance of those procedures by, among other things, obtaining and acting on reports from the firm; and
- (f) The findings and recommendations resulting from the internal audit activities are reported appropriately to the audit committee or supervisory body.

Provision of IT Systems Services to Financial Statement Audit Clients

290.188 The self-review threat is likely to be too significant to allow the provision of such services to a financial statement audit client unless appropriate safeguards are put in place ensuring that:

- (a) The audit client acknowledges its responsibility for establishing and monitoring a system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, with the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system;
- (c) The audit client makes all management decisions with respect to the design and implementation process;
- (d) The audit client evaluates the adequacy and results of the design and implementation of the system; and
- (e) The audit client is responsible for the operation of the system (hardware or software) and the data used or generated by the system.

Temporary Staff Assignments to Financial Statement Audit Client

290.192 The lending of staff by a firm, or network firm, to a financial statement audit client may create a self-review threat when the individual is in a position to influence the preparation of a client's accounts or financial statements. In practice, such assistance may be given (particularly in emergency situations) but only on the understanding that the firm's or network firm's personnel will not be involved in:

- (a) Making management decisions;
- (b) Approving or signing agreements or other similar documents; or
- (c) Exercising discretionary authority to commit the client.

Each situation should be carefully analyzed to identify whether any threats are created and whether appropriate safeguards should be implemented. Safeguards

that should be applied in all circumstances to reduce any threats to an acceptable level include:

- The staff providing the assistance should not be given audit responsibility for any function or activity that they performed or supervised during their temporary staff assignment; and
- The audit client should acknowledge its responsibility for directing and supervising the activities of firm, or network firm, personnel.

Provision of Legal Services to Financial Statement Audit Clients

290.200 Acting for a financial statement audit client in the resolution of a dispute or litigation in such circumstances when the amounts involved are material in relation to the financial statements of the audit client would create advocacy and self-review threats so significant no safeguard could reduce the threat to an acceptable level. Therefore, the firm should not perform this type of service for a financial statement audit client.

290.202 The appointment of a partner or an employee of the firm or network firm as General Counsel for legal affairs to a financial statement audit client would create self-review and advocacy threats that are so significant no safeguards could reduce the threats to an acceptable level. The position of General Counsel is generally a senior management position with broad responsibility for the legal affairs of a company and consequently, no member of the firm or network firm should accept such an appointment for a financial statement audit client.

Corporate Finance and Similar Activities

290.204 The provision of corporate finance services, advice or assistance to an assurance client may create advocacy and self-review threats. In the case of certain corporate finance services, the independence threats created would be so significant no safeguards could be applied to reduce the threats to an acceptable level. For example, promoting, dealing in, or underwriting of an assurance client's shares is not compatible with providing assurance services. Moreover, committing the assurance client to the terms of a transaction or consummating a transaction on behalf of the client would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level. In the case of a financial statement audit client the provision of those corporate finance services referred to above by a firm or a network firm would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level.

Contingent Fees

290.211 A contingent fee charged by a firm in respect of an assurance engagement creates self-interest and advocacy threats that cannot be reduced to an

acceptable level by the application of any safeguard. Accordingly, a firm should not enter into any fee arrangement for an assurance engagement under which the amount of the fee is contingent on the result of the assurance work or on items that are the subject matter information of the assurance engagement.

Gifts and Hospitality

290.213 Accepting gifts or hospitality from an assurance client may create self-interest and familiarity threats. When a firm or a member of the assurance team accepts gifts or hospitality, unless the value is clearly insignificant, the threats to independence cannot be reduced to an acceptable level by the application of any safeguard. Consequently, a firm or a member of the assurance team should not accept such gifts or hospitality.