

**BACKGROUND NOTE ON ACTION PLANS**

Action Plans are developed by IFAC members and associates to address policy matters identified through their responses to the IFAC Compliance Self-Assessment Questionnaires. They form part of a continuous process within the IFAC Member Body Compliance Program to support the ongoing development and improvement of the accountancy profession around the world.

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire for background information on each member and associate their environment and existing processes. These responses may be viewed at: [http://www.ifac.org/ComplianceAssessment/published\\_surveys.php](http://www.ifac.org/ComplianceAssessment/published_surveys.php)

**Use of Information**

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

**ACTION PLAN**

<b>IFAC Member/Associate:</b>	Institute of Professional Auditors
<b>Approved by Governing Body:</b>	Annual Meeting of IPA
<b>Date Approved:</b>	May 2013
<b>Date Published:</b>	July 2013

**Glossary**

<b>AC</b>	Audit Council
<b>CIMS</b>	Conception for Internal Monitoring System
<b>CPD</b>	Continuing Professional Development
<b>DRSFCAAS</b>	Department for Regulation of State Finance Control, Auditing, Accounting and Statements
<b>EI</b>	Educational Institution
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IMS</b>	Internal Monitoring System
<b>IPA</b>	Institute of Professional Auditors
<b>IPSAS</b>	International Public Sector Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standard on Quality Control
<b>PEC</b>	Professional Ethics Committee
<b>QC</b>	Quality Control
<b>QCR</b>	Quality Control Review
<b>RDM</b>	Regulations on Disciplinary Measures
<b>UCC</b>	Unified Certification Commission

**Action Plan Subject:** SMO 1 – Quality Assurance  
**Action Plan Objective:** Ensure ongoing development of the IPA’s QA system in line with the SMO 1 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Russia, the quality assurance requirements for audit are set out in the Federal Law No.307-FZ “On Auditing” (the Law) of December 30, 2008. Under the Law, Institute of Professional Auditors (IPA) is a self regulatory organization for audit and IPA therefore not only registers firms for audit work but its Control Committee also conducts the quality assurance inspections. The Control Committee has developed “Control and Monitoring Regulations” which set out in detail the scope and powers of the body’s monitoring and regulatory committee and also sets out the detailed requirements against which each firm is monitored. These Regulations are written to ensure the Control Committee complies with SMO1, as well as the local Law requirements and also to ensure that each audit registered firm not only complies with the requirements, but also International Standard on Quality Control (ISQC)1, the International Standards on Auditing (ISA), the Ethical Standards (based on the IESBA’s Code of Ethics), International Financial Reporting Standards (IFRS) and Russian Accounting Standards (RAS) requirements.</p> <p>IPA QA requirements are written with the aim to maintain and further develop the quality assurance program. Russian oversight body is the Ministry of Finance of Russian Federation and the regulator arm is called the Department for Regulation of State Finance Control, Auditing, Accounting and Statements (DRSFCAAS). The DRSFCAAS regularly conducts regulatory visits to IPA to ensure that the quality assurance program is robust and fit for purpose. The Russian Financial Supervision (RFS) is responsible for monitoring certain listed and public interest entities. IPA works alongside the RFS in visiting firms which audit public interest entities.</p>					
<i>To improve IPA Regulations, Policies and Procedures for Quality Assurance Schemes</i>					
1.	May, 2013	Review the Consultation paper: A Framework for Audit Quality.	July, 2013	Chairmen of Committees, IPA President	Members of Control Committee
2.	July, 2013	Review the Regulations for organizing and carrying out external QCRs of auditors and audit firms – IPA members against SMO 1 revised requirements.	August, 2013	Chairmen of Committees, IPA President	Members of Control Committee
3.	July, 2013	Review the 2013 Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements	April, 2014	Chairmen of Committees, IPA President	Members of Control Committee
4.	November 2013	Develop and adopt the Rules for monitoring of IPA members compliance with the requirements of membership.	December, 2013	Chairmen of Committees, IPA President	Membership Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
5.	September 2013	Improve assurance program and methodology for monitoring of internal quality control system efficiency.	October, 2013	Chairman of the Control Committee	Members of Control Committee
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Commence a detailed review of deficiencies revealed in the process of QCRs and work out suggestions on their elimination.	Ongoing	Chairman of Control Committee	Members of Control Committee
7.	Ongoing	Suggest to the members that the feedback should be provided on a regular basis to ensure improvement of external Quality Control System.	Ongoing	IPA Council	Members of Control Committee
8.	Ongoing	Participate in the activities of audit regulatory bodies.	Ongoing	IPA Council	Members of Control Committee, Standard Committee, Qualification Committee and Disciplinary Committee
<i>Review of IPA's Compliance Information</i>					
9.	Annually	Periodic review of IPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annually	Chairman of Control Committee	Members of Control Committee
10.	Ongoing	Consider the RFS regulatory documents and practice concerning statutory audit for listed and public interest entities to comply with.	Ongoing	Chairman of Control Committee	Members of Control Committee

**Action Plan Subject:** SMO 2 – International Education Standards  
**Action Plan Objective:** Ensure member’s high professional skills and technical knowledge.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>To qualify for membership in the IPA, one must:</p> <ul style="list-style-type: none"> <li>• Possess a valid Qualification certificate of Auditor issued by the authorized educational institution (now Unified Certification Commission);</li> <li>• Have an unblemished professional reputation;</li> <li>• Comply with the rules of internal quality control (clause 5 put into effect by the Federal Law of 01.07.2010 No. 136-FZ)</li> </ul> <p>According to the Law No. 307-FZ the Unified Certification Commission (UCC) has been created by all self regulatory audit organizations with the purposes of auditors’ certification. The format of the qualification is developed in response to market demand and regulatory requirements.</p> <p>Annually, all IPA members shall complete 40 hours, or its equivalent, of continuing professional education.</p>					
<p><i>Updating existing regulations or establishing new ones.</i></p>					
11.	2012	Develop guidance to IPA registered firms on the organization of internal training for audit firms.	2013	Chairman of Qualification Committee, President	Members of Qualification Committee
12.	18 May, 2013	Review the International Education Standards Revision Project.	1 June, 2013	Chairman of Qualification Committee, President	Members of Qualification Committee
13.	June, 2013	Review Basis for Conclusions: Initial Professional Development – Practical Experience (revised) and Final Pronouncement (IES 5) Initial Professional Development – Practical Experience (revised). Update IPA educational standards to comply with the revised IES 5.	September, 2013	Chairman of Qualification Committee, President	Members of Qualification Committee
14.	October, 2013	Investigate Basis for Conclusions: Entry Requirements to Professional Accounting Education Programs (revised) and Final Pronouncement (IES 1) Entry Requirements to Professional Accounting Program (revised). Update IPA educational standards to comply with the revised IES 1.	December, 2013	Chairman of Qualification Committee, President	Members of Qualification Committee
15.	Quarterly	Organization of conferences and seminars with the representatives of educational institutions (EI).	Quarterly	Chairman of Qualification Committee, President	Members of Qualification Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
16.	Ongoing	Operational monitoring and quality control for EI (monthly, quarterly, and annually).	Ongoing	Chairman of Qualification Committee, President	Members of Qualification Committee
17.	Ongoing	EI reviews of the educational requirements	Ongoing	Chairman of Qualification Committee, President	Members of Qualification Committee
18.	Ongoing	Development of new programs for auditors' qualification and updating the existing courses. The material for these courses will be constantly updated and kept under review to ensure it remains relevant and pertinent.	Ongoing	Chairman of Qualification Committee, President	Members of Qualification Committee
19.	Ongoing	Ongoing monitoring of current issues on CPD.	Ongoing	Chairman of Qualification Committee, President	Members of Qualification Committee
<i>Review of IPA's Compliance Information</i>					
20.		Periodic review of IPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.		Chairman of Qualification Committee, President	Members of Qualification Committee

**Action Plan Subject:** SMO 3 – International Auditing and Assurance Board Pronouncements  
**Action Plan Objective:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Russian Federation, the responsibility for setting auditing standards rests with the Audit Council (AC) which is a body of the Ministry of Finance of Russian Federation. The AC improves national Auditing Standards on the base of the International Standards on Auditing which resulted from the International Auditing and Assurance Standards Board's (IAASB) clarity project for accounting periods ending on or after 15 December 2010 with supplementary requirements to address specific Russian legal and regulatory requirements.</p> <p>IPA Standard Committee has developed additional guidance that is deemed appropriate in Russian national legislative, cultural and business context.</p>					
<i>Convergence with ISA/ISQC1</i>					
21.	Ongoing	IPA Standard Committee adopts an official position of ISA base.	Ongoing	Chairman of Standard Committee	
22.	August, 2013	Standard Committee develops its own clarity project whereby all Statements of on auditing standards will be redrafted using the format of the IAASB and will be based on IAASB standards (ISQC1).	August, 2013	Chairman of Standard Committee	Members of Standard Committee
23.	June, 2013	Review the revised ISA 610, Using the Work of Internal Auditors and issue the recommendations on implementation of its principles.	October, 2013	Chairman of Standard Committee	Members of Standard Committee
<i>Supporting adoption of ISAs in Russia</i>					
24.	Ongoing	IPA is now focused on persuading the Ministry of Finance to adopt ISA in Russian Federation.	Ongoing	Chairman of Standard Committee	Members of Standard Committee, Members of Qualification Committee
<i>Maintaining Ongoing Processes</i>					
25.	Ongoing	Provide training courses on ISA for all IPA members via the IPA education courses.	Ongoing	Chairmen of the Committees	Members of Standard Committee, Qualification Committee

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
26.	Ongoing	Provide access to IPA members to guidance and literature on applying ISA.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
27.	Ongoing	Review of new law, regulations and drafts on auditing, accounting and related services. Feedback will be provided for every document.	Ongoing	Chairman of Standard Committee	Members of Standard Committee, All IPA members
28.	Ongoing	Review of the methodical materials developed by Task Forces of the Audit Council.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
<i>Review of IPA's Compliance Information</i>					
29.	Annually	Periodic review of IPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annually	Chairman of Standard Committee	Members of Standard Committee



**Action Plan Subject:** SMO 4 – the International Ethics Standards Board for Accountants Code of Ethics  
**Action Plan Objective:** Ensure alignment of IPA Code of Ethics with the IESBA Code if Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The Professional Ethics Committee (PEC) is charged with the responsibility of interpreting and enforcing the IPA Code of Ethics. The PEC helps IPA carry out key parts of its mission, namely to:</p> <ul style="list-style-type: none"> <li>• Promote public awareness and confidence in integrity, objectivity, competence and professionalism of its members;</li> <li>• Establish and enforce professional ethics standards for the profession;</li> <li>• Assist members in continually improving their professional conduct and performance.</li> </ul> <p>The IPA Code of Ethics addresses the same ethics principles as the International Ethics Standards Board for Accountants (IESBA) Code.</p> <p>The “threats and safeguards” approach has been adopted for the independence requirements and will be adopted for the other ethics requirements at the earliest appropriate time.</p>					
<i>Updating the IPA Code of Ethics</i>					
30.	June 2013	Work on updating the IPA Code of Ethics to reflect the clarified IESBA Code of Ethics: <ul style="list-style-type: none"> <li>- Change to Definition of “Engagement Team”</li> <li>- Change to Provisions Addressing a Breach of a Requirement of the Code</li> <li>- Changes to the Code Addressing Conflicts of Interest</li> </ul>	November 2013	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
31.	December 2013	Publish the revised IPA Code of Ethics.	December 2013	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
32.	December 2013	Inform members in writing of the publication and effective date of the revised IPA Code of Ethics (via email).	December 2013	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
33.	January 2014	Publicize the change on the IPA website and in various IPA publications.	January 2014	Chairman of the Committee on Ethics	Members of Professional Ethics Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education</i>					
34.	November 2013	Develop educational program for reviewers on new Code of Ethics	February 2014	Chairmen of the Committees	Members of Professional Ethics Committee and Qualification Committee
<i>Maintaining Ongoing Processes</i>					
35.	Ongoing	Organize events for members to highlight key ethical issues focusing on lessons from corporate conflicts.	Ongoing	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
36.	Ongoing	Issue further guidance as necessary e.g. case studies to assist members to appreciate how the Code should be applied in practice.	Ongoing	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
37.	Ongoing	Publish regular articles on IPA website, including blogs.	Ongoing	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
38.	Ongoing	Organize online webinars to discuss best practice in compliance with independence and professional ethics.	Ongoing	Chairman of the Committee on Ethics	Members of Professional Ethics Committee
<i>Review of IPA's Compliance Information</i>					
39.	Annually	Periodic review of IPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annually	Chairman of the Committee on Ethics	Members of Professional Ethics Committee

**Action Plan Subject:** SMO 5 – International Public Sector Accounting Standards Board Pronouncements  
**Action Plan Objective:** Raise awareness of the work of the International Public Sector Accounting Standards Board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>Russia has made the decision to adopt national accounting rules based on International Public Sector Accounting Standards as it aims to improve the efficiency and effectiveness of government spending. The initiative, which is being run under the World Bank's Treasury Development Project, aims to improve the governance of Russia's public finances by presenting more complete, true and fair financial information. It has been run by the Russian Ministry of Finance, with the involvement of the Moscow-based public finance research Centre, the Institute for Financial and Economic Monitoring, and KPMG.</p> <p>Russia has applied accruals-based accounting for all public sector entities since 2006. The project to introduce IPSAS-based standards would 'provide more qualitative and useful accounting information on the financial position and financial results of public sector entities for decision-making and accountability purposes.</p> <p>The IPSAS implementation project began in February 2011, led to five national accounting standards being drawn up and finalized, after a public consultation, in June 2012. The standards are expected to be approved this year and introduced in 2014 with the expectation that the main principles of the international standards would be retained. The elaboration of national standards on the basis of IPSAS will take approximately three to four years and the accounting standards would be applied to all levels of Russian government – central government, sub-national level and municipalities – as they came into effect.</p> <p>IPA will use its best endeavors to persuade the Ministry of Finance of Russian Federation to harmonize with IPSAS where appropriate.</p>					
<i>Notify members of all IPSAS, guidelines, studies and occasional papers developed by IPSASB</i>					
40.	July, 2013	IPA web site will provide an update on new IPSASB pronouncements and provides a direct link to IPSASB web site.	July, 2013	Chairman of Standard Committee	Members of Standard Committee
<i>Incorporate the Requirements of IPSAS in Russian Standards</i>					
41.	2013	Undertake a comparative study of extent to which IPSAS requirements are already included in Russian public sector standards.	2014	Chairman of Standard Committee	Members of Standard Committee
42.	June, 2013	Review 2013 Handbook of International Public Sector Accounting Pronouncements and identify what actions are to be undertaken to have the standards issued by IPSASB adopted and implemented in Russia..	December, 2014	Chairman of Standard Committee	Members of Standard Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
43.	Ongoing	Consider responding on behalf of those IPA members that have an interest in public sector accounting standards.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
44.	Ongoing	IPA is going to comment directly on consultations undertaken by IPSASB and will provide input into developments in public sector accounting within Russian Federation.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
45.	Ongoing	Identify the opportunities to assist in promoting harmonization.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
<i>Review of IPA's Compliance Information</i>					
46.		Perform periodic review of IPA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance Staff about the updates in order for the Compliance staff to republish updated information.		Chairman of Standard Committee	Members of Standard Committee

**Action Plan Subject:** SMO 6 – Investigation and Discipline  
**Action Plan Objective:** To review an investigation and disciplinary process to meet the SMO 6 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>IPA has appropriate programs that provide for investigating and disciplining members (persons and firms) for misconduct including breaches of professional standards and rules.</p> <p>IPA derives its powers, including the powers to set and enforce, through investigation and discipline, standards of ethics from a statute in jurisdiction of Russian Federation.</p> <p>The Regulations on Disciplinary Measures (RDM) applied by IPA have been harmonized to the extent possible. IPA has created the Disciplinary Committee to handle the investigation and discipline processes.</p> <p>IPA's objective is to use its "best endeavors" to ensure that investigation and discipline processes are adopted that comply with IFAC SMO 6.</p>					
<i>Undertake a review of Investigation Processes</i>					
47.	March 2013	Review investigation and disciplinary procedures and implement the outcomes of the review. Creation of files Register for previous years.	August 2013	Chairman of Disciplinary Committee	Members of Disciplinary Committee
48.	June 2013	Investigate Basis for Conclusions: Change to Provisions Addressing a Breach of a Requirement of the Code, and update the disciplinary procedures.	September 2013	Chairman of Disciplinary Committee	Members of Disciplinary Committee
<i>Maintaining Ongoing Processes</i>					
49.	Ongoing	<p>Develop recommendations to achieve best practices in the investigation and discipline processes that meet or exceed SMO 6 requirements.</p> <p>Recommendations are to be made in the areas of:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Initiation and Investigation</li> <li><input type="checkbox"/> Hearings and Appeals</li> <li><input type="checkbox"/> Sanctions and Publication</li> <li><input type="checkbox"/> Administrative Processes</li> </ul>	Ongoing	Chairman of Disciplinary Committee	Members of Disciplinary Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of IPA's Compliance Information</i>					
50.	annually	Perform periodic review of IPA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance Staff about the updates in order for the Compliance staff to republish updated information.	annually	Chairman of Disciplinary Committee	Members of Disciplinary Committee

**Action Plan Subject:** SMO 7 – International Financial Reporting Standards  
**Action Plan Objective:** Use best endeavors to support adoption and implementation of IFRS in Russian Federation

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>Accounting regulation in RF is conducted in accordance with the current Federal Law <i>On Accounting</i> №129-FZ of 21.11.1996. Article 5 of the law assigns MF RF to develop and approves pronouncements (standards) of accounting, determining principles, rules and methods of accounting and financial reporting.</p> <p>Federal Law №402-FZ <i>On Accounting</i> as of 06.12.2011 became effective on 01.01.2013. Paragraph 20 of the new law assigns as one of accounting regulation principles <i>implementation of international standards as a base for federal and industrial standards development</i>. Government bodies regulating accounting in Russian Federation are represented by an authorized federal body and by the Central Bank of Russian Federation.</p> <p>Their functions include federal standards setting, generalization of their application practice, and organization of accounting standards projects expertise.</p> <p>Non-government regulating bodies – self-regulated organizations of business owners, financial reports users, auditors and etc. – develop federal standards projects, organize their public discussion, and take part in accounting standards development projects. The law consolidates functions of Accounting Standards Board functions. As for today the Board is not formed yet.</p> <p>In Russia, currently, only the consolidated accounts of listed groups and banks are required to be prepared in accordance with IFRS adopted by the EU. The list of IFRS legislative acts adopted in 2010 – 2013 is posted on the MF RF web-site <a href="http://www1.minfin.ru/ru/accounting/mej_standart_fo/legalframework">http://www1.minfin.ru/ru/accounting/mej_standart_fo/legalframework</a></p> <p>Educational institutions registered at IPA have training courses in IFRS. IPA supports the use of IFRS and has been lobbying for the Ministry of Finance of Russian Federation to adopt the IFRS for SMEs for non-listed companies.</p>					
<p><i>Notifying members of IFRS</i></p>					
51.	February 2013	Assist in the development of information on IFRS for the benefit of stakeholders implemented IFRS by 2012.	July 2013	Chairman of Standard Committee	Members of Standard Committee
52.	July 2013	Investigate IAASB comments on IASB Exposure Drafts of March 2013, and inform IPA members about updates.	October 2013	Chairman of Standard Committee	Members of Standard Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
53.	Ongoing	Ensure that details of new IFRS, IASB Exposure Drafts and Discussion Papers are made available on the IPA website, including details of how interested members can comment.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
54.	Ongoing	Respond to the IASB's consultations on convergence, and make IPA members aware of these proposals.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
55.	Ongoing	Provide IFRS training courses for IPA members via educational institutions.	Ongoing	Chairmen of the Committees	Members of Qualification Committee
56.	Ongoing	IPA members have been made aware and are reminded of the free access to the main text of the IFRS on the IASB website.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
57.	Ongoing	Hold public events for IPA members on convergence.	Ongoing	Chairman of Standard Committee	Members of Standard Committee
<i>Review of IPA's Compliance Information</i>					
58.	Annually	Periodic review of IPA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO7 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annually	Chairman of Standard Committee	Members of Standard Committee