

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member:</b>	Institute of Certified Public Accountants of Kenya (ICPAK)
<b>Approved by Governing Body:</b>	ICPAK Council
<b>Original Published Date:</b>	December 2005
<b>Last Update</b>	October 2016
<b>Next Update</b>	October 2018

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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

## **GLOSSARY**

<b>AQA</b>	Accountants Quality Assurance
<b>AT</b>	Accounting Technician
<b>CPA</b>	Certified Public Accountant
<b>CPD</b>	Continuing Professional Development
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>ICPAK</b>	Institute of Certified Public Accountants of Kenya
<b>I&amp;D</b>	Investigation and Discipline
<b>IAESB</b>	International Accounting Education Standards Board
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISQC</b>	International Standards on Quality Control
<b>KASNEB</b>	Kenya Accountants and Secretaries National Examinations Board
<b>MSC</b>	Member Services Committee
<b>MSD</b>	Member Services Division
<b>PPG</b>	Public Policy and Governance
<b>PPGC</b>	Public Policy and Governance Committee
<b>PSASB (K)</b>	Public Sector Accounting Standards Board (Kenya)
<b>PSC</b>	Professional Standards Committee of the Institute
<b>PSD</b>	Professional Services Division of ICPAK
<b>RAB</b>	Registration of Accountants Board
<b>ROSC</b>	Report on Observance of Standards and Codes
<b>RQAC</b>	Registration and Quality Assurance Committee
<b>SME</b>	Small and Medium Entities
<b>SMP</b>	Small and Medium Practices
<b>SMO</b>	Statement of Member Obligations
<b>TA</b>	Trainee Accountants
<b>T&amp;D</b>	Training & Development



#	Start Date	Actions	Completion Date	Responsibility	Resource
		A self-review tool was completed and rolled out to all Small and Medium Practices (SMPs) in late 2015 to enable the Institute assess the level of compliance in the Country. First batch of feedback to be analysed in Q3 of 2016.			
<i>Review of the Audit Quality Assurance (AQA) Review System</i>					
2.	18 <sup>th</sup> February 2012	Conduct a general review of the AQA system to ensure it is operating effectively. This will be an annual review and will highlight areas of strengthening and further evolving the AQA program and process which were actioned in 2011.	To be carried out on an annual basis	Chief Manager, PSD	Compliance Department and RQAC
	October 2013	In a joint program with Institute of Chartered Accountants of England and Wales (ICAEW), the Institute is currently benchmarking its Audit Quality Review Program.	Completed		
<i>Enhance the Capacity of the Audit Quality Assurance (AQA) Review System</i>					
3.	2012	Organize sensitization workshops for firms outside Nairobi as well as at the branch level.	Continuous	Manager, Compliance	Compliance Department
4.	2012	Provide regular update to AQA members through journals and E-connect.	Continuous	Manager, Compliance	Compliance Department
5.	December 2011	Develop an Action Plan on areas affecting the AQA program arising from the review of observance of standards and codes (ROSC) including: <ul style="list-style-type: none"> <li>• Develop a policy document to enhance regulation of the audit and assurance of public interest entities.</li> <li>• Send the policy document to the different stakeholders for comments.</li> <li>• Develop funding proposal to fund the various activities.</li> </ul>	Ongoing	Manager, Compliance	Compliance Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
6.	January 2013	Finalise approval of the policy document and implement the policy on audit and assurance oversight.	2017	Chief Manager, PSD	Compliance Department
<i>Building Awareness of the Audit Quality Assurance (AQA) Review System</i>					
7.	March 2012	Prepare an annual AQR report highlighting findings for release to the members and others regulators.	Annually	Manager, Compliance	Compliance Department
8.	July 2012	Present the report to the RQAC and Council for approval for publication.	Annually	CEO	Professional Services Staff
9.	September 2012	Publish the results of the AQA reviews to members on an annual basis.	Annually	CEO	PR & Comm. Dept.
<i>Maintaining Ongoing Processes</i>					
10.	Ongoing	Continue to ensure that ICPAK's AQA review is operating effectively and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the AQA system and updating the Action Plan for future activities where necessary.	Ongoing	CEO/Chief Manager, DPS	ICPAK Technical team
<i>Review of ICPAK's Compliance Information</i>					
11.	Annually	Carry out periodic review of ICPAK's responses to the IFAC self-assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Annually	Chief Manager, DPS	Compliance Department

**Appendix—Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b> 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	✓			Since 2006, ICPAK has conducted quality reviews for all practising members (auditors) and their firms.
<b>Quality Control Standards and Other Quality Control Guidance</b> 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	✓			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	✓			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	✓			
<b>Review cycle</b> 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	✓			A combination of both risk based and cycle of three years.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	✓			Risk based cycle with a cap of 3 years. However effective January 2018, the Institute will adopt the extended period of 6 years for non-pie audits.
<b>QA Review Team</b> 7. Independence of the QA Team is assessed and documented.	✓			Annually and for every review engagement.

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
8. QA Team possesses appropriate levels of expertise.			✓	The QA has a mix of experienced and new staff who are trained on the job and assigned to non-pie auditors.
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	✓			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	✓			
<b>Corrective and disciplinary actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	✓			
12. QA review system is linked to the Investigation and Discipline system.	✓			
<b>Consideration of Public Oversight</b>				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		✓		At the moment, Kenya does not have an independent audit oversight. All quality review issues noted are discussed with appropriate audit authorities (the respective regulators of PIE entities). The institute is responsible for ensuring that failures/weaknesses are addressed by the audit firms, failure to which the matter is referred to the disciplinary committee.
<b>Regular review of implementation and effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	✓			The AQA framework is reviewed and updated annually to take into consideration developments in standards and other pronouncements issued by the IAASB and the IESBA.

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB  
**Action Plan Objective:** To ensure adherence to International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Background:**

The Accountants Act No. 15 of 2008, which established the Institute and regulation of the accountancy profession, also established a separate body for the accountancy professional examination. Kenya Accountants and Secretaries National Examinations Board (KASNEB) was established as a statutory body for administering examinations for persons intending to qualify or registration as accountants and company secretaries. The bulk of its student membership Kenya comprises those pursuing accountancy either at the technician level – Accounting Technician (AT) or at professional level – Certified Public Accountant (CPA).

The Act provides for collaboration with the examining body and ICPAK is fully involved in the development and monitoring of accountancy qualification examinations syllabus.

Candidates to the profession are required to complete three modules of the professional accountancy education program and pass a series of exams and attain the requisite practical experience to qualify for admission with the Institute through a statutory committee, Registration & Quality Assurance Committee (RQAC) and become members of ICPAK. Those who do not have the requisite PE are admitted as associate members.

ICPAK has also established Continuous Professional Development (CPD) requirements that are consistent with the International Education Standards (IES) 7 to ensure and maintain professional competence among the members.

The overall responsibility for this area lies with the Chief Manager, Professional Services for purposes of admission and Chief Manager, Member Services for CPD. The Institute develops a schedule of CPD events for the whole year based on the review and feedback received from members in the previous year as well as the requirements of IES 7 and developments in the accountancy profession and the business environment.

The Institute also has a representative to the International Accounting Education Standards Board (IAESB) of IFAC.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes – Continue to Review and Assess Entry Requirements to Ensure Compliance with IES (1-4) Statements</i>					
12.	Triennially (2011, 2013; 2015)	Jointly with KASNEB, undertake a comprehensive review of the structure and content of the professional education program after every three years to ensure that it adequately covers all facets of the accountancy profession including emerging issues. Major review after every five years with interim review after two years.	Ongoing	CEO	Technical & Policy Team



#	Start Date	Actions	Completion Date	Responsibility	Resource
		The last major review of KASNEB syllabus was done in Jan-June 2015 with the first set of exams done in Nov/Dec 2015. The review took into consideration all IAESB standards that were effective then. A mid-term review is scheduled for the year 2017/18.			
<i>Strengthening Practical Experience Requirement IES 5</i>					
13.	2013	Maintain relationships with various stakeholders (ICPAK members, KASNEB, KRA,) for successful implementation of the program through forums, seminars, public forums.	Ongoing	Manager, Training and Development/ Member Services Committee	Member Services Staff
14.	2013	Stakeholders forum to discuss impact of the practical experience program implementation challenges. Through the World Bank Institutional Development Fund (IDF), Trainee Accountant Practical Experience Framework (TAPEF) framework was developed which necessitated engagement with numerous stakeholders.	Completed	CEO	CEO/ Council Chairman
15.	2016	Monitor the performance of the Pilot phase of TAPEF.	2016	Manager, T&D	Member Services Committee, T&D Staff, Chief Manager, PSD
16.	2016	Evaluate the Pilot phase mentorship program through the help of a Consultant.	June 2016	Manager, T&D	Member Services Committee, T&D Staff, Chief Manager, PSD
17.	January 2016	Implement Practical experience on pilot basis. Pilot phase with 68 trainee accountants and 44 supervisors/mentors.	June 2016	CEO/Council	CEO and staff of ICPAK/ Members of ICPAK

#	Start Date	Actions	Completion Date	Responsibility	Resource
18.	July 2016	<p>Implement Practical experience - After a successful pilot of the Trainee Accountant Practical Experience Framework, as a prerequisite for admission as a certified member.</p> <p>This will include:</p> <ul style="list-style-type: none"> <li>• Accreditation of practical experience supervisors and firms.</li> <li>• Formal requirement for employer sign off to ensure suitability of practical experience provided are in place.</li> <li>• Automation of TAPEF log for TAs and their supervisors.</li> </ul>	Continuous	Manager, T&D/MSC	T&D staff
<i>Strengthening CPD Requirement IES 7</i>					
19.	Ongoing	Draft an article addressing the CPD requirements and Compliance. This will enable members to appreciate and increase their compliance with CPD requirements Articles included in the Accountant (ICPAK journal for professional accountants).	Continuous	Manager, T&D	T&D staff/MSC
20.	1 <sup>st</sup> December 2011	Evaluate member CPD compliance and recognize and award the highest CPD achievers – An annual exercise where member(s) with the highest CPD hours in a calendar year are awarded.	Annually	Manager, T&D/MSC	T&D staff
21.	2014	<p>Revise the CPD policy of ICPAK in line with changes to International Education Standards (IES) and other pronouncements of the IAESB.</p> <p>2016: Currently being reviewed to align with new IES.</p>	Completed (Triennial review)	Manager, T&D/MSC	Member Services and Professional Services Staff; MSC
22.	2016/7	<p>Develop and Implement e-learning as a mode of conducting CPD.</p> <p>2016: Development phase near completion; full roll out is expected in January 2017.</p>	January 2017	CEO	Professional Services and T&D staff; PSC and MSC

#	Start Date	Actions	Completion Date	Responsibility	Resource
23.	2016	<p>Implement a facilitator's portal in the Institute website and accreditation of facilitators (teachers) for CPD events.</p> <p>Undertake a peer review of facilitators and provide feedback for continuous improvement.</p> <p>Establish faculties of:</p> <ul style="list-style-type: none"> <li>✚ Public Finance &amp; Tax.</li> <li>✚ Audit and Assurance.</li> <li>✚ Financial reporting.</li> </ul>	2017	CEO	Professional Services, PPG and T&D staff; PSC and MSC
<i>Maintaining Ongoing Processes</i>					
24.	Ongoing	<p>Continue to use best endeavours to ensure ICPAK education requirements continue to incorporate all IES requirements. This includes continuous:</p> <ul style="list-style-type: none"> <li>✚ Review of the requirements of IES 7 annually to ensure compliance.</li> <li>✚ Conducting CPD audit review and follow-up members who fail to meet the minimum CPD requirements.</li> <li>✚ Disseminating CPD information to members and enhancing the information pack to clearly articulate the expected learning outcomes and targeted groups for each event.</li> <li>✚ Diversification of CPD events to promote access by members and other interested groups.</li> </ul>	Ongoing	CEO of ICPAK and Manager, T&D, MSC	T&D staff
<i>Review of ICPAK's Compliance Information</i>					
25.	Annually	<p>There is a need to review the SMO 2 information annually as there may have been changes to the legislative and or administrative landscape.</p> <p>Carry out periodic review of ICPAK's responses to SMO 2 as necessary. Once updated, inform IFAC compliance stall about the updates in order for them to republish updated information.</p>	Ongoing	CEO/Chief Manager, PSD	Professional Services and T&D Staff

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use best endeavours to maintain ongoing process to adopt and implement IAASB Pronouncements

<b>Background:</b>					
<p>The Accountants Act of 2008 mandates ICPAK to issue standards of professional practice, including accounting and auditing standards, which form the basis of accountancy in the preparation, verification and auditing of financial statements in Kenya. Since 1999, ICPAK has adopted a clear convergence approach, where all ISAs, including any revisions, are adopted as the national standards as drafted by International Auditing and Assurance Standards Board (IAASB), without modifications including the effective date. Exposure Drafts are circulated to members and comments collected by the Manager, Technical Services (TS) who forwards them to IAASB or the members make the comments directly to IAASB. The overall responsibility of adopting the national standards vests with the Council of the Institute, as advised by the Professional Standards Committee (PSC) of the Institute.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Improvements to Program for Adoption and Implementation of IAASB Pronouncements</i>					
26.	Ongoing	Review existing Exposure drafts and discussion papers and incorporate them as part of the CPD training program.	Ongoing	Manager, TS	Audit Sub-committee/PSC
27.	June 2011	Review of the environment to identify existing and potential hindrances to the adoption and implementation of IAASB pronouncements. Report to be prepared at the conclusion of the review.	Completed	Manager, TS	PSC
28.	September 2011	Analysis and implementation of the recommendations made in the review above.	Completed	Manager, TS	PSC
29.	January 2010	Developed a Sample Audit Manual for use by small and medium-sized practitioners.	Completed	Manager, TS	PSC
30.	Annually	Strengthen activities to raise awareness and knowledge of the standards and pronouncements issued by the IAASB by: <ul style="list-style-type: none"> <li>○ Notifying members of the new standards, related guidance and other papers issued by the IAASB through the ICPAK website, journal, technical e-newsletter and e-connect;</li> <li>○ Informing members how to access documents issued by the IAASB; and</li> </ul>	Ongoing	Manager, TS	PSC/MSC

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> <li>○ Incorporating into the CPD events courses to educate practicing members about developments in auditing and assurance.</li> <li>○ Responding to queries from members and the public on the application of standards and other pronouncements issued.</li> <li>○ Holding forums to disseminate information on developments in standard setting and collating feedback from constituents to inform responses to the IAASB.</li> <li>○ Providing individual feedback to participating entities on compliance with standards on auditor's report (ISA 700 etc.) in their annual reports and financial statements.</li> </ul>			
<i>Build Awareness about the ISAs</i>					
31.	Ongoing	Publish articles in ICPAK Journals and newsletter to notify members of all international standards, related Practice Statements and other papers issued by the IAASB, in order to enhance the awareness of the members and the public in general about the new and revised standards.	Ongoing	Manager, TS	PSC
32.	Annual	Conducting workshops on the essential issues in audit specifically tailored for audit professionals.	Completed	Manager T&D/Manager TS	PSC
33.	2016	Specific focus on applying ISA and ISQC1 to SME audits - Companion Manual: Guide to Quality Control for SMPs/Guide to Using ISAs in the Audits of SMEs/Guide to Review Engagements/Guide to Compilation Engagements issued in October 2015.	Ongoing	Chief Manager, PS	PSC/ICPAK Technical team
34.	Ongoing	Organize workshops on exposure drafts to elicit more direct feedback on standards issued by IAASB. Use feedback from practice reviews to collate feedback on challenges faced while applying standards issued by IAASB.	Ongoing	Manager, TS	PSC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
35.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	Manager, TS	PSC/ICPAK Technical team
36.	April 2012/ 2015-19	Commenting on the IAASB's Strategy and Work Program.	Completed	Manager, TS	PSC/ICPAK Technical team
<i>Review of ICPAK's Compliance Information</i>					
37.	Annually	There is a need to review the SMO 3 information annually as there may have been changes to the legislative and or administrative landscape. Carry out periodic review of ICPAK's responses to SMO 3 as necessary. Once updated, inform IFAC compliance stall about the updates in order for them to republish updated information.	Annually	CEO/Chief Manager, PSD	PSC/ICPAK Technical team

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** To use our best endeavours to implement the IESBA Code of Ethics and ensure any updates by the IESBA are included as part of the ethical requirement for professional accountants (including aspiring professional accountants)

<b>Background:</b>					
ICPAK has established convergence with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and its members adhere to the 2009 IESBA Code of Ethics which incorporates updates as communicated by the IESBA. The Code was adopted with one modification--adoption of the more stringent interpretation of 'professional misconduct' as defined in section 30 of the Accountants Act 2008. The overall approach encompasses not only responding to breaches of the code but also educating the business community and key stakeholders on the requirements of the code of ethics for Accountants.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Ensure Effective Implementation of the Code of Ethics</i>					
38.	15 <sup>th</sup> February 2012	Prepare a schedule for lectures on the Code of Ethics to Practitioners, members in business and business community during regional tours with the Practitioners Development Workgroup. Carry out a minimum of 8 regional tours in year 2012 and subsequent years. This is an annual CPD event that is done in February/March every year across the country.	Completed/ Annually	Manager, Legal	Legal staff, T&D and Professional Services staff
39.	2 <sup>nd</sup> May 2012	Prepare technical releases to give guidance on areas covered by the code that need more elaboration.	Continuous	Chief Manager, PSD	Legal staff and Professional Services staff
40.	4 <sup>th</sup> July 2012	Do a survey on the members' knowledge and impact of the Code of Ethics and review approach.	Biennial	Manager, Legal	Member Services/IT
41.	21 <sup>st</sup> November 2012	Annually review the Institutes CPD program on the Ethics content and make proposals for the program. This includes taking into account any material produced by IESBA on addressing conflict of interest, fraud, and responding to non-compliance with laws and regulations.	Annually	Manager, Legal	Legal and TS staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
42.	2015	Review and update the ICPAK code of ethics (adaptation of IESBA code of ethics for professional accountants) as contained in the members handbook.	Ongoing	CEO/Chief Manager Professional Services	Council; Legal and Professional Services staff
43.	2016	Review and update the ICPAK code of ethics (adaptation of the current IESBA code of ethics for professional accountants) as contained in the member's handbook and incorporating amendments to the Accountants Act No. 15 of 2008 to enhance provisions on professional misconduct.	Ongoing	CEO/Chief Manager Professional Services	Council; Legal and Professional Services staff
<i>Maintaining Ongoing Processes</i>					
44.	Ongoing	Continue to support ongoing adoption and implementation of the IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	Manager, Legal	ICPAK Technical team
<i>Review of ICPAK's Compliance Information</i>					
45.	Annually	There is a need to review the SMO 4 information annually as there may have been changes to the legislative and or administrative landscape. Carry out periodic review of ICPAK's responses to the IFAC self-assessment questionnaires and update sections relevant to SMO 4 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Annually	Manager, Legal	ICPAK Technical team



**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to use best endeavours to maintain ongoing process to adopt and implement IPSASB Pronouncements

**Background:**

Following the enactment of a new constitution in 2010, the Kenyan government has developed the Public Finance Management Act of 2012 which established a Public Sector Accounting Standards Board (PSASB) (Kenya) mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities. The Act specifically provides that members of the board must be members of the Institute. ICPAK through its representation at the PSASB is devoted to the adoption of International Public Sector Accounting Standards (IPSAS) as the basis for financial reporting across all levels of Government. The overall responsibility of this function is the Council and the Chief Executive who do the required lobbying for adoption through its membership in this Board.

In February 2014, the Cabinet Secretary gazetted the Board in accordance with the provisions of the PFM Act of 2012. The Board has adopted IPSAS as issued by the IPSASB for use by all public sector entities in Kenya (Ministries, Departments & Agencies and County Governments -on modified Cash Basis IPSAS; non- commercial State Corporations and semi-autonomous government agencies -on IPSAS Accrual and commercial public sector entities – on IFRS). All public sector entities prepared their financial statements for the year ended 30 June 2014 (pilot) in line with the board’s directive. The Board has subsequently reviewed the extent of compliance and has incorporated the requisite trainings and capacity initiatives to enhance this.

ICPAK has provides technical assistance to the board throughout the process and continues to inform the Board of the activities of IPSASB.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to Develop and Maintain an Active Program for Adoption and Implementation of IPSASs in Kenya</i>					
46.	January 2013	Research and comment on Exposure drafts and discussion papers issued by IPSAB as may be appropriate.	As issued by IPSASB	Manager, PPG	PSC and Public Sector Committee; PSC and PPG
47.	July 2011	Pursue further the adoption of IPSAS in Kenya: - <ul style="list-style-type: none"> <li>o Prevail upon the officers of Central Government to adopt IPSASs reporting framework.</li> <li>o Working with other constitutional offices such as the Office of the Auditor General and the office of the Controller of Budget to drive the agenda for the adoption of IPSAS. We will also seek to leverage on</li> </ul>	Completed	Chairman & Chief Executive  Chairman & Chief Executive	Professional Services & PPG staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>the support of the CPA Parliamentarians in pursuit of this agenda.</p> <ul style="list-style-type: none"> <li>○ Prior to their dissolution, following the enactment of the 2010 Constitution, the local authorities had adopted IPSAS; the constitution has created county government. ICPAK will continue to lobby for County governments to continue with IPSAS. In the medium term, we continue facilitating capacity building within the county governments.</li> </ul>			
48.	March 2011	<p>Enhance a communication plan for informing members, key stakeholders in the public sector and the public about the current IPSAS that are in effect and to be used.</p> <ul style="list-style-type: none"> <li>○ Provide regular information about the new IPSAS issued by IPSAS Board.</li> <li>○ Through the quarterly e-newsletter, provide a synthesis report of any new IPSAS issued or any new development in the undertakings by the IPSAS Board.</li> <li>○ Develop and review annually, jointly with the Public Sector Accounting Standards Board of Kenya, financial reporting templates that are in compliance with IPSAS for public sector entities.</li> </ul>	Continuous	Manager, PPG	Manager, Communication, Manager, IT and ICPAK Technical team.
49.	April 2011	<p>Develop a work program for the capacity targeting staff in the finance units of public sector entities.</p> <ul style="list-style-type: none"> <li>○ Provide technical input in developing the training materials and avail resource persons.</li> <li>○ Provide synthesis reports on the gaps and update the financial reporting template for the county governments to enhance its understandability.</li> </ul>	Ongoing	Chief Manager, PSD	Professional Services & PPG staff
50.	2014	Periodically discuss IPSASB activities with the technical staff of the PSASB (K).	Ongoing	Chief Manager, PSD	ICPAK Technical team

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	May 2011	<p>Develop a program for responding to IPSAS exposure draft. Set up a Committee to deal with IPSAS related EDs and CPs.</p> <ul style="list-style-type: none"> <li>○ Reorganize the work group to make it more effective at responding to Exposure Drafts.</li> <li>○ For ED and CP, hold consultative forums with members to obtain responses thereto.</li> </ul>	As Issued	Manager, PPG	Public Sector Committee & ICPAK Technical team
52.	June 2011	<p>Implement an IPSAS compliance monitoring system for public sector entities.</p> <ul style="list-style-type: none"> <li>○ Introduce IPSAS compliance categories in the Financial Reporting (FiRe) Award (an initiative of ICPAK and other promoters aimed at promoting compliance with reporting standards) – Pilot done in 2015 and second phase coming in year 2016.</li> <li>○ Public sector entities continue to participate in the Financial Reporting (FiRe) Award, which is a tool to monitor level of compliance and provide feedback on implementation of IPSAS.</li> </ul>	Annually	Chief Manager, PSD	ICPAK Technical team
53.	2016 and Annually	Introduce a Compliance Review Program in conjunction with the PSASB (K).	Ongoing	Chief Manager, PSD	ICPAK Technical team
<i>Maintaining Ongoing Processes</i>					
54.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	Chief Manager, PSD	ICPAK Technical team
55.	Ongoing	<p>Increase the number of ICPAK CPD events addressing IPSAS in the calendar of events and providing facilitators to support the PSASB (K) training initiatives:</p> <ul style="list-style-type: none"> <li>• IPSAS week.</li> <li>• Essentials of IPSAS.</li> </ul> <p>ICPAK's CPD events are open to members and other persons interested.</p>	Ongoing	Manager, T&D	ICPAK Technical team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		The Institute also collaborates effectively with the PSASB (K) on its training initiatives for accountants (majority of whom are members of ICPAK) in the public sector.			
<i>Review of ICPAK's Compliance Information</i>					
56.	Annually	There is a need to review the SMO 5 information annually as there may have been changes to the legislative and or administrative landscape. Carry out periodic review of ICPAK's responses to SMO 5 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Annually	Chief Manager, PSD/Manager, PPG	ICPAK Technical team

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

**Action Plan Objective:** Continue to use best endeavours and further improve ICPAK's investigation and disciplinary system

<b>Background:</b>					
ICPAK is responsible for investigating and disciplining (I&D) professional accountants and carries out the processes through its staff (preliminary proceedings) and Disciplinary Committee [a statutory committee established under the Accountants Act No. 15 of 2008, composed of members and non-members to enhance its independence] (hearings). ICPAK continues to focus on addressing all requirements set out in the SMO 6, <i>Investigation &amp; Discipline</i> including reviewing representation to the Disciplinary Committee.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	Annually	Prepare a disciplinary committee work plan.	Annually	Legal Manager	Legal Manager
<i>Review of the Investigation and Disciplinary (I&amp;D) System</i>					
58.	Annually	<p>Conduct a general review of the I&amp;D system to ensure it is operating effectively. This annual review highlighted the following areas for strengthening and further evolving the I&amp;D program and process which are being implemented in 2012:</p> <ul style="list-style-type: none"> <li>The awareness of state agencies on the I&amp;D role of ICPAK on members involved unethical behaviour in employment is still low and ICPAK is actively engaging the relevant state agencies.</li> </ul> <p>Greater follow-up on suspended members to ensure re-training and re-admission upon successful completion of the disciplinary action by developing a training and compliance program in 2016 and implemented in 2017.</p>	Annually	CEO	Legal team and Chief Manager PSD
59.	2016	Incorporate the proposed amendments to the Accountants Act, No. 15 of 2008, provides for the Appeals Committee to hear appeals from the Disciplinary Committee.	2016	CEO	Legal team and Chief Manager PSD
60.	Annually	Conduct a preliminary survey of public and members' awareness of the existing I&D process and based on the outcome address the knowledge gap. This review, also	Annually	Legal/Chief Manager, MSD	Legal team, Chief Manager PSD and Chief Manager, MSD

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>conducted in 2010 highlighted the following areas for strengthening which are being in 2011:</p> <ul style="list-style-type: none"> <li>• Weak awareness of the Investigations &amp; Disciplinary process for Accountants</li> <li>• Poor responses by complainants once an inquiry gets going.</li> </ul> <p>2016: This is a work in progress to be addressed by the review of the Accountants Act and Public Awareness Campaigns</p>			
61.	Annually	<p>Organize workshops on ethical requirements and the I&amp;D process.</p> <p>Increase the capacity of the disciplinary committee.</p>	<p>Annually</p> <p>2016</p>	<p>Legal/Chief Manager, MSD</p> <p>CEO</p>	T&D, HR
62.	30 <sup>th</sup> November 2012	Review and prepare a draft report on areas for enhance audit and assurance regulatory framework.	Completed	Legal Manager	Legal team, Chief Manager PSD
63.	Annually	Identify Knowledge gaps in the Disciplinary Committee and recommend a skills matrix for the disciplinary committee to be reconstituted in July 2012.	Completed	CEO/Legal Manager	Legal Department/ICPAK Technical team
64.	1 <sup>st</sup> October 2012	Publish the results of the Survey on the I&D process in the "Accountant Journal" in the Nov/ Dec issue.	Completed	Legal Manager	PR & Communications
65.	1 <sup>st</sup> May 2012	Pursue the identification of suitable non-accountants for appointments to the disciplinary committee and presentation of proposals for approval by the Council.	Completed	CEO & Disciplinary Committee	Council/CEO
<b>Maintaining Ongoing Processes</b>					
66.	Ongoing	Continue to use best endeavours to ensure ICPAK's investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CEO of ICPAK & Disciplinary Committee	Legal/ Compliance team

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICPAK's Compliance Information</i>					
67.	Annually	There is a need to review the SMO 6 information annually as there may have been changes to the legislative and or administrative landscape. Carry out periodic review of ICPAK's responses to the IFAC self-assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.	Annually	CEO	Legal /Compliance team

**Appendix—Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	✓			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	✓			
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	✓			
4. Link with the results of QA reviews has been established.	✓			
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.		✓		There is no separate investigations committee. The registration and quality assurance undertakes this function. However, the Institute is working on modalities to establish a separate investigations committee.

Requirements	Y	N	Partially	Comments
				Proposals have been submitted to parliament for amendment of the Accountants Act.
6. Members of a committee are independent of the subject of the investigation and other related parties.		✓		As above.
<b>Disciplinary process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	✓			
8. Members of the committee/entity include professional accountants as well as non-accountants.	✓			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	✓			
<b>Sanctions</b>				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	✓			
<b>Rights of representation and appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.		✓		None currently. All appeals are to the same committee through council or seeking judicial action through the high court. Proposals have been submitted to parliament for amendment of the Accountants Act.



<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
<b>Administrative Processes</b>				The committee manages its own independent calendar.
12. Timeframe targets for disposal of all cases are set.	✓			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	✓			
14. Records of investigations and disciplinary processes are established.	✓			
<b>Public Interest Considerations</b>				Findings are communicated publicly.
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	✓			
16. A process for the independent review of complaints on which there was no follow-up is established.	✓			
17. The results of the investigative and disciplinary proceedings are made available to the public.	✓			Findings are communicated publicly.
<b>Liaison with Outside Bodies</b>				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	✓			
<b>Regular review of implementation and effectiveness</b>				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	✓			

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue to use best endeavours to maintain and continuously improve an ongoing program for adoption and implementation of IFRS

<b>Background:</b>					
<p>In December 1999, ICPAK adopted a clear convergence approach, where all standards and pronouncements issued by the IASB are adopted as the national standards as, without modifications including the effective date. Exposure Drafts are circulated to members and comments collected by the Manager, Technical Services (TS) who forwards them to IASB or the members make the comments directly to IASB. The overall responsibility of adopting the national standards vests with the Council of the Institute, as advised by the Professional Standards Committee (PSC) of the Institute.</p> <p>The IFRS for Small and Medium-sized Entities (IFRS for SMEs) became effective, in Kenya, on 1 January 2010. The Council issued Guidelines in December 2009, to support the implementation of IFRS for SMEs.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of the Financial Reporting Environment</i>					
68.	March 2011	<p>Develop an action plan for implementing the ROSC (II) action plan which reviewed the financial reporting environment (per Sector) as well as existing and potential hindrances to the adoption and implementation of IFRS and IFRS for SMEs.</p> <p>Focus areas include:</p> <ul style="list-style-type: none"> <li>○ Lack of a legal framework for the adoption of IFRS in companies – this has been incorporated in the Companies Act 2015.</li> <li>○ Low uptake of IFRS for SMEs – the Companies Act 2015 introduces small companies’ regime and ICPAK will drive for adoption of IFRS for SMEs for this category of entities.</li> <li>○ Detailed review of financial statements of PIEs.</li> </ul>	Ongoing	Manager, TS	PSC/ICPAK Technical team
69.	September 2011	<p>Analysis and implementation of the recommendations made in the review above.</p> <p>2016: this is in progress. Some actions entail push for amending the relevant legislations.</p>	Ongoing	Manager, TS	PSC/ICPAK Technical team

#	Start Date	Actions	Completion Date	Responsibility	Resource
70.	Annually	Excellence in Financial Reporting Award (FiRe). Reviewing annual reports and financial statements for compliance with IFRSs/IFRS for SMEs and providing appropriate feedback to participating entities for improvement.	Annually	Chief Manager, PSD	PSC/ICPAK Technical team
<i>Review of Education Needs and Strategies</i>					
71.	July 2011	Review of the existing awareness and training strategies on both new and existing IFRS. A 2011 impact assessment via a survey of practitioners highlighted the following areas where awareness and training strategies can be evolved and which are being actioned with effect from 2011 for IFRS and IFRS for SMEs. <ul style="list-style-type: none"> <li>○ Undertake mini surveys for every training conducted on IFRS and IFRS for SMEs to understand challenges faced in implementation of the standards.</li> <li>○ Guidance Material to ensure compliance with IFRSs- i.e. full IFRS and the IFRS for SME's.</li> <li>○ Guidance material to address the transitional challenges from full IFRS to the IFRS for SME's.</li> </ul>	Annually	Manager, TS	ICPAK Technical team/T&D
72.	September 2011	Analysis and implementation of the recommendations on the dissemination and training strategies.	Ongoing	Manager, TS	PSC/ICPAK Technical team
73.	Annually	Conduct IFRS and IFRS for SMEs workshops to increase capacity for IFRS application.	Annually	Manager, T&D	PSC/ICPAK Technical team
<i>Review of the Due Process</i>					
74.	July 2011	Review of the existing participation strategies in the standard development process: <ul style="list-style-type: none"> <li>○ Identification of the EDs.</li> <li>○ Communication plan.</li> <li>○ Review and comments.</li> </ul>	As Issued	Manager, TS	PSC/ICPAK Technical team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>The following measures have been taken in enhancing quality of response on relevant exposure drafts/discussion papers etc. issued by IASB:</p> <ul style="list-style-type: none"> <li>○ Circulating relevant ED's to the entire membership and identified stakeholders for comment.</li> <li>○ Where ED's propose or portends significant/material changes to existing IFRSs hold fora to solicit members' comments.</li> </ul>			
<i>Maintaining Ongoing Processes</i>					
75.	Ongoing	Continue to use best endeavours by identifying opportunities to further assist in implementation of IFRS and IFRS for SMEs. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.	Ongoing	Manager, TS	PSC/ICPAK Technical team
<i>Review of ICPAK's Compliance Information</i>					
76.	Annually	<p>There is a need to review the SMO 7 information annually as there may have been changes to the legislative and or administrative landscape.</p> <p>Carry out periodic review of ICPAK's responses to SMO 7 as necessary. Once updated, inform IFAC compliance staff about the updates in order for them to republish updated information.</p>	Annually	Chief Manager, PSD	PSC/ICPAK Technical team