

## **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 Cost and Management Accountants of Pakistan (ICMAP)
<b>Original publish Date:</b>	September 2011
<b>Last Updated:</b>	March 2017
<b>Next Update:</b>	March 2019

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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>AGPR</b>	Accountant General Pakistan Revenues
<b>CAM</b>	Certificate in Accounting and Management
<b>CGA</b>	Controller General of Accounts
<b>CMA</b>	Cost and Management Accounting
<b>COP</b>	Certificate of Practice
<b>CPD</b>	Continuing Professional Development
<b>DAOs</b>	District Accounts Offices
<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IAS</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board
<b>ICMAP</b>	Institute of Cost and Management Accountants of Pakistan
<b>IES</b>	International Education Standard
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of 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>IREP</b>	ICMAP Registered Education Providers
<b>ISA</b>	International Standard on Auditing
<b>ISQC1</b>	International Standard on Quality Control 1
<b>NAM</b>	New Accounting Model
<b>QA</b>	Quality Assurance
<b>QAB</b>	Quality Assurance Board
<b>QAR</b>	Quality Assurance Review
<b>QCR</b>	Quality Control Review
<b>RQAEC</b>	Research, Quality Assurance & Ethics Committee
<b>SAFA</b>	South Asian Federation of Accountants
<b>SECP</b>	Securities and Exchange Commission of Pakistan
<b>SMO</b>	Statement of Membership Obligation
<b>TSPD</b>	Technical Support and Practice Development Committee

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Implementing and Further Improving Quality Assurance Review Program

**Background:**

The scope of cost audit practice in Pakistan is quite limited. The Institute, however, is operating in the spirit of SMO 1 by ensuring supply of authentic data by practicing members through a prescribed questionnaire and subsequent verification of supplied information, prior to renewing Certificates of Practice (COPs).

The Technical Support and Practice Development (TSPD) Committee of ICMA Pakistan has successfully developed Cost Accounting Standards (CAS) to provide guidelines and facilitate the industry, trade and business. The development of Cost Accounting Standards was a cumbersome task which was developed with the support of members. The book on Cost Accounting Standards was published in December 2014 and later circulated to all members, Government organizations and Industry. The developed CAS are, (i) Classification of Cost; (ii) Capacity Determination; (iii) Direct Material Cost; (iv) Direct Labour Cost; (v) Production Overheads; (vi) Administrative Overheads; (vii) Selling and Distribution Overheads; (viii) Direct Expenses; (ix) Packing Material Cost; (x) Cost of Production for Captive Consumption; (xi) Cost of Power and Energy; (xii) Cost of Service Cost Centre. These standards serve as guideline especially for organizations belonging to the sector where cost audit is mandatory. The development of cost accounting standards is an excellent effort of the Institute and a huge step towards the betterment of cost accountants. Firms are reviewed every three years by reviewers from the TSPD and QCD that operates under oversight of QAB below.

The Institute established **Quality Assurance Board (QAB)** with the objective to enhance the quality of services rendered by Cost and Management Accountants' (CMA) Firms. The purpose of QAB is to improve quality of financial, cost and tax audits; to ensure transparency in financial accounts; management reporting; and to comply with relevant rules, regulations and professional standards. The ultimate beneficiary will be user of such reports including regulators i.e., SECP, FBR, SBP. The following measures have also been taken to strengthen QAB and its outcomes.

**a) Quality Control Review Programme:** The Institute developed Quality Control Review Programme essential for the implementation of the QCR. The program applies to all Cost and Management Accounting Firms and practicing CMA holding valid certificate of Practice (COP) from the Institute. Carrying audits of financial statement, cost audits, special statutory audits, tax audits, public sector audits and review of historical information and other assurance and related services engagements having proper authority from a professional, legal or regulatory body. Quality Assurance Board under the leadership of the then Chairman QAB, Mr. Kashif Mateen Ansari had approved the Quality Control Review Programme in its 2nd Meeting held on 22nd December, 2014.

**b) Quality Control Review (QCR) Checklist:** The Institute developed Quality Control Review Checklist essential for the preparation of QCR reports. The program applies to all Cost and Management Accounting Firms and practicing CMA holding valid certificate of Practice (COP) from the Institute. Carrying audits of financial statement, cost audits, special statutory audits, tax audits, public sector audits and review of historical information and other assurance and related services engagements having proper authority from a professional, legal or regulatory

body. Quality Assurance Board had approved the QCR Checklist on 22nd December, 2014 which is also hosted on Institute's website. It is optional for the firms to get Quality Rating. So far, five firms have been reviewed, out of which 3 firms were awarded satisfactory quality rating.

**c) Establishment of Quality Control Department:** In order to start review of CMA firms and expedite decisions of Quality Assurance Board, the Council established Quality Control Department. The Council also approved to hire the services of the Reviewers to conduct the Quality Audit of CMA Firms for award of quality rating to CMA Firms.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Improvement in Quality Assurance System of the Institute</i>					
1.	Q3 2011	Conduct a review of SMO 1 and consider how best practices in quality control and quality assurance can be reflected in the work of ICMAP. All parts are in line SMO 1.	Ongoing	TSPD Committee	Director TSPD
2.	Ongoing	Continue to offer training of Practicing Members through Seminars on Quality Assurance on topics including: 1) Cost Audit (Continuing Professional Development (CPD) 6 hrs) 2) Income Tax & Sales Tax (CPD 12 hrs) 3) Corporate Law & Secretariat Practice (CPD 12 hrs) 4) Risk Management (CPD 9 hrs) 5) Financial Modeling (CPD 9 hrs) 6) Banking (CPD 12 hrs) 7) Grooming (CPD 6 hrs)	Ongoing	TSPD Committee	Director TSPD
<i>Maintaining Ongoing Processes</i>					
3.	Ongoing	Renewal of practicing certificates is subject to QA through completion of questionnaire by Practicing Members.	Ongoing	Executive Director Director, Member Affairs	National Council, Members Affairs Department
<i>Review of ICMAP's Compliance Information</i>					
4.	Ongoing	Perform periodic Review of the SMO Action Plan and update section 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.	Ongoing	President Executive Director	Director International Affairs

**Appendix I—Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>		✓		
<p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	✓			
<p>3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.</p>	✓			
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	✓			
<p><b>Review Cycle</b></p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	✓			
<p>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).</p>	✓			
<p><b>QA Review Team</b></p> <p>7. Independence of the QA Team is assessed and documented.</p>	✓			

Requirements	Y	N	Partially	Comments
8. QA Team possesses appropriate levels of expertise.	✓			
<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.	✓			
<b>Regular Review of Implementation and Effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	✓			

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Bringing Education Activities in Compliance with International Education Standards (IES)

**Background:**

***Entry Requirements***

ICMAP offers a Certificate in Accounting and Management (CAM) which involves the completion of a two year course plus six months of supervised practical training. Candidates who have passed an Intermediate level examination from any recognized Board/University or A-Level examination under the Cambridge System are eligible for admission to this Certificate Course. On acquiring the CAM, candidates become eligible for admission into Stage 3 of post-graduate Professional Level.

ICMAP also offers direct admission to the CMA course, which is of three years' duration. Students who have completed graduation or Masters in any subject are eligible. In addition, the following Certificates are awarded by the Institute:

- (a) One-Year 'Post Graduate Certificate in Accounting' is awarded to those graduate students who pass all the papers of Stage-1 and Stage-2 examinations.
- (b) Two-year 'Post Graduate Certificate in Cost and Management Accounting' is awarded to those graduate students who pass all papers of Stage-1 to Stage-4 examinations, and undertake 6 months' work experience.
- (c) 'Final Post Graduate Certificate in Cost and Management Accounting' is awarded to those students, who after passing all the Stages of Post-graduate courses, pass a three-hour comprehensive examination, in addition to meeting requirement of one further year of working experience.

The Syllabus has recently been realignment to bring improvement in learning methodology so as to enhance the spectrum of knowledge of students for better market acceptability within the country and abroad. For instance, International Financial Reporting Standards (IFRS) and internationally recognized standards were incorporated to enhance local and global acceptability of our qualified members. The realignment of Institute's curriculum brought inclination of other accounting bodies of the world in signing Memorandum of Understandings (MoUs), Mutual Recognition Agreements (MRAs) and Mutual Pathway Agreements (MPAs) with the Institute.

[http://www.icmap.com.pk/cam\\_info.htm](http://www.icmap.com.pk/cam_info.htm)

***Professional Education***

ICMAP offers Coaching Classes for regular students, as well as Correspondence Course and Internet Based Distance Learning Program for students unable to attend coaching classes. Over the years, the Institute's concerted efforts succeeded in establishing a sound coaching delivery system through its own Centers as well as through ICMAP authorized Centers (IREP) in other cities. The coaching standards are continuously being improved through stringent selection process, greater supervision, improved teaching environment and enhanced use of audio visual aids. ICMAP does not employ a permanent faculty but works with a visiting faculty.

[www.icmap.com.pk/syllabus.htm](http://www.icmap.com.pk/syllabus.htm)

### **Examination Structure**

ICMAP examinations are aimed at ensuring that students have acquired professional capabilities and competence expected of them and are adequately trained to meet professional demands and challenges. Examinations are conducted twice yearly, in May and November. For further details about examination procedure, please click on web link: [http://www.icmap.com.pk/exam\\_gen.htm](http://www.icmap.com.pk/exam_gen.htm)

Realizing the global challenges and to upgrade benchmarks of best practices as prescribed by International Federation of Accountants (IFAC), the Institute being examining body reviewed its existing standards through a study on examination administration. Professional Competence Level (PCL) Examinations is facilitating examinees to learn practical aspects of their knowledge e.g., Enterprise Resource Planning (ERP), Reporting and Analysis by using MS Excel, filing of Statutory Returns etc. Based on the review of best practices, the Institute's Examination Committee adopted salient practices as enumerated below:

- a) Paper setting in accordance with International Standards;
- b) Giving extra reading time in selected papers;
- c) Students' performance review;
- d) Exclusive arrangements to facilitate special persons;
- e) In-house Computer Based Examinations (CBEs) for Professional Competence Level (PCL).

### **Practical Experience Requirements**

The students are required to complete compulsory practical training in a business organization or industry for completion of their Certificate courses. The duration of training and the Certificate awarded is given in the table below. The practical experience requirement during education is one year. However, for obtaining Associate membership of the Institute, members are required to have compulsory three-year practical experience.

No.	Certificate Course	Practical Experience
1.	Certificate in Accounting and Management	6-months
2.	One-Year Post Graduate Certificate in Accounting	----
3.	Two-Year Post Graduate Certificate in Cost and Management Accounting	6-months
4.	Final Certificate in Cost and Management Accounting	One-Year

### **CPD Requirements**

To comply with SMO 2, the National Council of the Institute prescribed mandatory CPD requirements for its members, Associates/ Fellows, practicing, non-practicing and senior students in July 1994. Every member is required to complete 40 hours in one year or 120 hours in every 3



<p>years period with a minimum of 20 hours a year. The CPD Committee of the Institute has the responsibility for the establishment of directive and overall coordination of CPD activities for its members in Pakistan &amp; abroad. Every Member can access CPD hours statement through the Members' area on website. ICMA Pakistan has a National CPD, Seminars &amp; Conferences Committee which organizes Conferences and Trainings of National and International level on a regular basis. Whereas, ICMA Pakistan Branch Councils at Karachi, Lahore, Islamabad, Faisalabad, Multan, Peshawar and Quetta organize Seminars, Conferences and Workshops for the professional development of their regional members. The types of programs include Seminars/Conferences/Workshops on following: (1) Financial Modelling (2) IFRS (3) Income Tax (4) Economy (5) Pre and Post Budget (6) IAS etc.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Bring ICMAP Education Program in Line with IESs</i>					
5.	September 2009	Incorporating the content requirements of IES 2 Content of Professional Accountancy Education Programs.	January 2010 <b>Completed</b>	National Council / Executive Director	Director Education
6.	September 2009	Extend the required length of practical experience to three years to meet the requirement of IES 5 on Practical Experience Requirements.	January 2010 <b>Completed</b>	Executive Director Director Education	National Council Executive Director
7.	Q3 2011	Undertake a review of the IESs and document the areas in which ICMAP does not yet comply. Consider how these gaps might be addressed.	Q1 2014	Executive Director Director Education	Education Department
<i>Participation in the Standard-Setting Process</i>					
8.	Ongoing	ICMAP strives to participate in the standard-setting process by nominating its leaders to relevant committees and Boards of IFAC.			
<i>Review of ICMAP's Compliance Information</i>					
9.	Ongoing	Perform periodic Review of SMO Action Plan and update section relevant to SMO 2 as necessary. Once updated inform IFAC Compliance Staff to republish updated information.	Ongoing	President Executive Director	Director International Affairs'

**Action Plan Subject:** SMO 3–International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Promoting Ongoing Convergence with International Auditing and Assurance Standards Board (IAASB) Pronouncements

**Background:**

The auditing standards for Listed companies in Pakistan are adopted and implemented by the Securities and Exchange Commission of Pakistan (SECP) in consultation with ICAP and ICMAP. The ICMA Pakistan organized a series of “Stakeholders Conferences on Draft Companies Bill 2016” at Karachi, Lahore and Islamabad centers for providing input to SECP. The inputs made shared during the Conferences were also shared with the SECP. Though the core qualification of ICMAP is not auditing, in order to keep students abreast with the latest developments in this area, ICMAP has introduced material on auditing standards not only in the syllabus at post graduate CMA level, but also at Intermediate CMA level.

At the CMA level two subjects cover the auditing standards, Risk Management and Audit (Stage-5) and Information Systems and IT Audit (Stage-6). At Semester 3 of CAM level, there is a subject titled Introduction to Auditing.

ICMAP issues a Technical Update to keep members updated on IAASB Pronouncements. This is issued on a regular basis every month, posted on website, and an electronic copy is sent to members. ICMA Pakistan is locally contributing towards the objectives of Auditor General of Pakistan in which President ICMAP is the member of Policy Board of AGP. The policy board may provide suggestions/ recommendations on the role of SAI Pakistan in establishing effective public financial management, scope, coverage and priority areas of audit, audit approach, methodology and techniques, adoption of International Public Sector Auditing and Accounting Standards and Collaboration with other SAIs through joint audits and sharing of experience. In this connection a sub-committee of Policy Board has also been formed in which President and Honorary Secretary along with two representations from AGP are the members of the committee.

In 2001, ICMAP produced Cost Audit Handbook, and this document was updated 2008. ICMAP handbook has rules and important relevant guidelines for its professionals when conducting cost audits.

#	Start Date	Actions	Completion Date	Responsibility	Resource
10.	Ongoing	ICMA Pakistan regularly organizes Workshops for members that conduct statutory audits on Audit Practice Manual (Pre-engagements & Audit Planning) at Karachi, Lahore and Islamabad centers.	Ongoing	National Council Executive Director	National Council Technical Directorate
11.	Ongoing	Continue to issue Technical Update to keep members informed on IAASB pronouncements.	Ongoing	Chairman, Technical Support Executive Director	Technical Directorate

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
<i>Review of ICMAP's Compliance Information</i>					
12.	Ongoing	Perform periodic Review of SMO Action Plan and update section relevant to SMO 3, as necessary.	Ongoing	National Council Technical Support Committee	Technical Directorate

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Adoption and Ongoing Implementation of Revised IESBA Code of Ethics

**Background:**

ICMAP adopted the South Asian Federation of Accountants (SAFA) Code of Ethics for Professional Accountants in July 2005. This Code was developed by SAFA on the basis of the November 2001 IESBA Code of Ethics for Professional Accountants, IFAC's Exposure Drafts titled "Proposed Revised Code of Ethics for Professional Accountants" (July 2003) and "Proposed Revision to Code of Ethics for Professional Accountants" (November 2003) and a Survey of Code of Ethics of SAFA Member Bodies conducted in December 2003. In addition, ICMA Pakistan's Regulations, 1990 (amended till 11<sup>th</sup> November, 2014) has a complete clause which elaborates Professional Conduct of a member of the Institute. Under the amended Regulations ICMA Pakistan has formed a Ethics Board also.

Ethics is not being taught as an independent subject in ICMAP. However, Stage 4 includes course content on 'Ethical requirements from an Accountant'. This content discusses various issues of business ethics.

In Semester-2, under new Syllabus, a subject titled "Commercial Laws and Professional Ethics is being taught to students which covers contents on professional ethics with 20 percent weight age.

The National Council of the Institute has adopted the 2015 IFAC Code of Ethics with some amendments to be made keeping in view the peculiar conditions and socio-economic context of Pakistan.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ensuring Convergence of ICMAP Code with the IESBA Code of Ethics</i>					
13.	Q3 2011	Complete the process of adoption of the 2015 version of the IESBA Code of Ethics.	Q1 2016 Completed	National Council	Technical Directorate
14.	Q4 2011	Conduct a review of the latest IESBA Code of Ethics and produce a work plan for its adoption.	2016 Completed	Technical Support Committee	Director Technical
<i>Review of ICMAP's Compliance Information</i>					
15.	Ongoing	Perform periodic Review of ICMAP's SMO Action Plan and update section relevant to SMO 4, as necessary.	Ongoing	Executive Director	Director International Affairs

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Promoting Ongoing Convergence with IPSAS

**Background:**

The Auditor General of Pakistan (AGP) is the sole authority in Pakistan responsible for adopting public sector accounting standards. Under the reforms process, a New Accounting Model is being implemented in government organizations. ICMAP is in contact with the Government organizations including AGPR for application of IPSAS. However, the government has not yet finalized adoption of IPSAS. This Model has been developed with the help of international consultants and involvement of all stakeholders and is consistent with international standards. Its implementation involves a comprehensive process re-engineering while making the accounting consistent with international best practice and includes a powerful classification scheme geared to modern financial management needs. Countrywide adoption of the Model will ensure common standards and uniformity of accounting information. A fully computerized Accounting network has been established in the office of Controller General of Accounts (CGA), AGP, Provincial AGs, Federal and Provincial Finance Departments & most of the District Accounts Offices (DAOs), while remaining DAOs are in the process of being covered by the system.

ICMAP qualified members employed in public sector organizations are playing their due role in implementing the public sector accounting standards. At the ICMAP level, initiatives are being taken to promote the importance of IPSAS and for this purpose, recently a Conference on Public Sector Accounting was organized by the Institute. The main objective of this Conference was to improve the quality of Public Sector Accounting, particularly in relation to disclosure, transparency as well as corporate governance. On the initiative of Mr. Mohammad Iqbal Ghori, President, ICMA Pakistan President who is also SAFA's Governmental and Public Sector Enterprises Accounting, SAFA and World Bank jointly organized a Seminar on IPSAS in Colombo Sri Lanka on 4<sup>th</sup> November, 2016.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Cooperate with ICAP and PIPFA on to Promote Ongoing Adoption of IPSAS to the Government and Continue Updating Members about New and Amended Pronouncements of IPSASB</i>					
16.	Ongoing	Continue to update members of the Institute about new and amended pronouncements issued by IPSASB through the monthly Technical Update issued by the Technical Directorate of ICMA Pakistan.	Ongoing	Executive Director Technical Support Committee	Technical Directorate
17.	Ongoing	ICMA Pakistan has signed a MOU with ACCA. Under this MOU, both the Institute's will be jointly launching a certification course on International Public Sector Accounting Standards. In addition, both the Institutes have organized two Seminars on "Drivers for Change in Public Sector" at Karachi and Islamabad for promotion of IPSAS in the country.	Ongoing	National Council Executive Director	National Council Executive Committee

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
18.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in the implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities as necessary.	Ongoing	President Executive Director	National Council Director International Affairs' / Professional Development
<i>Review of ICMAP's Compliance Information</i>					
19.	Ongoing	Perform periodic Review of ICMAP's SMO Action Plan and update section 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.	Ongoing	President Executive Director	National Council Director International Affairs

**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Bring ICMAP’s Investigation and Disciplinary Mechanisms in Line with the Requirements of SMO 6

**Background:**

The National Council of the Institute has been empowered under Section 34 of the CMA Act 1966 to frame rules of professional and other conducts and to exercise disciplinary powers in relation thereto. The CMA Act further empowers the National Council to constitute a Disciplinary Committee comprising of the President and two other members of the Council, one of whom shall be nominated by the Federal Government and the other by the Council. ICMA Pakistan is in compliance of majority of clauses of SMO 6 of IFAC.

The duty of the Disciplinary Committee is to consider the facts or complaint laid before it under the provisions of Regulation 93 and where it is of the opinion that the complaint, requires investigation it gives immediate notice to the member. The Disciplinary Committee also gives such members an opportunity to be heard and if the member so desires, permit him to be represented before it by a counsel, solicitor or by a member of the Institute. The Disciplinary Committee thereafter reports the result of its inquiry to the Council.

The Council reviews the results of inquiry and if it finds that the complaint has not been proved, it records its findings and directs that the complaint be dismissed, or files the proceedings. If the Council finds that that the complaint has been proved, it records its finding to that effect and afford to the member either personally or through a counsel, solicitor or a member of the Institute, an opportunity of being heard before orders are passed against him on the case. During the year 2015-16, investigate 7 Disciplinary cases.

The Council may either reprimand the member or suspend their membership for a period not exceeding five years, or exclude the member from membership. Notice of the finding and decision of the Council is given to the member concerned. When the Council finds that the complaint has been proved it shall, in the case of suspension or exclusion of a member from the Register, cause its findings and decision to be published in the *Gazette of Pakistan* and in such journals as it may think desirable.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review the Current Investigation and Discipline(I&amp;D) Mechanism</i>					
20.	Q3 2011	Conduct a review of SMO 6 and document the areas in which ICMAP is currently non-compliant with its requirements. ICMA Pakistan is in compliance of majority of clauses of SMO 6 of IFAC. ICMA Pakistan has planned to align its I&D system fully compliant to SMO 6.	Ongoing	Disciplinary Committee	Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
21.	Ongoing	Continue to improve ICMAP's Investigation and Discipline mechanism to operate effectively and in line with SMO 6 requirements. This includes review of the existing activities and preparation of the Action Plan for future activities as necessary.  ICMA Pakistan regularly conducted Seminars and Workshops to educate its members on Ethics and Quality Control.	Ongoing	President Executive Director	National Council
<i>Review of ICMAP's Compliance Information</i>					
22.	Ongoing	Perform periodic Review of ICMAP's SMO Action Plan and update section 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.	Ongoing	President Executive Director	National Council Executive Committee

#### Appendix II—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.	✓			



Requirements	Y	N	Partially	Comments
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.	✓			
6. Members of a committee are independent of the subject of the investigation and other related parties.	✓			
<b>Disciplinary Process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	✓			As and when required a fact-finding/ investigation committees are being formed to investigate the matters and report to the Disciplinary 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.		✓		

Requirements	Y	N	Partially	Comments
<b>Administrative Processes</b>				
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>	✓			
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.	✓			
<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:** Promote Ongoing Convergence with IFRS

**Background:**

The International Financial Reporting Standards (IFRS) for Listed companies in Pakistan are adopted and implemented by the Securities and Exchange Commission of Pakistan (SECP) in consultation with ICAP and ICMAP.

Although IFRS is not part of the core qualification of ICMAP, special emphasis is being given to impart not only education but also training on IFRS to our students and qualified members. An independent subject on Financial Reporting is being taught at Stage 5 of post graduate CMA level, which covers IFRS under the subject of International Regulations. In addition, material on IFRS is also being included in subjects of “Financial Accounting” (Stage 3) and Advanced Financial Accounting and Analysis (Stage 4).

In addition, realizing the emerging diversities and complexities in the accounting world and the excessive use of IAS / IFRS in relation to its national and international applications, the Institute has launched a six-months Diploma in IAS/ IFRS to equip professionals with the globally accepted reporting standards to enable them to avail such employment opportunities in the global and local corporate markets. The IAS /IFRS Diploma is divided into two levels i.e. Professional Level – I and Professional Level – II – each of 3 months duration. An assessment is made through conducting an examination. A 90 minutes Computer Based Examination is undertaken, comprising of 50 MCQs of 2 marks each. The evaluations are held quarterly in June, September, December and March. ICMA Pakistan Branch Councils at Karachi, Lahore, Islamabad, Faisalabad, Multan, Peshawar and Quetta organize Seminars, Conferences and Workshops for the professional development of their regional members. The types of programs include Seminars/Conferences/Workshops including IAS and IFRS.

ICMAP also carried out a members’ survey on “Impact of IFRS Application on Management Accounting concepts/ principles” on the basis of a questionnaire developed for this purpose. ICMA Pakistan has also planned to implement actions on the inputs received through the survey All the respondents were of the unanimous view that the role of Management Accountants is expanding gradually and they have to play a definite role in the IFRS conversion process. They can provide professional input for MIS development; work out the impact of IFRS changes on financial statements; and provide information required for the disclosures and strategic decision making. The Survey Report is available on ICMAP website: [www.icmap.com.pk](http://www.icmap.com.pk)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Cooperate with ICAP to Promote Ongoing Convergence with IASB Pronouncements</i>					
23.	Ongoing	Assist with the implementation of International Financial Reporting Standards (IFRS) by informing members of new developments in the ICMAP magazine and on the website. ICMA Pakistan Branch Councils at Karachi, Lahore, Islamabad, Faisalabad, Multan, Peshawar and Quetta organize Seminars, Conferences and Workshops for the professional development of their regional members. The types of programs include Seminars/Conferences/Workshops including IAS and IFRS.	Ongoing	Director Technical Support	TSPD Department
<i>Maintaining Ongoing Processes</i>					
24.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist the SECP in implementation of IFRS in Pakistan. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary. ICMAP and SECP have a Joint Committee which is working on the implementation of the standards.	Ongoing	President Executive Director Director TSPD	National Council  TSPD Department
<i>Review of ICMAP's Compliance Information</i>					
25.	Ongoing	Perform periodic Review of ICMAP's SMO Action Plan and update section relevant to SMO 7, as necessary. Once updated inform IFAC Compliance Staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Executive Director Director International Affairs	National Council Director International Affairs