

## **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>	The Chartered Institute of Public Finance and Accountancy (CIPFA)
<b>Original Publish Date:</b>	February 2009
<b>Last Updated:</b>	March 2017
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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>AADB</b>	Accountancy and Actuarial Discipline Board
<b>AASP</b>	Accounting and Auditing Standards Panel
<b>APB</b>	Auditing Practices Board
<b>ASB</b>	Accounting Standards Board
<b>CCAB</b>	Consultative Committee of Accountancy Bodies
<b>FRAB</b>	Financial Reporting Advisory Board
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>ICAEW</b>	Institute of Chartered Accountants in England and Wales
<b>IES</b>	International Education Standards
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IPDS</b>	Initial Professional Development Scheme
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>LASAAC</b>	Local Authority (Scotland) Accounts Advisory Committee
<b>QDP</b>	Qualification Development Panel
<b>RQB</b>	Registered Qualifying Body
<b>SOPP</b>	Standard of Professional Practice

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objectives:** (a) To establish and publish guidance relevant to CIPFA; and  
 (b) To provide appropriate support for members in practice.

<b>Background:</b>					
<p>Most CIPFA Members are Professional Accountants in Business and are not subject to direct Quality Assurance by the Institute. This section of the Compliance Statement explains the steps taken by CIPFA to ensure members in practice practise in a way that is consistent with professional standards – protecting the brand “accountant” and also providing protection for users of their services.</p> <p>CIPFA members who work for audit firms are subject to standards and guidance issued by the Registered Supervisory Body for the firm, and will be subject to audit practice assurance by them. In 2016 CIPFA entered into a strategic alliance with ICAS to offer an integrated qualification for auditors. As part of the strategic alliance CIPFA members in practice can register with ICAS for Anti Money Laundering Supervision as an alternative to registering with HM Customs and Revenue as the default regulator.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Member Support and Awareness Raising</i>					
1.	2007	Ongoing awareness raising with all members to ensure members who are providing services comply with Anti Money Laundering Registration requirements.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships
2.	Ongoing	Monitoring of Money Laundering Regulations by CIPFA's Capital and Treasury Management Panel and communication of developments to all members. Members in practice to be made aware of any changes in requirements, working with ICAS for those CIPFA members registered with them. CIPFA's Counter Fraud Centre provides specialist advice and support to members in all aspects of Counter Fraud including money laundering.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting
3.	Ongoing	Promotion of Anti Money Laundering training for members in practice and provision of specialist training through the CIPFA Counter Fraud Centre.	2014	Education and Membership Directorate	Assistant Director
4.	2016	In 2016 CIPFA entered into strategic partnership with ICAS to offer an integrated qualification for auditors and joint membership of CIPFA and ICAS (as an established Recognised Qualifying Body). CIPFA will continue to promote this route for members in practice.	2016	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CIPFA's Compliance Information</i>					
5.	Ongoing	Periodic update of 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.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting

- Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
- Action Plan Objectives:**
- (a) To notify CIPFA members of all IESs, IEPs and IEIPs issued by the IAESB;
  - (b) To incorporate them in CIPFA education and development requirements; and
  - (c) To assist with their implementation internationally.

<b>Background:</b>					
<p>All CIPFA members are required to have completed a programme of education and training before being admitted to membership, and this will have been compliant with International Education Standards (IESs) in force at that time. Continued membership requires members to maintain their Continuing Professional Development (CPD), and as part of that CPD programme members are expected to ensure that they engage in relevant education and training activities.</p> <p>Aspiring members (ie students and trainees) who are currently studying for the professional qualification, and those about to commence studies, follow an integrated programme of education and workplace experience that ensures that the range of IES requirements are reflected in their training. In January 2013 CIPFA introduced a new practical experience scheme, the Practical Experience Portfolio (PEP), which is fully compliant with the then-current IES requirements and which blends input and output-based approaches, the latter including a requirement for students to reflect on the ethical considerations in their practical experience. The PEP requirements are reviewed annually, with relevant IES changes introduced within this timescale. CIPFA updated its professional qualification syllabus in 2015.</p> <p>Policy relating to IES is the responsibility of the Learning Delivery and Partnerships Directorate.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Member Notification</i>					
1.	Ongoing	Responses to IAESB consultations, taking advice from volunteer practitioners through the Student and Members Board (SMB).	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships and Members of MSDB
2.	Ongoing	Members are represented in the qualification development process by the Student and Members Board (SMB).Frequent communication updates & notifications on IES, International Education Practice Statements (IEPs) and International Education Information Papers (IEIPs) are provided to SMB as appropriate. New requirements are communicated as necessary through CIPFA newsletters and website.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships and Members of MSDB

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Incorporation of IAESB Requirements into CIPFA Requirements</i>					
3.	Ongoing	The CIPFA Professional Qualification is reviewed on an incremental basis although the content is checked annually as part of ongoing syllabus maintenance. IESs are at the core of the CIPFA syllabus development process and as part of any review are taken into direct consideration. We overhauled the CIPFA Professional Qualification in 2014 and 2015 for implementation in 2016. At this time the revised IESs issued by IFAC in 2015 were considered in draft form and worked into the syllabus revisions where possible. For CIPFA's next complete syllabus overhaul the revised IESs will be adopted in full. From 2013 CIPFA has experienced significant growth in registrations from students outside the UK. So far, it has not been cost-effective to implement a non-English version of the qualification but this approach is under constant review and relevant processes have been developed in readiness.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships and Members of MSDB
4.	2014	The new CIPFA/ICAS integrated audit qualification ensures full compliance with IES's and reflects the expectations of the UK Financial Reporting Council. The integrated audit qualification's educational content and practical experience requirements are in line with the new IES 8, <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</i> .	2016	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships and Members of MSDB
<i>Assistance with Implementation of IAESB Requirements in National Requirements</i>					
5.	Ongoing	Promotion of IESs and related Practice Statements where relevant to the 'client' governments as part of CIPFA's international development and training work and projects. A number of projects with Governments and partner Professional Accountancy Organisations have involved syllabi reviews which included ensuring adherence with IAESB requirements.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships
<i>Review of CIPFA's Compliance Information</i>					
6.	Ongoing	Periodic review of CIPFA's SMO Action Plan and Dashboard Report and update SMO 2 section in the SMO Action Plan. Once updated inform IFAC Compliance staff about the updates for the Compliance staff to review and republish updated information.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships

- Action Plan Subject:** SMO 3—International Standards and Other Pronouncements Issued by the IAASB
- Action Plan Objectives:**
- (a) To notify CIPFA members of all International Standards, related Practice Statements and other papers issued by the IAASB; and
  - (b) To work with standard setters to continue to endorse and maintain links with them.

**Background:**

CIPFA continues to support the International Auditing and Assurance Standards Board (IAASB) in discussion with UK standard setters (The Financial Reporting Council advised by the Audit and Assurance Council) and the National Audit Agencies (who determine which standards should be used for public sector audits). CIPFA also promotes IAASB standards and the related INTOSAI standards on financial audit in its international development activities.

The UK has very substantially adopted the requirements of International Standards on Auditing (ISAs) in the form of the ISAs (UK), which are issued by the UK FRC. Most of these closely echo IAASB pronouncements, with some reframing for UK terminology, specific legal requirements and some additional requirements for UK audits. ISAs (UK) are also the basis of UK public sector audits of financial statements. CIPFA carefully examines FRC proposals to extend or move away from straightforward application of IAASB ISA requirements, and provides comments on UK practice notes on the application of ISAs. The UK has not formally adopted IAASB standards from the ISAE, ISRE, ISRS ranges, but when CIPFA is involved in the development of guidance on non-audit assurance, these are used as references.

CIPFA also supports the IAASB through contributions to the development of standards, both through UK CCAB briefings to the UK member of IAASB and through responses to IAASB consultations. A key element of CIPFA's input to this process is seeking to ensure that the quality of standards is maintained without detrimental effects on their usefulness for public sector audits.

A crucial component of CIPFA's expertise in the above is advice provided by its volunteer Accounting and Auditing Standards Panel (AASP). AASP has a wide-ranging remit covering accounting and financial reporting and external auditing standards for all sectors. A substantial amount of the work of the Panel involves responding to exposure drafts, discussion papers and consultation papers on accounting and auditing standards, financial reporting and audit regulation issues. More detail and annual reports on the work of the panel are provided at [www.cipfa.org/policy-and-guidance/technical-panels-and-boards/accounting-and-auditing-standards-panel](http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/accounting-and-auditing-standards-panel). Further information on the work of AASP, including detailed regular updates on consultations responded to, can be found at the following web page: <http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/accounting-and-auditing-standards-panel>.

CIPFA supports implementation through member education on ISAs, whether through the main CIPFA professional qualification or audit-specific initiatives including a recent partnership with ICAS. CIPFA has participated in the development of UK implementation guidance on non-audit assurance, e.g. relating to government grant certification. CIPFA also reviews regulator consultations on implementation matters, but only responds to them where they have a public sector dimension. In recent years, CIPFA was substantially involved in discussions of implementation arrangements for local public audit: these conversations did not relate specifically to IAASB standards but the standards formed a fundamental underpinning of those discussions.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Direct Support for ISA Development</i>					
1.	2004	Input to IAASB discussion through the UK CCAB.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting and AASP chair
<i>Member Notification, Education and Promotion Activities</i>					
2.	2003	Responses to IAASB consultations, taking advice from volunteer practitioners through the Accounting and Auditing Standards Panel (AASP).	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting and AASP
3.	2003	Regular reports to CIPFA members in newsletters and on our website about the activities of AASP and hence about IAASB.	Ongoing	Standards and Financial Reporting Faculty	Technical Manager
4.	2012	Support the work the Accountancy Europe Public Sector Group is undertaking in relation to public sector audits. This includes promoting the work of the International Organization of Supreme Audit Institutions (INTOSAI), both generally and through guidance on the wider public sector assurance activities conducted in Accountancy Europe member jurisdictions. The current focus is on material for private sector auditors 'getting involved in public sector assurance.'	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting and Chair of CIPFA Development
<i>Incorporation of IAASB Requirements into National requirements</i>					
5.	2004	ISAs are used as a basis for ISAs (UK), adopting all ISA requirements except inasmuch as UK legal requirements override.  CIPFA will continue to support IAASB requirements in discussion with the standard setters (the FRC) and the National Audit Agencies (who determine which standards should be used for public sector audits).	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting and AASP

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Assistance with Implementation of IAASB Requirements in National Requirements</i>					
6.	2004	Promotion of ISAs and related INTOSAI standards and professional pronouncements, where relevant to the 'client' government as part of CIPFA's international development and training work.	Ongoing	Governments Faculty	Head of Governments
<i>Review of CIPFA's Compliance Information</i>					
7.	Ongoing	Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting

- Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants
- Action Plan Objectives:**
1. To ensure ongoing adoption of the IESBA Code of Ethics.
  2. (a) To notify CIPFA members of the provisions of the IESBA Code of Ethics and other pronouncements developed by IESBA; and
    - (b) To educate CIPFA members and students sufficiently, through training, support and additional guidance where appropriate, to ensure individual compliance with the Code as adopted.

<b>Background:</b>					
<p>CIPFA complies with and fully supports the introduction of the global International Ethics Standards Board for Accountants (IESBA) Code of Ethics. The 2009 revised version was adopted with effect from January 1, 2011. It is currently planning to adopt the most recent version of the Code in the first half of 2017, including the new NOCLAR standard due to come into force in July 2017. All relevant CIPFA-developed supporting guidance will also be updated.</p> <p>Responsibility for promoting ethical matters are the responsibility of CIPFA's Standards and Financial Reporting Faculty having transferred from Education and Membership Directorate in 2016. The Learning Delivery and Partnerships Directorate (formerly the Education and Membership Directorate) have retained responsibility for CIPFA's Disciplinary Scheme which has not transferred.</p> <p>In 2014 CIPFA and IFAC (PAIB Committee) published a joint output 'Good Governance in the Public Sector – developing an international framework'. The framework establishes '<i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</i>' as its first principle, therefore reinforcing CIPFA members' own professional commitment to ethics.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption of the IESBA Code of Ethics</i>					
1.	2016	Reviewing Code of Ethics (2016). Will draft a new introduction to the Code, relating it to the public sector.	Q1 2017	Ethics Working Group	Chaired by a former CIPFA President, with membership drawn from interested CIPFA members and external experts. Secretariat provided by Standards and Financial Reporting Faculty

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	2016	Undertake public consultation exercise to raise awareness of the changes to the Code with CIPFA members and other stakeholders.	Q1 2017	Standards and Financial Reporting Faculty	Technical Manager
3.	2012	Continuing to monitor the changes currently under discussion at IESBA, notably the structure of the Code, through active membership of the Consultative Committee of Accountancy Bodies (CCAB) Ethics group. Responses to consultations and proposed changes discussed with the other Institutes forming the membership of the CCAB Ethics Group.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting
4.	2014	Input through the CCAB Ethics Group into the development of the Code and in particular part C of the Code Professional Accountants in Business as well as responding directly to consultation where relevant. Janet Senior (a CIPFA sponsored member) has been appointed to IFAC's Professional Accountants in Business Committee (Sept 2016).	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting
<i>Notify CIPFA Members of the Contents of the IESBA Code of Ethics and Educate Them to Ensure Individual Compliance</i>					
5.	2016	Updating "Ethics and You" guidance, including revised and new case studies. CCAB has now published additional case studies, including a set of public sector cases largely provided by CIPFA. Ensure that every member and student is emailed a link to download the new "Ethics and You" guidance and the CIPFA website is updated.	Ongoing with publication of revised guidance due by end of Q1 2017 Emails sent Q2 2017	Ethics Working Group	Ethics Working Group Standards and Financial Reporting Faculty
6.	July 2006	Ethics included as CIPFA professional qualification syllabus subject.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships
<i>Code of Ethics Interpretation / Advice / Counseling</i>					
7.	2016	Revising membership of the Ethics Sounding Board (a panel of senior members willing to discuss ethical issues confidentially). Once this task has been completed, CIPFA members and students will be informed of how to access the Board to assist them with ethical dilemmas, via an updated ethics section on the CIPFA website.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	Ongoing	<p>Issues reported by individual members and students monitored against the coverage of the Code.</p> <p>It is planned that a summary of ethical issues will be maintained and shared on the ethics page of the CIPFA website for members and students to view.</p> <p>CIPFA will also contribute to a new section on the CCAB Ethics Group webpage, monitoring ethical disciplinary cases.</p>	Ongoing	Ethics Sounding Board	Assistant Director
<i>Review of CIPFA's Compliance Information</i>					
9.	Ongoing	<p>Perform periodic review of CIPFA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.</p>	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting

- Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
- Action Plan Objective:**
- (a) To notify CIPFA members of all IPSAS's guidelines, studies and occasional papers developed by the IPSASB;
  - (b) To encourage incorporation of IPSAS requirements into National Public Sector accounting guidance; and
  - (c) To assist with IPSAS implementation.

<b>Background:</b>					
<p>CIPFA strongly supports the work of International Public Sector Accounting Standard Board (IPSASB); the current Chair of IPSASB is CIPFA's Chair of Standards and the Technical Advisor is a CIPFA member as is the IPSASB Technical Director. CIPFA staff support the UK members.</p> <p>The UK has implemented full IFRS for the whole of the public sector and produces an annual full consolidated set of public sector accounts under the Whole of Government Accounts initiative. Following an initiative by CIPFA the UK public sector accounting framework follows a similar process to the IPSASB 'Rules of the Road' for determining when adaptations of International Financial Reporting standards (IFRSs) are required; and which uses IPSAS as a reference point when this is the case.</p> <p>CIPFA has responsibility for accounting standard setting for UK local government. The CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom. Since 2010/2011 these accounts have been IFRS compliant. The Head of Standards and Financial Reporting sits on the Financial Reporting Advisory Board which provides independent advice to HM Treasury on UK Government Accounting Standards (IFRS Compliant), several other board members are also CIPFA members.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Direct Support for IPSAS Development</i>					
1.	Ongoing	<p>The Chair of IPSASB (Ian Carruthers) is a CIPFA member as is his Technical Advisor (TA) (David Watkins). Briefings take place before each IPSASB meeting in writing and through meetings between CIPFA, HM Treasury, the UK Accounting Standards Board and the National Audit Office.</p> <p>Four IPSASB members have been admitted to the Institute – Andreas Bergmann (IPSASB Chair), Sheila Fraser, Ken Warren and Tim Youngberry.</p>	Ongoing	Standards and Financial Reporting Faculty	Chair CIPFA Standards, Faculty staff, HMT, UK ASB, NAO
<i>Member Notification, Education and Promotion Activities</i>					
2.	Ongoing	IPSAS are incorporated into the full professional qualification. In addition CIPFA is currently working with UNDP and the Asian Development Bank to provide IPSAS based professional qualifications to meet their specific needs.	Ongoing	Learning Delivery and Partnerships	Director of Learning Delivery and Partnerships

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	Ongoing	Regular reports to CIPFA members in newsletters and on our website about the activities of AASP and hence about IPSASB.	Ongoing	Standards and Financial Reporting Faculty	Technical Manager
<i>Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements</i>					
4.	Ongoing	Formal recognition of IPSAS in the UK public sector accounting framework as a reference when adapting EU-adopted IFRS. CIPFA representation on FRAB as a relevant authority and through other representatives that are CIPFA members.  CIPFA has responsibility for accounting standard setting for UK local government and maintains the Accounting Code which is IFRS compliant and updated annually for changes in underlying Accounting Standards.	Ongoing	FRAB (including CIPFA)  CIPFA/LAASAC	Head of Standards and Financial Reporting and CIPFA/LASAAC Local Authority Accounting Code Board
<i>Assistance with Implementation of IPSAS</i>					
5.	Ongoing	Promotion of IPSASs where relevant to the 'client' government as part of CIPFA's international development and training work, including specific IPSAS adoption projects in Malta, Ghana, and Botswana plus development of professional training for the UNDP and Asian Development Bank.	Ongoing	Governments Faculty	Head of Governments
6.	2014 Onwards	Input to the EPSAS project led by Eurostat including emphasis on the relevance of IPSAS. CIPFA represented on the Governance and First Time Implementation cells.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting
<i>Review of CIPFA's Compliance Information</i>					
7.	Ongoing	Periodic review of CIPFA's 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.	Ongoing	Standards and Financial Reporting Faculty	Head of Standards and Financial Reporting

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

- Action Plan Objectives:**
- (a) To provide in CIPFA's constitution and rules for the investigation and discipline of misconduct, including breaches of professional standards and rules by their individual members (and, if local laws and practices permit, by firms); and
  - (b) To continue to operate the CIPFA disciplinary scheme in accordance with IFAC SMO 6.

**Background:**

CIPFA's disciplinary scheme is set out in CIPFA's Bye-Laws and is operated in the public interest. The scheme is overseen by the UK Financial Reporting Council (FRC) and the Irish Accounting and Auditing Supervisory Authority (IAASA), both of which carry out regular inspection visits of the scheme.

CIPFA is a participant of the FRC's Accountancy Scheme, an independent disciplinary scheme for the UK accountancy profession for the consideration of public interest cases. Such cases may be referred to the FRC Accountancy Scheme for independent investigation and prosecution.

CIPFA's disciplinary scheme committees operate with a lay (i.e. non-accountant) majority. All substantive decisions in relation to disciplinary cases are made by the committees. If the relevant committee dismisses a case following a formal investigation, a complainant has a right to request a review of the decision by an independent reviewer of complaints.

CIPFA's investigation and disciplinary procedures comply with SMO 6. In particular:

- Members are informed of the professional standards (including the code of ethics) which apply to them, any changes made to them and the consequences of non-compliance in accordance with paragraphs 11 of the SMO;
- The definition of Misconduct is sufficiently widely defined to encompass regulatory breaches (paragraph 16 of the SMO) and all matters referred to at paragraph 13 of the SMO;
- Members are required by the Institute's Bye-Laws to provide assistance, co-operation and information to the Institute in carrying out its regulatory function including a duty to assist with investigations and tribunal enquires and to inform the Institute of any matter which may indicate that a member is liable to disciplinary action as set out in paragraph 17 of the SMO;
- The disciplinary scheme's investigative and disciplinary process is managed by a legally qualified Head of Professional Conduct to ensure compliance with natural justice and applicable laws to comply with paragraph 18 of the SMO;
- The investigative and prosecutorial teams and committees are constituted in accordance with paragraph 19 of the SMO;
- The disciplinary scheme acts on matters that come to its notice through complaints and information drawn to its attention in accordance with paragraphs 20 -22 of the SMO. The Institute's Standards of Professional Practice for Members in Practice establishes a link between unsatisfactory quality of a members' practice and a referral to the disciplinary scheme in accordance with paragraph 23 of the SMO;
- All persons involved in investigations and tribunal proceedings are conflict checked so no individual with a conflict of interest can participate and the independence of the committee is maintained in accordance with paragraph 24 of the SMO;
- The Investigations Committee considers cases following formal investigation and determines the appropriate further action (including referring

appropriate cases to tribunal) as set out at paragraph 25 of the SMO;

- The investigations committee may request that an investigation is not progressed until the outcome of other proceedings based on the same or related matters are completed as referred to in paragraph 25 of the SMO;
- The scheme provides an alternative dispute resolution process and for the investigations committee to impose a lesser sanction without the need for a full hearing in appropriate cases as set out in paragraph 26 of the SMO;
- Tribunals are constituted in accordance with paragraph 27 of the SMO;
- Tribunals consider cases where members appear to have fallen significantly short of the requirements of the Institute's Bye-Laws in accordance with paragraph 28 of the SMO;
- The scheme's independent regulatory committees and tribunals are chaired by a legally qualified chair and advised by an independent legal adviser chosen from an established panel of senior legal advisers and prosecutions are conducted by legally qualified prosecutors in accordance with paragraph 29 of the SMO;
- The independence of the disciplinary tribunals is ensured through, among other matters, having a lay majority, being advised by an independent legal assessor, by training committee members on the independence requirement and by Tribunal's decisions being subject to change by an appeal committee only in accordance with paragraph 30 of the SMO;
- A range of sanctions are available, including those at paragraph 31 of the SMO (as applicable to CIPFA's particular circumstances);
- In determining the appropriate level of sanction consideration is given by the regulatory committees to the interests of the public and the member and the functions of professional regulation (to protect the public, to maintain public confidence in the profession and to maintain proper standards of professional conduct) in accordance with paragraph 33 of the SMO;
- The CIPFA sanctions guidance ensures the consistency of the sanctioning process including ensuring that in every case consideration is given to the principle of proportionality and the relevant circumstances, including those at paragraph 34 of the SMO;
- A member has a right of appeal against the findings and sanction(s) of the tribunal and those findings and sanction(s) will not take effect pending the hearing of the appeal (Paragraph 35);
- CIPFA Members have a right to legal or other representation at the investigation, disciplinary and appeal stages and any appeal hearing will not include any person who was involved in making the decision the subject of appeal or in prosecuting the matter in which that decision was made and will have the same procedures as a tribunal, in accordance with paragraph 35 of the SMO;
- A member has appeal rights but no appeal is permitted by the tribunal or the Institute in accordance with paragraph 36 of the SMO;
- CIPFA's scheme operates a tracking system and timeframe targets to ensure the prompt handling of investigations and prosecutions to minimize delay, to monitor progress and to ensure that investigations and tribunals take place expeditiously as set out in paragraphs 37 to 40 of the SMO;

- Routine and exception reporting regularly occurs at directorate level and to the governing Council in accordance with paragraph 38 of the SMO;
- Staff, committee members and other involved in the disciplinary scheme are notified of the importance of maintaining confidentiality and have a requirement to maintain confidentiality in their contractual documentation in accordance with paragraphs 41 and 42 of the SMO;
- All records within the disciplinary scheme are stored and handled securely and retained in accordance with the disciplinary scheme's retention policy which has been developed to ensure compliance with applicable data handling legislation as set out in paragraphs 43-45 of the SMO;
- The scheme, the sanctions imposed (in accordance with the scheme's provisions) and the disposal of cases are publicised including in an annual report. This publicity and the right to the independent review of cases closed after formal investigation by the reviewer of complaints, addresses public interest considerations in accordance with paragraphs 47 to 51 of the SMO;
- The scheme reports the possible involvement of members in serious crime or offences to the appropriate authority and reports the outcome of tribunal proceedings to other accountancy bodies of which the person is a member in accordance with paragraphs 52 and 53 of the SMO.

Responsibility for these matters moved from the Policy & Technical Directorate to the Education and Membership Directorate in 2014.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of I&amp;D Requirements</i>					
1.	Ongoing	<p><b>Scope of the Investigative and Disciplinary System (Para 11) –</b> Ensure that all members are kept updated with any changes to the Charter and Bye-Laws and professional standards which apply to them and the consequences of non-compliance.</p> <p>Punctual updating of dedicated section of the Institute's website, online Members' handbook and guidance documents relating to the disciplinary scheme.</p> <p>2015 updates to the Charter and Bye-laws and Disciplinary Regulations notified to Members and all Guidance documents and procedural documents reviewed and updated to reflect changes.</p> <p>Website updated as part of new CIPFA website, launched 2016.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	Ongoing	<p><b>Provide in the constitution and rules for the investigation and discipline of misconduct including breaches of professional standards by individual members (and if local laws and practice permit, by firms) (Para 12) –</b></p> <p>Continue to update CIPFA’s Constitution, Bye-Laws and Regulations in accordance with SMO changes, FRC and IAASA requirements and other developments in best practice.</p> <p>Introduction of lay majorities on Investigations &amp; Disciplinary Committees, in line with Appeal Committee – 2011.</p> <p>Costs regime introduced, including administrative arrangements for recording professional staff time – 2011.</p> <p>Regulations updated to address in greater detail, the role of the Legal Assessor at Investigations Committee stage – 2011.</p> <p>Evaluation Forms were introduced to seek feedback from committee members on a range of issues, including quality of advice received, adequacy of paperwork and appropriateness of facilities – 2011.</p> <p>Updating of guidance to parties and others involved in the scheme’s processes including employers and witnesses – 2012 and 2014.</p> <p>Substantial review and updating of the Charter and Bye-laws to reflect changes introduced by the amended FRC Accountancy Scheme and how future changes will be addressed – 2013.</p> <p>Termination of the scheme’s separate competency scheme and incorporation of appropriate elements into the disciplinary scheme - to ensure compliance with local equality legislation - 2013.</p> <p>Amendments to the Charter and Bye-Laws to reflect changes to the IAASA scheme – 2013.</p> <p>Clarification of various issues including duties to co-operate with enquires, duties to publish and the issue of liability for matters previous disclosed to the Institute - 2013.</p> <p>Review of the scheme undertaken in 2014/15 to ensure that it continued to provide mechanisms for a timely, proportionate and effective response to breaches of standards by members – 2014/15.</p> <p>Charter and Bye-Laws and Disciplinary Regulations updated to reflect changes proposed following the scheme review – April 2015.</p> <p>Further, minor, clarifications made to the Disciplinary Regulations after</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		discussion and review of the Regulations with the Institute's supervisory body – October 2015. Regulatory guidance and operational documents updated to reflect the changes to the Bye-laws and Disciplinary Regulations – 2015/2016.			
3.	Ongoing	<b>Investigative and Disciplinary Powers (Para 17)</b> – Continue to ensure that Bye-Law 32A (duty to co-operate and inform) is invoked where members fail to co-operate or inform. Maintain good relationships with employers of CIPFA Members, audit agencies, FRC, IAASA and other relevant authorities.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
4.	Ongoing	<b>Investigative Powers and Processes (Para 18)</b> – Review the panel of expert accountants available to advise on disciplinary matters and appoint to the panel as necessary. Annual review conducted.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
5.	Ongoing	<b>Investigative and Disciplinary Powers (Para 18)</b> – Continue to monitor the level and complexity of cases within the disciplinary scheme and seek additional financial and staffing resources through annual business planning process where necessary. Annual (and if required more frequent) review and updating of business plan.	Ongoing	Learning Delivery and Partnerships	Assistant Director
6.	Ongoing	<b>Initiation of Proceedings (Para 20)</b> – Continue to maintain information based approach to the initiation of proceedings alongside the complaints-based approach. Continue to monitor press and statutory reports issued by the national audit agencies to identify possible conduct issues in relation to members. Continue to liaise with other accountancy regulators to ensure the prompt and appropriate exchange of regulatory information and issues takes place.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
7.	Ongoing	<b>The Investigative Process (Para 24)</b> – Ensure appropriate guidance and training given to committee members and staff in relation to conflicts of interest. Ensure that conflict checking continues to be undertaken in relation to all parties involved in matters considered by the scheme. Annual training sessions for committee members, including relevant updates, held. Committee members involved in each matter advised of the importance of	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>considering conflict checking on an on-going basis.</p> <p>Procedures manual reviewed to ensure it places appropriate emphasis on the importance of conflict checking.</p> <p>New Regulatory Committee members and Chairs, appointed in 2016, provided with training in declarations of conflicts of interest.</p>			
8.	Ongoing	<p><b>The Disciplinary Process (Para 26)</b> – Ensure that the dedicated sections of the website and procedural guidance documents are punctually updated and that, in appropriate cases, complainants are advised of the availability of alternative disputes procedures.</p> <p>Procedures manual updated to ensure appropriate reference to the availability of alternative dispute procedures – 2014.</p> <p>Updated Complainants Guide and Complaints Form published on website 2015.</p> <p>Updated guidance and procedure documents publicised in 2015 and 2016.</p> <p>Procedures Manual updated in 2015 and 2016.</p> <p>Website updated 2016.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct Team
9.	Ongoing	<p><b>The Disciplinary Process (Para 27)</b> – Ensure the chair of the tribunal who appoints tribunal members continues to be alerted as soon as a matter is referred for hearing and is requested to allocate a tribunal and a hearing date at the earliest reasonable opportunity.</p> <p>Ensure appropriate interim matters, such as requests for extension of time/adjournments) are referred expeditiously to the Chair for direction/resolution under the chair's delegation powers.</p> <p>Procedures manual reviewed to ensure that matters which require direction/resolution by the tribunal chair are expeditious and appropriate referral to the chair – 2014.</p> <p>Amendments to the Disciplinary Regulations clarify the process for the giving of directions and permit a deputy to be appointed if the chair is unavailable to ensure matters are addressed expeditiously – 2015.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct Team
10.	Ongoing	<p><b>The Disciplinary Process (Para 27)</b> – Conduct annual review of committee membership to ensure that appropriate expertise and the right balance of accountants and non-accountants is maintained in light of committee member turnover.</p> <p>Annual review conducted.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
11.	Ongoing	<p><b>The Disciplinary Process (Para 29)</b> – Conduct an annual review of the panel of legal advisers to ensure the availability of an appropriate number of appropriately experienced senior legal advisers.</p> <p>Annual review conducted.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
12.	Ongoing	<p><b>The Disciplinary Process (Para 30)</b> – Ensure that new committee members are trained in the requirements for impartiality and independence as part of their formal training; update committee members on law and best practice in this area through annual training.</p> <p>Annual training sessions for committee members, including relevant updates, held.</p> <p>New committee members provided with training on impartiality and independence issues.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
13.	Ongoing	<p><b>Sanctions (Paras 33 and 34)</b> – Periodically review the guidance on sentencing provided to the Investigations, Disciplinary and Appeal Committees following consultation with the committees.</p> <p>Guidance discussed at committee annual general meetings – 2011.</p> <p>Enhanced training on sentencing provided to disciplinary and appeal committees – 2012.</p> <p>Equality and diversity training on issues relevant to sentencing provided to the disciplinary and appeal committees at their annual general meeting – 2013.</p> <p>Further training on sentencing provided in committee training session 2013.</p> <p>Training provided to the disciplinary and appeal committees on practical issues arising in relation to the costs regime – 2014.</p> <p>Update provided on legal developments in sentencing and costs issues – 2014.</p> <p>Training provided on the issues of dishonesty and proportionality and the public interest and expert evidence together with a legal update on relevant regulatory issues – 2015.</p> <p>Committee members provided with training on the issue of intention and dishonesty and its impact on sanctioning together with training on drafting decisions and a general legal update – 2016.</p>	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	Ongoing	<b>Administrative Processes (Para 37 and 40)</b> – Continue to monitor the progress of cases through the disciplinary scheme through bi-monthly meetings involving professional conduct staff and Assistant Director and also Director of Education and Membership and Chief Executive (as appropriate). Continue to provide regular information about case progression and outcomes to the Institute Council. Reporting controls maintained.	Ongoing	Learning Delivery and Partnerships	Head of Professional Conduct and all managers involved in oversight of the disciplinary scheme
15.	Ongoing	<b>Administrative Processes (Para 37, 38 and 40)</b> – Update procedures manual for the disciplinary scheme to include references to obligations of professional conduct staff in respect of tracking of investigations and disciplinary systems to prompt action and minimize delay.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
16.	Ongoing	<b>Administrative Processes (Para 41)</b> – Continue to include confidentiality provisions in the employment/consultancy contracts of all those involved in the investigation and discipline process and ensure these are understood. Contractual provisions and understanding maintained.	Ongoing	Learning Delivery and Partnerships	Human Resources Department and Head of Professional Conduct
17.	Ongoing	<b>Administrative Processes (Para 44)</b> – Continue to retain documents during the lifetime of cases and throughout prescribed retention period under CIPFA's document retention policy. Document retention policies applied.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
18.	Ongoing	<b>Liaison with Outside Bodies (Para 52 &amp; 53)</b> – Continue to maintain liaison and information exchange with regulatory bodies and other authorities in the course of disciplinary work. Procedures manual updated to refer to the importance of reporting the possible involvement in serious crime and offences by members is reported to appropriate authorities and that appropriate information is disclosed – 2014.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
19.	Ongoing	<b>Public Interest Considerations (Para 48 and 49)</b> – Procure annual report from Reviewers of Complaints and consider any lessons to be learned.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team
20.	Ongoing	<b>Review of Implementation and Effectiveness (Para 54)</b> – Undertake an annual review of the implementation and effectiveness of the Disciplinary Scheme and take action, as soon as practicable to address any issues that arise from it.	Ongoing	Learning Delivery and Partnerships	Professional Conduct team

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CIPFA's Compliance Information</i>					
21.	Ongoing	Periodic review of CIPFA's 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.	Ongoing	Learning Delivery and Partnerships	Head of Professional Conduct

- Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
- Action Plan Objectives:**
- (a) To support the work of the IASB by notifying CIPFA members of every IFRS and persuade standard setters to incorporate them and assist with their implementation;
  - (b) To encourage incorporation of IFRS requirements into national accounting guidance; and
  - (c) To assist with implementation of IFRS into national accounting requirements.

<b>Background:</b>					
<p>In accordance with the European Union (EU) Regulation (EC) 1606/2002 concerning the application of International Accounting Standards and as endorsed by the European Commission (EC), IFRS are mandatory for the preparation of financial statements of consolidated financial statements of listed entities. In addition, non-listed entities are permitted to apply IFRS for their consolidated financial statements.</p> <p>In the UK, the consolidated accounts of listed groups are required by law to be prepared in accordance with EU-endorsed IFRS. The UK public sector framework includes IFRS in the hierarchy of standards.</p> <p>CIPFA is responding to the European Public Sector Accounting Standards debate both through AASP and FEE Public Sector Group to support EPSAS based on IPSAS. The Head of Standards and Financial Reporting is an expert member of the EPSAS First Time Implementation Cell and CIPFA's Chair of Standards attends the EPSAS working group and governance cell. In addition CIPFA provides the secretariat function for CIPFA/IASAAC which sets the Local Authority Accounting Code and Charities SORP Committee which are both based on IFRS.</p> <p>CIPFA responds to consultations issued by the IASB, especially on issues that are relevant to the public sector, taking advice from volunteer practitioners through the AASP.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Member Notification, Education and Promotion Activities</i>					
1.	Ongoing	Responses to International Accounting Standards Board (IASB) consultations, taking advice from volunteer practitioners through the Accounting and Auditing Standards Panel which was established to ensure that CIPFA had a strong voice in the development of international standards.	Ongoing	Standards and Financial Reporting faculty	Head of Standards and Financial Reporting and AASP members
2.	Ongoing	Since the adoption of IFRS into UK public sector accounts, the development of new IFRSs has been of increased interest to members. A forward look at standards in development and new standards features regularly in CIPFA's conferences and seminars and updates to members.	Ongoing	Standards and Financial Reporting faculty	Technical Manager

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Incorporation of IFRS Requirements into National Public Sector Accounting Requirements</i>					
3.	2006 onwards	IFRS-based version of the Government Financial Reporting Manual (the FReM) is the basis for budgeting and reporting in UK central government and the National Health Service (NHS). The Financial Reporting Advisory Board was established to provide independent advice to HM Treasury on the development and detail of the FReM. CIPFA has representation on FRAB as a relevant authority and through other representatives that are CIPFA members.	Ongoing	HM Treasury – CIPFA has representation on the Financial Advisory Board (FRAB)	Head of Standards and Financial Reporting
4.	2008 onwards	CIPFA has responsibility for accounting standard setting for UK local government. Completion of the move to IFRS in local government took place from 2010-11 The Code is updated annually for developments in IFRS as adopted by the EU.	Completed Ongoing	CIPFA/LASAAC	Head of Standards and Financial Reporting
<i>Assistance with Implementation of IFRS Requirements into National Public Sector Accounting Requirements</i>					
5.	Ongoing	CIPFA training on IFRS in UK public sector, covering central government, health and local government.	Completed	Standards and Financial Reporting plus Health, Governments and Local Government Faculties	Policy and Technical Directorate and Faculty Heads
6.	2014 onwards	Contribute to development of EPSAS standards within the EU. Responding to initial consultation on proposals for EPSAS through FEE Public Sector Group, CCAB and directly – 2014. Involvement in EPSAS Working group and First Time Implementation and Governance Cells – since 2015.	Ongoing	Standards and Financial Reporting faculty	Chair of Standards and Head of Standards and Financial Reporting
7.	2014 onwards	CIPFA provides the secretariat function to the Charities SORP Committee which is the advisory committee to the SORP making bodies for the Charities SORP in the UK. With the adoption of FRS102 within the UK this has been based upon the IFRS derived version of UK GAAP. In addition CIPFA is providing secretariat support to an IFASS working group looking at not for profit accounting internationally with a view to promoting IFRS adapted solutions to specific not for profit accounting issues.	Ongoing	Standards and Financial Reporting faculty	Chair of Standards and Head of Standards and Financial Reporting

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CIPFA's Compliance Information</i>					
8.	Ongoing	Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections 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	Standards and Financial Reporting faculty	Head of Standards and Financial Reporting

10 March 2017

Ms Prinsloo  
Executive Director, Strategy and Chief Operating Officer  
International Federation of Accountants  
529 Fifth Avenue  
New York, NY 10017  
USA

[AltaPrinsloo@ifac.org](mailto:AltaPrinsloo@ifac.org)

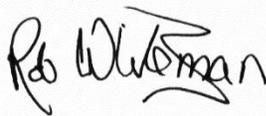
Dear Ms. Prinsloo,

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

This letter is to confirm that the leadership of the Chartered Institute of Public Finance and Accountancy (CIPFA) has reviewed the information contained in the SMO Action Plan prepared by CIPFA as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of CIPFA, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,



**Rob Whiteman**  
Chief Executive

Chartered Institute of Public Finance and Accountancy

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10 March 2017

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