

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 adoption¹ and implementation² 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

IFAC Member:	Chamber of Auditors of the Republic of Kazakhstan (CoA)
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¹ *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.

² *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

AMSC	Audit Methodological Support Committee
COA RK	Chamber of Auditors of the Republic of Kazakhstan
CPD	Committee for Professional Development of Auditors and Accreditation of Training Centers
DRAC	Dispute Resolution and Appeals Committee
EMC	Ethics and Membership Committee
EQAC	External Quality Assurance Committee
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
ICAS	Institute of Chartered Accountants of Scotland
IES	International Education Standards
IFRS	International Financial Reporting Standards
IPAA	Institute of Professional Accountants and Auditors
IPSAS	International Public Sector Accounting Standards
IRC	International Relations Committee
ISA	International Standards of Audit
ISQC	International Standard on Quality Control
Secretary of QC&PDC	Secretary of the Quality Control and Professional Development Committee
SMO	Statement on Members' Obligations
USAID	U.S. Agency for International Development

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Development and Maintenance of COA’s Quality Assurance Review System

Background:

This Action Plan includes, in general, those actions, which are acute for the issues of audit services quality’s reviews and relates to provision of compliance with the requirements of SMO 1.

Authorized body represented by the Ministry of Finance controls auditor activity in Kazakhstan for conformity to the Law “On Auditing in Republic of Kazakhstan (RK)”. According to this Law, professional public organization bears responsibility for its associate members’ (audit firms) work quality. Ministry of Finance of RK issues license to audit firms and keeps the register of all the audit firms.

Ministry of Finance RK has the right to conduct the inspection of audit firms in case of claims on violation of legislation. At the same time members of the professional organizations are subject to quality control from professional organization. The Law “On Auditing in RK” allows the existence of several professional organizations.

The Quality Assurance system of CoA was established in 2007. COA has been performing monitoring of the audit work since 1993, when the audit activity started in Kazakhstan. The COA was initially assisted by Institute of Chartered Accountants of Scotland (ICAS) to share their experience of Quality Assurance System. The COA developed Quality Assurance Regulations taking into consideration the ICAS documents, International Standard on Quality Control 1 (ISQC1) and to be in line with SMO 1. ISQC1 was adopted by COA as the standard to regulate its Quality Assurance system.

One of the core functions of COA RK is an external control of quality of the auditing firms – its associate members. External quality control system is formed inside the professional non-governmental organization COA and is regulated by the External Quality Control Rules and the Regulations for Supervisors. The External Quality Control Rules of CoA are posted at its web-site www.audit.kz. The associate members are reviewed on regular basis once in three years. The final decision about positive estimation of an associate member is taken at the meeting of the Committee upon the review of the completed files of the supervisors, as the negative estimation is submitted to the Board of the Chamber for consideration. The special attention is paid to application of ISA 220 while working.

Three-year Reviews Schedule is coordinated with an entity to be reviewed and approved by the External Quality Control Committee. 2 months prior to the review the reviewed entity sends a declaration to the Chamber of Auditors with all aspects of its activity stated in it. 2 weeks prior to the review the reviewed entity sends a list of the completed audits to the supervisors. The supervisors shall choose any two projects to be reviewed by their own. According to the results of the review the supervisors shall fill in the Forms B3 (description of the internal policies and procedures, as well as declaration data check), B4 (data taken from the chosen audit of the financial statements), and B5 (supervisor’s questionnaire).

Annually COA RK submits a report to the authorized agency about the number of the reviews carried out, as well as the information about the revealed ‘gaps’ in work of the entities specifying the date of the next review monitoring.

According to the Order of the Minister of Finances the reviewed auditing companies shall also submit the reports in the Ministry of Finances about the

results of the carried out external quality control review within 30 days after receipt of the conclusion upon the review results.

26 inspectors work in COA RK, and all of them are practitioners. Annually COA organizes trainings for the inspectors.

Today COA RK includes 80 legal entities, which all have been reviewed for the quality assurance, except for the newcomers. Seventy seven legal entities have undergone QA reviews.

In the same time when performing the external reviews, the Audit Methodological Support Committee prepares the methodical materials for formation of an audit file, which is updated on regular basis taking into account the changes and amendments in ISAs and IFRSs, also the annual seminars are organized with regard to this work.

Qualification requirements to audit firms engaged in audits of the national companies, financial organizations and listing companies traded on the Kazakhstan Stock Exchange are effective in Kazakhstan. There is a clause in the Listing Companies' Audit Requirements related to the requirement to hold the international certificates from renowned international institutes for such audit firms other than the national qualification of auditor.

In 2016, the new Law on Self-Regulation came into effect, which defines the principles of self-regulation as well as rights and responsibilities of self-regulatory organizations. As of 2017, professional organizations and the Ministry of Finance are in the process of defining the timeframe and the strategy to transition to self-regulation of audit activity in the Republic of Kazakhstan. As part of the discussion, an establishment of a public oversight body responsible for the implementation of quality control of audit firms carrying out audit of public interest companies is being considered.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Implementation and Further Development of Quality Assurance System</i>					
1.	2014	Participation together with Ministry of Finance of the Republic of Kazakhstan in development independent institution that will be responsible 1) for taking exams for auditors qualification and 2) quality control of audit organizations that do audit public interest entities and high risk entities. COA RK will be responsible for audit quality review process of smaller and less risky companies. The changes planned to be passed to the Parliament in 2015. Currently the concept of new proposed independent institution is in line with adopted in certain leading EU economies (e.g. Germany).	Ongoing	COA RK	COA RK
2.	2013	Implementation of the pilot program for quality assurance review aimed at small and medium size audit firms uniting with an auditors' training program for up-to-date approaches in audit and using the clarified ISA.	Ongoing Delayed due to the adoption of Law on Self-Regulation	EQAC	COA RK, EQAC

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	2013	Organization of the specialized training including webinars for the standards of financial reporting and audit for auditors and regulators. On the basis of IPAA and the Chamber of Auditors trainings on improving the skills of auditors are carried out: in 2016 – 6 trainings, for 2015 – 6 trainings.	Ongoing	AMSC	COA RK
4.	2013	Development of actions for creation of the appropriate public supervision and quality control framework in the sphere of audit.	Ongoing Delayed due to the adoption of Law on Self-Regulation	COA RK	COA RK
5.	2013	Creation of the Quality Assurance System for all auditors and audit firms engaged in statutory audit in accordance with the requirements of the Law “On Audit Activities” on the basis of the excising practical experience in EU countries, especially in the countries, which had become the members of European Union on 1 May 2004 and which had had to implement the specified systems within the environment similar to that in Kazakhstan, as well as the revised IFAC’s Statement on Members Obligations № 1. Quality Assurance System for statutory audits is a guarantee of audit quality, which strengthens trust to the published financial indexes and increases cost of business as well safety of the shareholders, investors, creditors and the other interested parties.	Ongoing	COA RK	COA RK
6.	2013	Introduction of ISA Plus Model: establishment of additional standards and procedures, which have an origin in the specific requirements related to statutory audit (for example, additional requirements to audit of banks within the limits of statutory audit procedures established by the Kazakhstan National Bank’s Committee for control and supervision of the financial market and financial organizations).	2017	COA RK	COA RK
7.	2010	Develop materials for inspection of quality of related services.	Ongoing Delayed due to the adoption of Law on Self-Regulation	EQAC Chairman, CED COA	COA Staff, Budget

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	2008	Getting assistance from the representatives of IFAC, ICAS and USAID in obtaining of the check lists and training materials for the purpose of compliance of the Quality Control System. Consultations with the representatives of IFAC, ICAS and USAID regarding to the better implementation of the Quality Control System. In 2014, the ACCA Head of Quality Control Department made a visit for the purpose of sharing experience and providing training for inspectors.	Ongoing	Chairman of IRC	IRC, Board of COA RK, Materials provided by IFAC and ICAS Members, Budget
9.	2008	Discussion and adoption of ISQC 1 as an audit standard.	Adopted	Chairman of EQAC	Board of COA RK EQAC
10.	2008	Development of the implementation program, which includes assurance of awareness and training of the auditors for QC.	Completed	Chairman of EQAC	EQAC, Secretary of QC&PDC, Employees of COA RK
11.	2008	Development of an audit file example for the standard audit of financial statements (Auditor's File). Development of the Auditor's File taking into account modifications and amendments in ISA and IFRS.	December 2008 Completed and Ongoing	Chairman of AMSC	EQAC, IFRS Committee, Members of COA RK
12.	January 2008	Development and adoption of the regulating mechanisms of the Quality Control of COA RK, Statement on the external quality control review, Statement on the Quality supervisors in audit firms, in compliance with ISQC 1 and ISA 220. Updates of the Statements on Quality Control of Audit Firms regulating the Quality Control System of COA RK in accordance with all the amendments.	March 2008 Completed	Chairman of EQAC	Legal adviser of COA RK, EQAC, Board of COA RK
13.	May 2008	Development and organization of the training courses for the Quality supervisors (Supervisors). Six training have been carried out as of 2017.	Ongoing	Chairman of EQAC	Personnel, Budget, Secretary of AMSC, EQAC, Secretary of QC&PDC

#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	January 2008	Organization of seminars, conferences and round tables devoted to "Quality Control in PAO." Six training have been carried out as of 2017.	Ongoing	Chairman of EQAC	EQAC, AMSC, IFRS Committee, Press Secretary of COA RK, Secretary of QC&PDC Budget
15.	Ongoing	Analysis of the revealed lacks of the current external quality control reviews of the members and development of recommendations.	On permanent basis	Chairman of EQAC	AMSC, EQAC, IFRS Committee, IRC
16.	May 2008	Creation and maintenance of the reviewed audit firms' data base.	Completed	Secretary of QC&PDC	Employees of COA RK, Budget, Supervisors
17.	Ongoing	Provision of audit firms with all necessary instructions for creation of the efficient performance of the Internal Quality Control System.	Ongoing	Chairman of AMSC	AMSC, Budget, Resource specialist of COA RK, EQAC, Secretary of QC&PDC
18.	July 2008	External Quality Control Reviews of audit firms once in three years.	Ongoing	Chairman of EQAC	EQAC, Supervisors, Secretary of QC&PDC, Budget
19.	Annually	Annual report about the carried out external quality control of audit firms. Annual report / speech of the Chairperson of EQAC to the Board of COA RK.	Annually	Chairman of EQAC	EQAC, Secretary of QC&PDC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintenance of Ongoing Processes</i>					
20.	Ongoing	Control for efficient and continuous performance of the Quality Control System and its compliance with the requirements of SMO 1. This includes periodic review of the operation of the Quality Assurance system and updating the Action Plan for future activities where necessary.	Ongoing	Chairman of EQAC	EQAC, Secretary of QC&PDC
<i>Review of COA's Compliance Information</i>					
21.	2013	Periodic review of COA's response to the SMO 1 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	EQAC, IRC

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the System</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	Yes			For all audit reports.
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	Yes			
<p>3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.</p>	Yes			
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	Yes			For the last two years 4 trainings were carried out.
<p>Review Cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	Yes			Mixed approach is used, but in checking the inspectors choose risky projects.
<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>	Yes			For all companies once every three years, according to the Law of Kazakhstan "On Auditing."

Requirements	Y	N	Partially	Comments
QA Review Team				
7. Independence of the QA Team is assessed and documented.	Yes			According to the Rules of the Committee for the implementation of external quality control of audit firms, inspectors may give challenged if there is a conflict of interest, and these things are kept in the Chamber of Auditors.
8. QA Team possesses appropriate levels of expertise.	Yes			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	Yes			In B6 Questionnaire.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Yes			In B6 Questionnaire and Protocol.
Corrective and Disciplinary Actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Yes			Inquire an action plan on elimination of gaps and so on.
12. QA review system is linked to the Investigation and Discipline system.			Partially	No disciplined systems, if the audit organization rated a "2" or "3", this fact shall be submitted to the Council of the Chamber of Auditors. According to Rules, if the audit organization is assessed twice "2" or "3", we notify MF RK.
Consideration of Public Oversight				
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.		No		Each year the Work Plan approved by the Committee on Implementation of the external audit firms' quality control.

Requirements	Y	N	Partially	Comments
<p>Regular Review of Implementation and Effectiveness</p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>	Yes			Every year the Committee reports to the General Assembly of the Chamber of Auditors.

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Continue to Use Best Endeavors to Ensure that all IES Requirements are Incorporated into COA’s Education Requirements

Background:

According to the Statement on Courses for CPD approved by the Auditors Professional Development Committee, every full member – certified auditor is obliged to upgrade his qualifications for 120 Continued Professional Education (CPE) hours of every three years. The Chamber of Auditors RK is responsible for monitoring the compliance with this law regulation.

For the purpose of the guaranteed continuous training and professional qualification of the auditors of COA RK and in compliance with the requirements of ISA, IFRS, GAAP, and NSFO, the Institute of professional accountants and Auditors (IPAA) has started functioning since November 2012 in accordance with the Law of RK “On non-for-profit organization”, which the Chamber of Auditors of the Republic of Kazakhstan has a participation interest in. During the period from 2012 to 2015 COA RK inspected and added to the list of educational organizations whose hours are acceptable for CPE hours.

Within the limits of IPAA and in accordance with the programs recommended by the International Federation of Accountants (IFAC) the courses of advanced training and additional training of the professional accountants and auditors as well as preparation for attestation of the candidates for auditors are organized there attracting the famous practitioners and auditors. This standard is a recommendation of the World Bank, for performance of which the promotion measures are required to be taken to stimulate the auditors and accounts for further understanding of IFRS and ISA and their application in practical work in the sphere of financial reporting in Kazakhstan.

Furthermore, in accordance with the Recommendations of the World Bank the Institute will organize the seminars for obtaining of professional skills on the national level basing on the training materials for IFRS for small and medium-sized enterprises.

According to the effective legislation each PAO shall include a Qualification Commission. The qualification commissions include one representative of the authorized agency. The qualification commission develops and approves attestation program for candidates for auditors, which must comply with the international standards of financial statements approved by the Foundation of the Committee for International Standards of Financial Statements, Standards of Audit and legislation of the Republic of Kazakhstan.

The Candidates for auditors pass exams in the following subjects:

- accounting;
- finances and financial management;
- taxes and taxation;
- civil law;
- banking business;
- insurance and pension legislation; and
- audit.

The Candidates for auditors who have the international certificates in the sphere of accounting and audit of the Associate Chartered Accountant (ACA), the

Certified Accountants (CA), Chartered Institute of Management Accountants (CIMA), Certified International Professional Accountant (CIPA), Certified Public Accountant (CPA), Institute of Financial Accountants (IFA), and the Association of Chartered Certified Accountants (ACCA), pass exams in the following subjects:

- taxes and taxation;
- civil law;
- banking business; and
- insurance and pension legislation.

The Candidates for auditors who have the international certificates of the Chartered Finance Analyst (CFA), Certified Management Accountant (CMA), Diplomas in the International Financial Reporting (DipIFR ACCA), International Association of Book-keepers (IAB), pass exams in the following subjects:

- finances and financial management;
- taxes and taxation;
- civil law;
- banking business;
- insurance and pension legislation; and
- audit.

The Candidates for auditors, who passed the qualification exams for lawyer, notary or judge are exempted from passing the exams in civil law.

The Candidates for auditors, who have a certificate of professional accountant issued by the accredited organization for the professional certification of accountants of the Republic of Kazakhstan, are exempted from passing the exams in the following subjects:

- accounting;
- taxes and taxation; and
- civil law.

The Candidates for auditors are attested about twice (2) a year in accordance with the annually approved working plans of the Commissions.

The internal provisions of the Chamber of Auditors are refined regarding auditors' professional development. The external quality control reviews now include IAESBA's educational standards' compliance reviews of the certified auditors.

Annually and free of charge COA organizes the training seminars. These seminars are held by the leading specialists in the audit sphere, managers and members of the Committees of COA RK, as well as the representatives of Big 4 Group.

The main function of the Auditors' Professional Development Committee is to organize the auditors' professional development process. COA's members took part in the following conferences:

- 2011, London: the Meeting of the accountants and auditors of CIS countries interested in Russian translation of ISA and IFRS.

- 2012, London: visiting of ICAEW for the purpose of sharing experience.
- 2013 London: visiting of ACCA for the purpose of sharing experience.
- 2014 Almaty: ACCA Head of Quality Control Department visiting for the purpose of sharing experience and providing training for inspectors.
- April 24, 2015 Association - Guild of Auditors of the Kyrgyz Republic: to promote the growth and further development of audit activity in the Republic of Kazakhstan and the Kyrgyz Republic.
- May 15, 2015 Republican Public Association "National Environmental Auditing Chamber": In order to create favorable conditions for the development of environmental auditing and audit activity in the Republic of Kazakhstan.
- December 30, 2015 RSE "Center for Financial Violations Research" of the Accounts Committee for Control over Execution of the Republican Budget: joint seminars).
- May 26, 2016 Association of legal entities "Kazakhstan Association of Energy Auditors": to promote the growth and further development of the audit and energy auditing activities in the Republic of Kazakhstan.
- September 01, 2016 Federation of Professional Accountants and Auditors of Georgia: to promote the growth and further development of audit activity in the Republic of Kazakhstan and Georgia.
- November 18, 2016 Institute of Chartered Accountants of England and Wales (ICAEW): for the purpose of promotion and development of the audit profession and auditing in the Republic of Kazakhstan and in England and Wales through cooperation and interaction.

The obtained knowledge, skills and information are applied in work of the Chamber of Auditors in active manner and communicated to its members. For the purpose of further efficient development of the Stock Exchange of Kazakhstan, the Chamber of Auditors organizes the working consultations and meetings with the representatives of KASE and Almaty Regional Financial Center on regular basis.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Training Activities</i>					
22.	Ongoing	Trainings and courses on the methodology, external quality control and etc. Organization of seminars, webinars, conferences and round tables and etc. with participation of the universities.	Ongoing	Chairman of CDP, IPAA	CDP, AMSC, EQAC, SECRETARY OF QC&PDC
23.	Ongoing	Development of recommendations for the universities to include the IES requirements in the training program.	Ongoing	Chairman of CDP, IPAA	CDP
24.	November 2012	Training of practitioners for IFRS for SMP.	Ongoing	CDP, IPAA	IPAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
25.	November 2012	Inclusion of IFRS, IFRS for SMP and ISA in the university programs.	Ongoing	CDP	CDP
26.	Ongoing	Work with the educational centers accredited by COA RK. Monitoring of the accredited educational centers for their compliance with the Statement of accreditation of educational centers.	Ongoing	Chairman of CDP, IPAA	CDP
27.	January 2008	Selection of the educational centers met the requirements of COA RK for accreditation by COA RK and inclusion of CAP/CIPA, ACCA and other programs in their training programs.	Ongoing	Chairman of CDP, IPAA	CDP
<i>Strengthening of the Requirements of the Professional Development Program</i>					
28.	Ongoing	Annual report of the Chairman of CDP to the Board of COA RK about the auditors who received advanced training.	Ongoing	Chairman of CDP	CDP
<i>Maintainance of Ongoing Processes</i>					
29.	July 2013	Keep on exerting every effort to ensure compliance with the requirements to training of PAO members, and implementing the revised IES, including review of the existing requirements and preparation of the Action Plan regarding future activity, if needed.	July 2014 Finished	Chairman of CDP	CDP, IRC
30.	July 2014	Keep on exerting every effort to ensure compliance with the requirements to training of PAO members, and implementing the revised IES, including review of the existing requirements and preparation of the Action Plan regarding future activity, if needed.	July 2015 Finished		
31.	July 2015	Keep on exerting every effort to ensure compliance with the requirements to training of PAO members, and implementing the revised IES, including review of the existing requirements and preparation of the Action Plan regarding future activity, if needed.	July 2016 Finished		
32.	July 2016	Keep on exerting every effort to ensure compliance with the requirements to training of PAO members, and implementing the revised IES, including review of the existing requirements and preparation of the Action Plan regarding future activity, if needed.	July 2017 Ongoing		

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of COA's Compliance Information</i>					
33.	2013	Periodic review of COA's response to the SMO 2 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	CDP, IRC

Action Plan Subject: SMO 3–International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Further Improvement and Maintenance of the Processes for Ongoing Convergence with IAASB Pronouncements

Background:					
<p>Audit in Kazakhstan is carried out in accordance with the Law of RK “On Audit Activity” and the International Standards on Auditing (ISA), i.e ISA are national standards in Kazakhstan.</p> <p>The Chamber of Auditors updates the methodical materials related to carrying out of audits on regular basis, including regarding creation of Auditor’s File taking into account modifications and amendments in ISA and IFRS. Preparing the materials the Chamber of Auditors uses the best international practices of the network audit firms as well as the recommendations of IFAC.</p> <p>In order to ensure the broad informational cover of its activity related to application of ISA and IFRS the web-site of the Chamber of Auditors contains Forum to discuss questions related to practical application of IFRS and ISA.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption of IAASB Pronouncements</i>					
34.	2014	Development of minimum requirement for qualification of different types of companies (Listed, financial services).	Ongoing	COA RK	COA RK
35.	2014	Training for audit quality controllers involved in quality control of audit companies that audit PIEs and financial services companies.	Ongoing	COA RK	COA RK
36.	2013	Seminars related to the last amendments in ISA.	Ongoing	CDP, IPAA	IPAA
37.	Ongoing	Research, translation and distribution of IAASB pronouncements.	Ongoing	Chairman of IFRS Committee	Members of COA RK, Employees of COA RK, Budget
38.	2013	Preparation of comments for the exposure drafts of the IAASB pronouncements.	Ongoing	Chairman of IFRS Committee	IFRS Committee
39.	Since June 2010	Promotion of references to the International Standards of Audit and Assurance, Code of Ethics and Quality Control 2010.	Ongoing	Press secretary of COA RK	Press secretary of COA RK, Budget

#	Start Date	Actions	Completion Date	Responsibility	Resource
40.	June 2008	Development of recommendations for improvement of the Auditor's File basing on the quality reviews and standard amendments.	Ongoing	Chairman of AMSC	Resource specialist of COA RK, AMSC, EQAC
41.	April 2008	Translation of the Manual for application of ISA in audits of small and medium practices.	Completed	Adviser to president	Budget, Translators
42.	Ongoing	Distribution of the Manual amongst SME.	Ongoing	Press secretary of COA RK	Press secretary of COA RK
<i>Maintainance of Ongoing Processes</i>					
43.	Ongoing	Keep on facilitating adoption and implementation of IAASB pronouncements on permanent basis, including review of implementation of Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	Chairman of IRC	IRC
<i>Review of COA's Compliance Information</i>					
44.	2013	Periodic review of COA's response to the SMO 3 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	IFRS Committee, IRC

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants

Action Plan Objective: Continue to Use Best Endeavors to Maintain Ongoing Process of Adoption and Implementation of the IESBA Code of Ethics

Background:					
<p>The Code of Ethics for Accountants 2010 was adopted at the General Meeting on 19 November 2012. It established the ethical requirements for professional accountants and auditors, and provides framework for the purpose of compliance with five fundamental principles of professional ethics: integrity, objectivity, professional competence and due care and professional behavior. The Chamber of Auditors is working on updating of the Code of Ethics 2015.</p> <p>In the Professional Development Program for Auditors IPAA has provided the seminars for application of the Code of Ethics for auditors in practice since January 2013.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Provision of Effective Implementation of the Code of Ethics</i>					
45.	Ongoing	Seminars related to application of the Code of Ethics in practice.	Ongoing	EMC, IPAA	IPAA
46.	June 2010	Promotion of reference to the International Standards of Ethics, 2010.	Ongoing	Press secretary of COA RK	EMC, Press secretary of COA RK
47.	2008	Development of recommendations regarding ethical issues in accordance with the requirements of the 2010 IESBA Code of Ethics adopted by COA RK and its inclusion in the professional development program.	Ongoing	Chairman of EMC	EMC
48.	Ongoing	Control for compliance with the Standards of audit and the Code of Ethics. Monitoring of complaints on auditors and audit firms, settlement of the ethical disputes, consideration and taking disciplinary actions needed. Analysis of the ethical requirements.	Ongoing	Chairman of EMC	EMC, DRAC
<i>Maintainance of Ongoing Processes</i>					
49.	Ongoing	Keep on facilitating adoption and implementation of the Code of Ethics on permanent basis, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	Chairman of EMC	EMC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of COA's Compliance Information</i>					
50.	2013	Periodic review of COA's response to the SMO 4 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	EMC, IRC

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to Use Best Endeavors for Assistance in Adoption and Implementation of IPSASs in the Republic of Kazakhstan

Background:					
Kazakhstan’s Government has decided to adopt the Accrual Basis of IPSASs from 1 st of January 2013. COA provides the support for its successful transition and implementation by negotiations and providing comments on projects.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promotion of IPSAS Application</i>					
51.	Ongoing	Keep on facilitating implementation of IPSAS by taking part in seminars and encouragement of continuous communication with the Ministry of Finances.	Ongoing	President COA RK	Board of COA RK
<i>Maintainance of Ongoing Processes</i>					
52.	Ongoing	Keep on exerting every effort to reveal opportunities for further ISPAS’s implementation, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	IPAA	IPAA
<i>Review of COA’s Compliance Information</i>					
53.	Ongoing	Periodic review of COA’s response to the SMO 5 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	IRC

Action Plan Subject: SMO 6–Investigation and Discipline

Action Plan Objective: Continue to Use Best Endeavors for Further Improvement of COA's Investigation and Disciplinary System

Background:

The Chamber of Auditors has a Committee on Disputes, which reviews requests and complaints by third parties on the actions of members of the Chamber of Auditors.

The Disciplinary System includes the review of claims on the members of PAO and their classification as ethical claims and audit quality claims. In accordance with this classification the claims are sent to the appropriate Committees for consideration of severity and complication of violations. The basic function of penalties is assignment of an extraordinary quality review of a company – PAO's member.

According to the charter objectives the Board of the Chamber of Auditors has a right to apply measures as warnings or exclusions basing on such grounds as violations or non-compliance with the Law of RK On Auditing, ISA, Code of Ethics and the Article of Association of PAO, detecting of unreliable information in the documents submitted by an auditor or an audit firm, violation or non-performance of the statements and resolutions of the managerial bodies of PAO, wrong actions regarding the Chamber of Auditors and / or its members, default of payment or delay of payment of membership fees.

In accordance with the conclusion of the report A&A ROSC of the World Bank, there is a need in creation and implementation of external quality control of the audit profession, as well as its disciplinary system, which are to be subject to the public supervision. The recent amendments of the Law on Auditing require from the professional associations to introduce the quality control procedure, but not creation of the public supervision for those procedures. As the professional organizations are to be supervised by public supervision system, which predominantly consists of non-practitioners, we propose to create a supervision body to ensure that the audit profession really serves the public interests. And this supervision body should be responsible for:

- a. Good and honest work of the audit profession quality control system for the benefit of people both in reality and impression of the third parties, and
- b. Facilitation public confidence to the profession.

Quality control in the sphere of audit profession is a basis for high quality of audit, and it increases confidence to the published financial information and protects shareholders, investors, creditors and the other stakeholders.

The results of compliance with the requirements of the statutory audit's quality control system are to be reflected in the continuous professional development program and in the disciplinary action system, depending on the circumstances.

It is necessary to create the efficient system of investigation and adoption of sanctions for detecting, correcting and prevention of inadequate performance of mandatory audit checks. The specified system may provide the efficient proportionate and preventive civil, administrative and criminal punishment, which may be applied with regard to auditors and audit firms violating the Law on Auditing, ISA and / or the Code of Ethics. Furthermore, the measures and sanctions taken against the auditors and audit firms involved in statutory audits must be appropriately publicly available.

Upon the request of the Ministry of Finance, we have started the work for creation of the public electronic register of auditors and audit firms involved in statutory audits to allow the corresponding interested parties defining efficiently if this specific auditor or audit firm is official or not, and obtaining the other

information.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintainance of Ongoing Processes</i>					
54.	Ongoing	Keep on exerting every effort to provide compliance of investigation procedure and discipline of PAO to all requirements of SMO 6, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing Finished	Chairman of EMC	EMC, DRAC
55.	2013	Further development of the disciplinary system in accordance with the revised SMO 6 and its inclusion in QC documentation.	2014 Finished	Chairman of EQAC	EMC, EQAC
<i>Review of COA's Compliance Information</i>					
56.	2013	Periodic review of COA's response to the SMO 6 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	EMC, IRC

Self-Assessment against the Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Yes			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Yes			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	Yes			
4. Link with the results of QA reviews has been established.	Yes			
Investigative Process				
5. A committee or similar body exists for performing investigations.	Yes			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Yes			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Yes			

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.	Yes			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Yes			
Sanctions 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.	Yes			
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Yes			
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	Yes			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Yes			
14. Records of investigations and disciplinary processes are established.	Yes			

Requirements	Y	N	Partially	Comments
<p>Public Interest Considerations</p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	Yes			
<p>16. A process for the independent review of complaints on which there was no follow-up is established.</p>	Yes			
<p>17. The results of the investigative and disciplinary proceedings are made available to the public.</p>	Yes			
<p>Liaison with Outside Bodies</p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	Yes			
<p>Regular Review of Implementation and Effectiveness</p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	Yes			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Use Best Endeavors for Maintaining and Continuous Improvement of the Ongoing Program for Adoption and Implementation of IFRS

Background:					
<p>International Financial Reporting Standards as published by IASB re adopted in the Republic of Kazakhstan as national standards. Legally, IFRS are required for all but governmental entities. COA spoke out in public the importance of further IFRS implementation by participating in round tables and the Consultative Board of the Ministry of Finance. COA provides support to their members by consultations on IFRS issues, training on IFRS implementation, amendments, interpretations, etc.</p> <p>The exposure draft for IFRS for SME was adopted by Ministry of Finance without due process as National Accounting Standard # 2, which went into effect from 1st of January, 2009. COA together with the Chamber of Professional Accountants of Kazakhstan continued to work on implementation of IFRS for SME on the discussion panels of Consulting Board meetings in 2014. Kazakhstan is about to start using IFRS for SME as national standards for SME – Ministry of finance held discussion with SME and provided educational seminars.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Program for Adoption and Implementation of IFRS</i>					
57.	Ongoing	IFRS seminars for practitioners and audit quality inspectors.	Ongoing	IPAA	IPAA
58.	November 2012	Inclusion of IFRS, IFRS for SMEs and ISA in the university programs.	Ongoing	CDP	CDP
59.	Ongoing	Keep on public speaking about importance of IFRS's use in Kazakhstan by taking part in round tables and seminars devoted to implementation of IFRS and continue training and education in the sphere of IFRS, as well as take an active part in IFRS work program.	Ongoing	Chairman of IFRS Committee, IPAA	President, Chairman of the Board, IFRS Committee, AMSC, Budget
60.	Ongoing	Development and implementation of the comments to IFRS for SME.	Ongoing	Chairman of IFRS Committee	IFRS Committee
61.	Ongoing	Keep on exerting every effort to reveal opportunities for additional assistance in IFRS implementation, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	Chairman of IFRS Committee	IFRS Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of COA's Compliance Information</i>					
62.	2013	Periodic review of COA's response to the SMO 7 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	IRC, IFRS Committee



«20» April 2017 ж.
№ 284

To
Alta Prinsloo
Executive Director, Strategy,
and Chief Operating Officer
IFAC

Dear Ms. Prinsloo,

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

This letter is to confirm that the leadership of the Chamber of auditors of the Republic of Kazakhstan has reviewed the information contained in the SMO Action Plan prepared by Chamber of auditors of the Republic of Kazakhstan as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Chamber of auditors of the Republic of Kazakhstan, 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,



Yegemberdiyeva S.K., Chairman of the Board

Chamber of auditors of the Republic of Kazakhstan

April 20, 2017