

## **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 Institute of Chartered Accountants in Malawi (ICAM)
<b>Approved by Governing Body:</b>	ICAM Council
<b>Original Publish Date:</b>	1 <sup>st</sup> April 2008
<b>Last Updated:</b>	November 2017
<b>Next Update:</b>	November 2019

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

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

## **GLOSSARY**

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>AGM</b>	Annual General meeting
<b>AQA</b>	Audit Quality Assurance
<b>CA (M)</b>	Chartered Accountant (Malawi)
<b>CA (2013)</b>	Companies Act, Act No 15 of 2013
<b>CAP</b>	Country Action Plan
<b>CPD</b>	Continuing Professional Development
<b>ECSAFA</b>	Eastern Central and Southern African Federation of Accountants
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>ICAM</b>	Institute of Chartered Accountants in Malawi
<b>IES</b>	International Education Standards for Professional Accountants
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standard of Quality Control
<b>MAB</b>	Malawi Accountants Board
<b>MSE</b>	Malawi Stock Exchange
<b>PAA</b>	Public Accountants and Auditors Act, Act No 5 of 2013
<b>PAECM</b>	Public Accountants Examination Council of Malawi
<b>PAFA</b>	Pan African Federation of Accountants
<b>ROSC</b>	Report on the Observance of Standards and Codes
<b>PIE</b>	Public Interest Entities
<b>SME</b>	Small and Medium Enterprises

**Action Plan Subject:** Strategic Planning  
**Action Plan Objective:** Establish an ongoing Strategic Planning mechanism and cycle to define and prioritize objectives

### **General Background**

The Institute of Chartered Accountants in Malawi (ICAM) was established in August 2013. ICAM's objectives, functions and powers are provided for in the Public Accountants and Auditors Act, Act No. 5 of 2013 (PAA). The objectives of ICAM include: Promoting the development of the accountancy profession; supervising the accountancy profession in the public interest; developing professional qualifications for accountants and auditors; setting high quality standards in accounting and auditing standards

The PAA -established the Malawi Accountants Board (MAB) as independent statutory regulator of the accountancy profession in both training and practice.

ICAM is currently finalizing implementation of a four year strategic plan (2012-2016), which saw major reforms in the accountancy profession in Malawi. In that regard, key reforms in the four years to 2016 included enacting of a new accountancy law, the PAA. The PAA has made it mandatory for all accountants in Malawi to register with ICAM/MAB and accordingly be subjected to professional supervision and regulation. MAB took over the function of conducting audit quality reviews from ICAM. ICAM established its own Professional Qualification. The anchor of the reforms was a 2007 ROSC project funded by the World Bank. ICAEW provided technical support to ICAM for implementation of the reforms.

A new strategic plan to be implemented in the 5 years 2017-2021 was approved by Council in March 2017. In building on the foundations laid in the last four years, the new strategic plan will focus on strengthening the regulation of ICAM members in CPD and Ethics as well consolidating the Professional Qualification.

### **New Development**

In May 2016, a new companies' law came into effect. The Companies Act, Act No 15 of 2013 (CA 2013) became effective repealing the Companies Act 1984. While the old companies' law provided for mandatory audits of all companies, in the CA 2013 there is no mandatory audit requirement for private companies. In the CA 2013, private companies are defined as: Firstly, companies with a minimum of one and a maximum of 50 shareholders. Secondly, companies whose memorandum prohibits it from offering its securities to the public. However, the CA 2013 mentions that private companies may resolve to appoint an auditor.

In spite of the fact that private companies no longer have mandatory audit requirements, it is anticipated that the long entrenched practice of private companies having audits will not change for the reason that the benefits of audits are well appreciated by companies' stakeholders.

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Ensure ongoing compliance with requirements of SMO 1

**Background:**

Under the PAA, ICAM is responsible for setting applicable auditing standards and supporting the implementation of those standards while MAB is responsible for Quality Assurance Reviews.

ICAM adopted standards issued by the International Auditing and Assurance Standards Board (IAASB) as applicable standards for audit, review, assurance and related service engagements. No changes are made to the standards but, where necessary, ICAM issues guidance documents with regard to application of particular standards in Malawi.

MAB, in collaboration with ICAM, has designed a quality assurance review system, conforming to the requirements of IFAC's SMO 1 for implementation in Malawi effective the year 2016. MAB carried out QA reviews in 2016.

The MAB quality review system is on both individual practicing CA(M) and their firms. In accordance with PAA, all individual practicing CA(M) in Malawi are members of ICAM. The Quality review system by MAB is in compliance with International Standard on Quality Control (ISQC 1). Results of quality review system by MAB are shared with ICAM for two main purposes. The first purpose is to enable ICAM to design appropriate CPD programs for the practicing CA(M) addressing areas of required development identified in the review. The second purpose is for disciplining, where the review have identified areas requiring the practicing CAs to be disciplined. Under the PAA, provision of CPD to individual CA (M) and the first instance of disciplining are the responsibility of ICAM.

Therefore the quality assurance system in Malawi is a shared responsibility between ICAM and MAB, summarized responsibilities of each organization being as follows:

ICAM responsibilities:

- Setting of applicable standards for audit, review, assurance and related service engagements for which ICAM adopted standards issued by IAASB without changes but issues application guidance where necessary.
- Collaborating with MAB to ensure the quality review system in Malawi is in compliance with IFAC SMO 1.
- Designing CPD programs to continually develop the capacity of practicing CAs(M) on new developments and in responding to areas requiring development as identified by the quality review results.
- Conducting investigations and discipline where quality review results require such.
- Providing feedback to MAB on issues from practitioners relating to quality reviews and other auditing and assurance related issues. For this purpose ICAM has established an Assurance Governance Committee to better coordinate collection of feedback and issues.

MAB's responsibilities:

- Designing a quality review system which complies with IFAC SMO 1.
- Implementing the quality review system and providing feedback of the results to the practitioners.
- Sharing the quality review results with ICAM to enable ICAM design appropriate CPD programs as well as take disciplinary measures where necessary.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Strengthening the Audit Quality Assurance Review System</b>					
1.	July 2013	The PAA assigns the statutory independent regulator, MAB, assigned the responsibility of conducting quality reviews.	Completed April 2014	MAB Board and ICAM Council	CEOs of MAB and ICAM
2.	April 2014	MAB designs a quality review system. ICAM collaborates with MAB to ensure the quality review system complies with the requirements of IFAC SMO 1.	Completed June 2016	MAB Board and ICAM Council	CEOs of ICAM, CEO of MAB. ACCA as a contractor delivering the AQA system
3.	October 2016	ICAM established an Assurance Governance Committee to deal with auditing and assurance issues affecting standards as well as reviews.	Completed October 2016	ICAM Council	Practicing members, and assurance experts of ICAM
<b>Maintaining Ongoing Processes</b>					
4.	July 2016	Maintain a robust AQA mechanism with MAB being responsible for reviews and ICAM being responsible for actions to address issues identified in the reviews; trainings, disciplinary, etc.	Ongoing	MAB Board of Directors, ICAM Council	MAB Reviews Committee and ICAM Assurance Governance Committee
5.	Jan 2015	Conducted training, issue relevant guidance and disseminate information on the following significant development: <ul style="list-style-type: none"> <li>• New Auditor's report</li> <li>• Guidance on PIEs in Malawi and application of IFRS for SMEs in Malawi</li> <li>• New Companies Act (Act no 15 of 2013)</li> <li>• New auditing standards</li> </ul>	Completed July 2016	ICAM Council and CEO	Accounting and Auditing Standards Committee CPD Committee
6.	Ongoing	Continue to ensure that MAB / ICAM's AQA review is operating effectively and continues to be in line with SMO 1 requirements.	Ongoing	MAB CEO/ICAM CEO	MAB Reviews Committee and ICAM Assurance Governance Committee
7.	Ongoing	Continue to offer relevant CPD programs, issue relevant guidance and disseminate information on developments relevant to audit and assurance.	ongoing	ICAM Council and CEO	Assurance Governance Committee Accounting and Auditing Standards Committee CPD Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b><i>Review of ICAM's Compliance Information</i></b>					
8.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 1 as necessary.	Ongoing	CEO	Director of Technical and Member Services

**Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	√			MAB carries out mandatory QA reviews for all audits.
<p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	√			This is observed.
<p>3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.</p>	√			MAB through the reviewer uses the most up to date ISQC 1.
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	√			This is done.
<p><b>Review Cycle</b></p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	√			MAB uses any of the approaches based on the clientele.
<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>	√			Where a firm has PIE in its clientele the period is shorter.
<p><b>QA Review Team</b></p> <p>7. Independence of the QA Team is assessed and documented.</p>	√			MAB carries A reviews on firms with 2+ clients. This creates challenge to smaller firms since in most cases have client contributing more than 15% of revenue.
<p>8. QA Team possesses appropriate levels of expertise.</p>	√			The reviewer possesses appropriate expertise.
<p><b>Reporting</b></p> <p>9. Documentation of evidence supporting the quality control review report is required.</p>	√			The documentation of evidence is adequate. In most cases it is between 25 to 30 pages.

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	√			Yes, a written report is issued.
<b>Corrective and Disciplinary Actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	√			They are issued with action plans that details areas of attention and deadlines.
12. QA review system is linked to the Investigation and Discipline system.	√			Once the results are out they are submitted to ICAM for appropriate action.
<b>Consideration of Public Oversight</b>				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	√			Yes, there is close cooperation.
<b>Regular Review of Implementation and Effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	√			Yes.



**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** Ongoing convergence with requirements of SMO 2. Further development and maintenance of ICAM Educational System

<b>Background:</b>					
<p>Under the PAA 2012, ICAM's functions include developing professional qualifications for accountants and auditors in Malawi. ICAM developed a professional accountancy qualification modeled on the ICAEW professional qualification. The qualification was launched in 2014 with the first examination sitting in December 2014. The qualification took into account all the requirements of IES 6 and the rest of the IESs. Prior to launching the qualification in 2014. The qualification structure and content was assessed with the assistance of ICAEW. The process involved ensuring compliance with IESs.</p> <p>In the years 2012-2013 ICAM developed a modern CPD system with the assistance of ICAEW. The CPD system includes a CDP policy, relevant guidance on CPD curriculum, and implementation guidelines and compliance enforcement mechanism in line with IES 8.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Implementing the Requirements of International Education Standards</b>					
9.	January 2012	Develop a Qualification framework and qualification requirements for the Malawi CA qualification.	Completed July 2012	ICAEW	World Bank Funding
10.	July 2012	Review Curriculum for the Technician Level Diploma in order to align with IESs.	Completed	CEO	Education and Training Committee
11.	August 2013	Develop own examination and Professional Qualification with the support of ICAEW.	Completed December 2014	Council	ICAEW
12.	April 2012	Develop a comprehensive CPD system in line with IES 8.	Completed March 2013	Council	ICAEW
13.	Ongoing	Continuously review the requirements of IES 6 in order to advise the education institutions to ensure compliance to IES 6.	Ongoing	Education and Training Committee	Education and Training Committee
14.	Ongoing	<p>Membership admissions procedures are being revised to include new final assessment methods. ICAM will continuously review and update the procedure in line with IES 6.</p> <p>ICAM provides support to candidates by making past examinations available on its website:</p> <p><a href="http://www.icam.mw/past-papers/">http://www.icam.mw/past-papers/</a></p>	Ongoing	Education and Training Committee	Education and Training Committee and Council

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
15.	Ongoing	Annually develop and implement CPD programs and monitor and enforce members compliance with CPD Policy.	Ongoing	CPD Committee	CPD Committee
16.	Ongoing	Conduct regular update training on new pronouncements. The trainings for professional accountants in business and in practice, and educational providers.	Ongoing	CPD Committee	CPD Committee
<b><i>Maintaining Ongoing Processes</i></b>					
17.	Ongoing	Continue to use best endeavors to ensure ICAM education requirements continue to incorporate all IES requirements. ICAM invites comments from entire membership on exposure drafts. The comments are considered by Education and Training Committee before submission to IAESB. ICAM participates in international standard-setting forums either organized by IFAC or PAFA.	Ongoing	Education and Training Committee, CPD Committee	Education and Training Committee, CPD Committee
<b><i>Review of ICAM's Compliance Information</i></b>					
18.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 2 as necessary.	Ongoing	CEO	Technical Staff

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Ongoing convergence with requirements of SMO 3. Further improve and maintain processes for ongoing compliance with IAASB Pronouncements

**Background:**

In May 2016, a new companies' law came into effect. The Companies Act, Act No 15 of 2013 (CA 2013) became effective repealing the Companies Act 1984. While the old companies' law provided for mandatory audits of all companies, in the CA 2013 there is no mandatory audit requirement for private companies. In the CA 2013, private companies are defined as: Firstly, companies with a minimum of one and a maximum of 50 shareholders. Secondly, companies whose memorandum prohibits it from offering its securities to the public. However, the CA 2013 mentions that private companies may resolve to appoint an auditor.

In spite of the fact that private companies no longer have mandatory audit requirements, it is anticipated that the long entrenched practice of private companies having audits will not change for the reason that the benefits of audits are well appreciated by companies' stakeholders.

The PAA establishes the authority of the Institute of Chartered Accountants of Malawi (ICAM) to set accounting and auditing standards in Malawi. Only practicing members of ICAM, registered with Malawi Accountancy Board (MAB), are allowed by PAA to perform audit attest functions.

ICAM adopts all International Auditing and Assurance Standards Board (IAASB) pronouncements for use in Malawi. There is no adaptation or reissuing and the resultant time lag. ICAM therefore ensures that all its members are sufficiently aware and up to date with all the developments around all IAASB pronouncements. ICAM subscribes to all the IAASB publications, and the same are relayed to members through its quarterly magazine, website and emails.

Since May 2012, ICAM is a member of the PAFA Standards Setters forum. In terms of auditing and assurance standards, the forum allows members to jointly discuss IAASB projects. Thereby enabling members to jointly provide input into IAASB projects. The forum also enables PAOs to share practical insights on methodologies of supporting practitioners' adoption and application.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Maintaining Ongoing Processes</b>					
19.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements. <b>2016</b> In the year 2015-2016 a number of communiqués were issued relating to the new auditor's reporting standards which are effective in the year 2016.	Ongoing	Standards Committee	Technical Staff
20.	Ongoing	Conduct regular update training on new pronouncements. <b>2016 update:</b> In the years 2015-2016 a number of trainings have been conducted relating to the requirements of new auditor reporting standards which are effective in the year 2016.	Ongoing	Standards Committee	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
21.	Ongoing	Commenting on Exposure Drafts. <b>2017 update:</b> The Institute submitted comments to some exposure drafts during the year 2017.	Ongoing	Standards Committee	Technical Staff
22.	May 2012	Participate in PAFA's Standard Setters Forum. <b>2016</b> The Institute participated at the PAFA Standard Setters Forum held in Livingstone Zambia in April 2016. <b>2017 update:</b> The Institute is scheduled to participate at the PAFA Standard Setters Forum to be held in Nairobi, Kenya in July 2017.	Ongoing	Technical Staff	PAFA
<b>Review of ICAM's Compliance Information</b>					
23.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 3 as necessary.	Ongoing	CEO Technical Director	Technical Staff

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Ongoing convergence with requirements of SMO 4. Further improve and maintain processes for ongoing compliance with IESBA Code of Ethics

<b>Background:</b>					
<p>ICAM adopted and issued the 2005 International Ethics Standards Board for Accountants (IESBA) Code of Ethics and its explanatory forewords with effect from 1<sup>st</sup> January 2008. ICAM issued a press release in the media on this development. ICAM through its investigations and disciplinary mechanism endeavors to ensure that there is effective compliance to the code by all professional accountants.</p> <p>ICAM has a policy of adopting all IESBA codes as they get published. ICAM has adopted the 2016 IESBA Handbook that includes the NOCLAR Standard. ICAM has ensured that ethics training is a part of the initial professional development leading to its accountancy qualifications. In addition, ethics training are included in ICAM’s annual CPD programs. ICAM has planned open forum discussions on NOCLAR in 2017.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Maintaining Ongoing Processes</b>					
24.	Ongoing	Continue to support ongoing adoption and implementation of the IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CEO, Ethics and Investigations Committee	Technical Staff
25.	Ongoing	Ensure articles in quarterly members magazine, ICAM Magazine contains information relating to Ethics. Articles in the quarterly ICAM magazine continued to have Ethics content throughout the years 2016/2017.	Ongoing	CEO, Publications Committee	Technical Staff
26.	Ongoing	Continue building awareness of the Ethics help desk/line. ICAM’s new members conference which was held in August 2016 included a panel discussion on Ethics for Professional Accountants. The new members were also provided information on ICAM’s help desk/line.	Ongoing	CEO, Ethics and Investigations Committee	CEO, Technical Staff, Ethics and Investigations Committee
27.	Ongoing	Remain alert to indications of possible ethical gaps and come up with appropriate interventions. In May 2016, ICAM conducted an open forum discussion on ‘Fighting Fraud and Corruption in Malawi’. Officials from the Government’s anti-corruption agency participated in the forum. MAB also participated in the forum. ICAM’s annual lakeshore conference which was held in September 2016 under the theme ‘ <i>Strengthening Governance and Accountability for Sustainable Development</i> ’ had Ethics content.	Ongoing	CEO, Ethics and Investigations Committee	Technical Staff, Ethics and Investigations Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Both the May 2016 and September 2016 discussions relating to Ethics highlighted apparent ethical gaps and came up with appropriate interventions.			
<b><i>Review of ICAM's Compliance Information</i></b>					
28.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 4 as necessary.	Ongoing	CEO	Technical Staff

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Ongoing convergence with requirements of SMO 5. Further improve and maintain processes for ongoing compliance with IPSASs

<b>Background:</b>					
<p>The Public Finance Management Act (Act No, 7 of 2003) provides that financial reporting by the Government shall be in accordance with standards and practices promulgated by the International Federation of Accountants as applicable to Governments and statutory bodies. This legal framework provides the adoption of IPSAS in public financial statements.</p> <p>The Malawi Government currently uses the cash basis accounting framework. The Government has however implemented the Integrated Financial Management Information System, which other governments in the Africa region are using as a platform for adopting International Public Sector Accounting Standards (IPSAS). The Malawi Government through the Office of The Accountant General has officially announced the adoption of IPSAS as the applicable accounting framework for Malawi. The adoption timetable will be known in September 2017 when the IPSAS Taskforce will present to higher authorities. The Government received technical assistance to adopt and implement IPSAS.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Maintaining Ongoing Processes</b>					
29.	Ongoing	<p>Continue to strengthen the IPSAS Task Force and Continue IPSASs discussions with Government.</p> <p>With collaboration of MAB and Ministry of Finance, in the year 2016 the IPSAS Task Force was strengthened by ensuring all these the following institutions are represented:</p> <ul style="list-style-type: none"> <li>- The Secretary to Treasury</li> <li>- The Accountant General</li> <li>- The Auditor General</li> <li>- MAB</li> <li>- ICAM represented by Chairman of the Public Sector Committee and the CEO</li> </ul> <p>The strengthened Committee is mandated to come up with a plan to progress implementation of IPSAS.</p>	Ongoing	ICAM's Public Sector Committee and IPSAS Task Force	Public Sector Committee, Secretary to Treasury, Accountant General, Auditor General and MAB
30.	Ongoing	<p>Continue to identify opportunities to further assist in implementation of IPSASs.</p> <p>The Public Sector Committee held a meeting on 16 June 2017 with Accountant General, and Auditor General to hear areas requiring assistance.</p>	Ongoing	Council, CEO	Public Sector Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
		At the 2016 ICAM annual conference held under the theme " <b>Strengthening Governance and Accountability for Sustainable Development</b> ", there was specific focus in deliberating the state of accountability of the public sector and how the accountability could be improved. The Accountant General participated in the program. ICAM used the program to lobby for speedy progress in implementation of IPSAS up to accrual accounting.			
<b>Review of ICAM's Compliance Information</b>					
31.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 5 as necessary.	Ongoing	CEO	Technical Staff



**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Ongoing convergence with requirements of SMO 6. Development and maintenance of ICAM Investigation and Discipline System

<b>Background:</b>					
<p>The PAA empowers ICAM to regulate the professional conduct of its members and to discipline any unprofessional behavior. ICAM has got an investigations and disciplinary mechanism through which all disciplinary cases are handled. ICAM's Investigations and Disciplinary procedures are in line with SMO 6.</p> <p>The PAA allows members not satisfied with ICAM's disciplinary decisions to appeal to MAB. Therefore, MAB is like a higher level court in the profession's disciplinary procedures. However, the investigations and disciplinary mechanism at ICAM has been designed to be robust and is in line with SMO 6. In 2016 ICAM handled four I&amp;D cases. MAB has appeal process in place. There are not yet any cases which have gone as up to the appeal to MAB.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Maintaining Ongoing Processes</b>					
32.	Ongoing	Publication of Ethics and Disciplinary Procedures in public media, ICAM Magazine and Annual Reports and website. Speeches by the ICAM President always emphasize on Ethics and Discipline. New members given an induction pack containing Ethics and Disciplinary procedures.	Ongoing	CEO/Council	Publications
33.	Ongoing	Continue to use best endeavors to ensure that ICAM's Investigations and Disciplinary mechanism are in line with IFAC requirements under SMO 6.	Ongoing	CEO	Ethics and Investigations Committee Disciplinary Committee
<b>Review of ICAM's Compliance Information</b>					
34.	Ongoing	Perform periodic review of ICAM's response to the 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	CEO	Technical Staff

**Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	√			<p>The system is operational. There are two separate Committees. The first is the Ethics and Investigations committee that is charged with responsibility of receiving complaints and investigating.</p> <p>The second is the Disciplinary Committee that deals with cases established by the Ethics and Investigations Committee.</p>
<p>2. Information about the types of misconduct which may bring about investigative actions is publicly available.</p>	√			<p>ICAM circulates to members, publicise in the local newspapers, and uploads on its website the types of misconducts.</p> <p><a href="http://www.icam.mw/wp-content/uploads/2017/07/ICAM-Disciplinary-Guidelines-revised-2017.pdf">http://www.icam.mw/wp-content/uploads/2017/07/ICAM-Disciplinary-Guidelines-revised-2017.pdf</a></p>
<p><b>Initiation of Proceedings</b></p> <p>3. Both a “complaints-based” and an “information-based” approach are adopted.</p>	√			<p>Both approaches are used. ICAM uses information that may become publicly available, for example, in the media.</p>
<p>4. Link with the results of QA reviews has been established.</p>	√			<p>Yes, The Investigations and Ethics Committee reviews the results from QA reviews by MAB to consider whether there are any cases requiring further investigations.</p>
<p><b>Investigative Process</b></p> <p>5. A committee or similar body exists for performing investigations.</p>	√			<p>Yes, as in (1) above.</p>
<p>6. Members of a committee are independent of the subject of the investigation and other related parties.</p>	√			<p>Members are requested to declare any interest before handling a case.</p>
<p><b>Disciplinary Process</b></p> <p>7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>	√			<p>Yes, as in (1) above.</p>

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.	√			The Chairperson is appointed from Malawi Law Society.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	√			
<b>Sanctions</b> 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	√			There are extensive ranges of penalties based on severity of the misconduct. <a href="http://www.icam.mw/wp-content/uploads/2017/07/ICAM-Disciplinary-Guidelines-revised-2017.pdf">http://www.icam.mw/wp-content/uploads/2017/07/ICAM-Disciplinary-Guidelines-revised-2017.pdf</a>
<b>Rights of Representation and Appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	√			A member may appeal to MAB.
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.			√	Some cases are complicated. It is difficult to stick to timeframes.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	√			Yes, mechanism is available.
14. Records of investigations and disciplinary processes are established.	√			Yes, records are kept.
<b>Public Interest Considerations</b> 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	√			ICAM publishes in the local media notification of list of misconducts and contacts for reporting.
16. A process for the independent review of complaints on which there was no follow-up is established.		√		ICAM will develop one by learning from other PAOs.

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
17. The results of the investigative and disciplinary proceedings are made available to the public.			√	In some cases. In other cases, the results may not be made public especially on matters that are still in court.
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	√			Yes, other matters by their nature may involve other government agencies eg the Anti-Corruption Bureau, Fiscal Police, Criminal Investigations Department (CID) etc.
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	√			Yes, reviews are done.

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Ongoing convergence with requirements of SMO 7. Further improve and maintain processes for ongoing compliance with IFRS

<b>Background:</b>					
<p>The PAA empowers ICAM to set high quality accounting standards. ICAM adopted International financial Reporting Standards (IFRS) as the applicable framework for all publicly accountable entities in Malawi. ICAM has also adopted the IFRS for Small and Medium Entities (SMEs) as the applicable framework for all non-publicly accountable entities. Both sets of standards are adopted by reference, without modifications, with the same effective date. ICAM does not produce any publication but buys and distributes IFRS publications annually. ICAM annually conducts a workshop on IFRS updates in addition to distributing the Materials on IFRS updates. As Malawi's official language is English, the issue of translation does not arise. ICAM therefore accesses technical resources to support members with the application of IFRSs.</p> <p>The capacity at ICAM through which implementation of financial reporting standards is supported includes a Standards Committee, the Chief Executive Officer (CEO) and the Technical Director. The CEO and the Technical Director are full time staff of the Institute.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Ensuring Proper Implementation of International Financial Reporting Standards</b>					
35.	Ongoing	Conduct Regular standards update trainings and seminars.	Ongoing	CDP Committee and Standards Committee	CEO and Technical Director
36.	Ongoing	Regularly order IFRS and IFRIC and other publications for supply to members.	Ongoing	CEO	CEO and Technical Director
37.	Ongoing	Develop a technical capacity building and training plan for technical staff to regularly issue technical guidance to members.	<i>N/A – still under consideration</i>	CEO	CEO and Technical Director
38.	Ongoing	Issue technical guidance to members on emerging issues regarding IFRS.	Ongoing	Standards Committee	CEO and Technical Director
39.	Ongoing	Consult closely with PAFA on technical issues relating to IFRS implementation.	Ongoing	CEO, Technical Director	PAFA
40.	Ongoing	Actively participate in IASB technical update sessions.	Ongoing	CEO, Technical Director	CEO

#	Start Date	Actions	Completion Date	Responsibility	Resource
41.	Ongoing	Publish technical articles in the ICAM magazine through a dedicated technical section.	Ongoing	CEO, Technical Director	Standards Committee
42.	Ongoing	Organize workshops focused on the IFRS update, for ICAM members.	Annually	CEO	Standards Committee
<b><i>Maintaining Ongoing Processes</i></b>					
43.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.	Ongoing	Standards Committee	Standards Committee
<b><i>Review of ICAM's Compliance Information</i></b>					
44.	Ongoing	Perform periodic review of ICAM's response to the sections relevant to SMO 7 as necessary.	Ongoing	CEO	CEO and Administrative Staff

25 August 2017

Technical Manager  
International Federation of Accountants  
529 Fifth Avenue  
New York, NY 10017  
USA

Dear Ms. Prinsloo,

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

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

On behalf of the leadership of the Institute of Chartered Accountants in Malawi (ICAM), 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.

Yours faithfully,



**Henry Chowawa - President of the Council**

Institute of Chartered Accountants in Malawi (ICAM)

25 / 08 / 2017  
(Date)

Member of :