

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:	Institute of Certified Public Accountants in Bulgaria (ICPAB)
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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

CPD	Continuous Professional Development
CPOSA	Commission for Public Oversight on Statutory Auditors
DC	Disciplinary Council
EC	Ethics Council
ED	Executive Director
EU	European Union
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICPAB	Institute of Certified Public Accountants in Bulgaria
IES	International Education Standards
IES	International Education Standard
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standard on Auditing
ISQC 1	International Standard on Quality Control 1
MB	Managing Board
QA	Quality Assurance
QCC	Quality Control Council
SMO	Statement of Membership Obligations
TIC	Translation Review Commission

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Ensure Compliance of the Quality Assurance Review System with SMO 1 Requirements and new Bulgarian Legislation

Background:

The Quality Assurance review system in Bulgaria is working according to the requirements of the Independent Financial Audit Law and the Rules and Procedures of Quality Assurance of the Registered Auditors' Activity, which were adopted by the Managing Board of ICPAB and approved by the Commission for Public Oversight on Statutory Auditors/CPOSA. All the registered auditors and audit enterprises are subject to quality assurance reviews.

The Quality Assurance system evaluates the system of quality control of audit and other assurance engagements which is applied by the registered auditors in accordance with ISQC1, and respectively - ISA 220. It evaluates the fulfillment of audit and other assurance engagements with regard to observing the professional standards, the law provisions and the ethical requirements of the Code the Ethics for professional accountants.

The Quality Assurance review system is organized on three levels; Commission for Public Oversight on Statutory Auditors/CPOSA/, Quality Control Council (QCC) at the ICPAB and ICPAB reviewers and CPOSA inspectors.

The quality reviews are carried out jointly by ICPAB reviewers and CPOSA inspectors as follows:

- the quality reviews of auditors who conduct a statutory financial audit of public interest entities are carried out by CPOSA inspectors
- the quality reviews of auditors who do not conduct a statutory financial audit of public interest entities are carried out by ICPAB reviewers

Upon decision of the CPOSA and ICPAB the quality reviews are conducted by joint teams – by both CPOSA inspectors and ICPAB reviewers.

Each year before starting the reviews all the inspectors and reviewers participate in a regular training on ISQC1 and other issues with regard to quality assurance controls. The trainings are conducted by members of the Quality Assurance Committee and/or other relevant lecturers.

Trainings on quality assurance with lecturers from ICAEW are also organized.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Improvement of the Quality Assurance Review System</i>					
1.	Ongoing	Review and amend, where necessary, ICPAB's Quality Assurance (QA) Review system (incl. the QA Rules) to ensure full compliance with the current developments in the Independent Financial Audit Law, the European Audit Directive and Regulation 537/ 2014, the International Standards on Auditing, the other relevant regulations and the best practices.	Ongoing	Chair of Quality Control Council (QCC)	Members of QCC
2.	Ongoing	Organize regular training of QA reviewers to ensure consistent and effective implementation of QA system.	Ongoing	ICPAB Executive Director (ED), Chair of QCC	ICPAB Staff and Members of QCC

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	Ongoing	Distribute QA Review program and questionnaire to ICPAB members and ensure that QCC is prepared for receiving questions and providing answers and guidance.	Ongoing	ICPAB ED, Chair of QCC	Members of Managing Board ("MB"), Members of QCC
4.	Ongoing	Continually review and update the documentation and questionnaires to ensure it supports the results of the reviews.	Ongoing	Chair of Quality Control Council (QCC)	Members of QCC
5.	2013	Provide appropriate update to the members of the CPOSA on the revised SMO 1 requirements in fulfillment of our joint training program.	Completed September 2013	Chair of Quality Control Council (QCC)	Members of QCC
6.	Ongoing	Monitor the skills, the competences and the experience of the QA reviewers in order to ensure only these with a proper status are engaged.	Ongoing	Chair of Quality Control Council (QCC)	Members of QCC
7.	2015	Establish a Quality Assurance Network in cooperation with other partner European professional organizations with the objective of strengthening audit monitoring practices.	2016-2017	Respective member of MB Chair of Quality Control Council (QCC)	Members of Managing Board ("MB"), Members of QCC
Support of Implementation of Quality Control standards					
8.	Ongoing	Organize and provide training on ISQC 1 to support its implementation by raising ICPAB members' awareness and deepening their knowledge of this area. Regular trainings organized within CPD program.	Ongoing	ICPAB ED, Chair of QCC	ICPAB Staff and Members of QCC
9.	Ongoing	Translate and publish relevant guidance to assist individual audit firms and sole practitioners in implementing policies and procedures defining a system of quality control at firm/sole practitioner level that comply with the International Standard on Quality Control 1 (ISQC 1).	Ongoing	Respective member of MB	ICPAB Staff and Members of QCC
10.	Ongoing	Continue efforts to further the development of this activity by organizing a training on quality assurance with lecturers from ICAEW.	Ongoing	Respective member of MB	ICPAB Staff and Members of QCC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improving Transparency and Reporting</i>					
11.	Ongoing	Develop and implement a strategy for preparing annual report summarizing the results of the quality assurance review program.	Ongoing	Chair of QCC	Members of QCC
12.	Ongoing	Make the annual report available to the public by placing it on ICPAB website. Send copies of the report to regulatory authorities.	Ongoing	ICPAB ED	ICPAB staff
<i>Maintaining Ongoing Processes</i>					
13.	2013	Continue to ensure that ICPAB's QA review program is operating effectively and continues to be in line with the revised SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan for future activities where necessary.	Ongoing	MB, Chair of QCC	MB members, Members of QCC
<i>Review of ICPAB' Compliance Information</i>					
14.	Ongoing	Review and update sections relevant to SMO 1, as necessary.	Ongoing	Respective member of MB	MB members

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the system				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	x			
Quality Control Standards and Other Quality Control Guidance				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	x			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	x			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	x			
Review cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	x			
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).	x			
QA Review Team				
7. Independence of the QA Team is assessed and documented.	x			
8. QA Team possesses appropriate levels of expertise.	x			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	x			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	x			

Requirements	Y	N	Partially	Comments
<p>Corrective and disciplinary actions</p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>	x			
<p>12. QA review system is linked to the Investigation and Discipline system.</p>	x			
<p>Consideration of Public Oversight</p> <p>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.</p>	x			
<p>Regular review of implementation and effectiveness</p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>	x			

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

Action Plan Objective: Ensure that the IES requirements are incorporated into ICPAB's education requirements. Promote IES Requirements to Bulgarian Authorities and Ensure Syllabi Incorporate International Requirements

Background:

The Institute of Certified Public Accountants in Bulgaria is making efforts to ensure that implementation of professional accounting and auditing education complies with all IESs, EU-Directive and the regulations of the Bulgarian legislation. The Educational and Methodological Committee at the Institute which comprises of members of the Institute and university professors who develop the programs for the preparation of the candidates and the qualification of the professionals.

Candidates for professional certification must (a) complete a program of professional accountancy education; (b) complete a practical experience requirement; (c) Complete a final assessment of the individual's professional capabilities and competencies in order to achieve recognition by ICPAB through 4 certification exams. Professional accountancy education is attained at the Bulgarian universities of economics and this is stipulated in the High Education Act. To ensure that education is adequate, ICPAB checks the diploma/transcript of the candidates issued by the relevant University to ensure that students have completed appropriate coursework. Candidates are required to complete three years of practical experience. Providers of such experience can be an audit firm or individual auditor. ICPAB monitors the achievement of practical experience by (a) requiring self-declaration from the candidate that they have completed adequate experience; (b) Record of the practical experience is kept and submitted to the member body when applying for membership; (c) an assessment is made by the mentor or employee of the candidate; and (d) through a mentoring system. ICPAB maintains a certification exam which is administered by the organization.

In regard to CPD, the ICPAB requires achievement minimum of 40 hours of CPD each year. All the CPD requirements are stipulated by the internal Rules of Continuous Professional Development of Certified Public Accountants and Registered Auditors. Amended CPD Rules and Procedures in accordance with IES 7 are in force as of July 2015.

For failure to meet these requirements, ICPAB can impose fines as per the requirements of art. 40 of Independent Financial Audit law. Each year the ICPAB organizes trainings courses within its CPD program The common number is between 60 -70 training courses on accountancy, audit, taxation, law and other related topics. The members of the Institute participate in at least 3 -5 training annually and as a whole the training are attended by approximately 2100 persons each year.

The mechanism of tracking the members' fulfillment of the CPD requirements is both by maintaining a personal electronic file for each member and by the information reported in their annual report at the ICPAB, which is a subject of permanent control by the Institute.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote IES Requirements to Bulgarian Authorities</i>					
15.	September 2008	Lobby the Government and members of the Parliament for adoption of a “first chance” change to newly amended Independent Financial Audit Law to re-incorporate the requirement of 3 year practice experience for candidates to registration as professional accountants in accordance with IES 5, Practical Experience Requirements (as opposed to current requirements of ICPAB).	Completed	Chairman of MB, members of MB	MB members
16.	April – May 2009	Organize with the participation of ICAEW experts a meeting with professors from leading economic universities to discuss the importance of compliance with International Education Standards (IES) and quality of university education on accounting, finance and auditing for strengthening the profession and overall economic environment.	Completed	Nominated member of MB	ICPAB ED, ICPAB staff
17.	October 2016	Launching a joint accreditation programme on accountancy, finance and financial control between ICPAB, ICAEW and the University of National and World Economy (UNWE) with the aim of an integrated development of professional competences and personal qualities, leading to a better access of the students to a subsequent professional education.	Ongoing	Nominated member of MB	ICPAB, ICAEW, UNWE staff
<i>Ensure Syllabi are Consistent with the International Requirements of the Profession</i>					
18.	January 2009	Continue the relationship with the Ministry of Education and economic universities with the aim of discussing a strategy for the compliance of the content of their syllabi with the international requirements of the profession, as well as matching the university syllabi for entry to professional education programme with IES 1-6.	Ongoing	Nominated member of MB, shared responsibility with the Ministry of Education and Economic Universities	ICPAB ED, ICPAB staff
19.	Ongoing	Maintenance of mandatory CPD for members compliant with the requirements of IES 7. Ongoing monitoring of fulfillment and applying disciplinary action against non-compliant members.	Ongoing	Nominated member of MB	ICPAB ED, ICPAB staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	September 2017	Making a thorough review of those disciplines of the university syllabi, which are a part of the certification process but are studied in the universities and preparing a commentary and a proposal for improvement. The review will be carried out in cooperation with the Public Oversight Commission.	September 2019	Nominated member of MB	ICPAB ED, ICPAB staff
21.	Ongoing	Working together with various training providers in order to ensure high quality learning and development for all the members, as well as a high level of members' professional competences in compliance with the requirements of IES 8.	Ongoing	Nominated member of MB	ICPAB ED, ICPAB staff
<i>Maintaining Ongoing Processes</i>					
22.	Ongoing	Establishing an ongoing process of translating new and revised standards into Bulgarian. Currently IAESB 2014 edition is translated and is available to the public.	Ongoing	Nominated member of MB	ICPAB ED, ICPAB staff
23.	Ongoing	Permanent observing the new IESs requirements and changes. Proposing, if necessary, relevant changes into the universities of economics syllabuses. Incorporate new and amended requirements from the International Accounting Education Standards Board (IAESB) into ICPAB's education requirements on regular basis.	Ongoing	Nominated member of MB	ICPAB ED, ICPAB staff
<i>Review of ICPAB' Compliance Information</i>					
24.	Ongoing	Review and update sections relevant to SMO 2, as necessary.	Ongoing	Respective member of MB	MB members

IES	Adopted (Yes/No/Partially)	Differences
Initial Professional Development (IPD)		
IES 1 Entry Requirements to Professional Accounting Education Programs (2014)		
IES 2 Initial Professional Development – Technical Competence (2015)		
IES 3 Initial Professional Development – Professional Skills (2015)		
IES 4 Initial Professional Development—Professional Values, Ethics, and Attitudes (2015)		
IES 5 Initial Professional Development—Practical Experience (2015)		
IES 6 Initial Professional Development— Assessment of Professional Competence (2015)		
Continuing Professional Development (CPD)		
IES 7 Continuing Professional Development (2014)		
Specialization for Auditors		
IES 8 Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (2016)		

Action Plan Subject: SMO 3–International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Adoption and Implementation of IAASB Pronouncements

Background:					
<p>The International Standards on Auditing have been adopted in Bulgaria as of 2003. This requirement is regulated by the Independent Financial Audit Law.</p> <p>The Institute of Certified Public Accountants in Bulgaria has established an ongoing process of translating the new and revised standards on an annual basis by providing timely, accurate and complete translation and publication of the standards into Bulgarian.</p> <p>Currently the 2016-2017 version of IAASB pronouncements is translated and in use. The translated ISAs are publicly available on the Institute’s website.</p> <p>The standard-related topics are included into CPD activities on a regular basis. Annually approximately 17-20 training courses on ISA are organized and attended by ICPAB members.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption and Implementation of IAASB Pronouncements</i>					
25.	November 2008	ICPAB MB to approve the statement describing ICPAB convergence objective, approach used to adopt standards and implement them on the basis of direct and full adoption as prescribed by the law.	Completed	Deputy Chairman of MB and respective responsible member of MB	ICPAB ED
26.	January 2009	Develop and adopt formal procedure for adoption and implementation of IAASB pronouncements, which will include the following steps: <ul style="list-style-type: none"> - Identification of a new pronouncement - Translation - Review - Publication on the website and adoption - Training 	Completed	Respective responsible member of MB	ICPAB ED
27.	March 2009	Develop and adopt a strategy for ongoing monitoring of International Auditing and Assurance Standards Board (IAASB) work program to identify new drafts and final standards.	Completed	Deputy Chairman MB and respective responsible member of MB	ICPAB ED
28.	January 2013	Establish Translation Review Commission (TIC) with the task to review and approve the translation of IAASB Pronouncements into Bulgarian. The translation process is in accordance with the IFAC translation Policy.	Completed	Respective MB member	ICPAB ED

#	Start Date	Actions	Completion Date	Responsibility	Resource
29.	Ongoing	Translate on annual basis IAASB Pronouncements in Bulgarian and publish them on the website to make it available to ICPAB members and general public.	Ongoing	Respective MB member ICPAB ED	ICPAB ED
<i>Education and Promotion Activities</i>					
30.	Ongoing	Ongoing training and qualification maintenance and continuing education on a variety of auditing related themes, including auditing standards, combining the use of knowledge generated by foreign experts, Bulgarian academia and practitioners in the field of auditing. A permanent task force on Auditor's reports ISAs' clarification is being established.	Ongoing	Respective responsible member of MB, MB	ICPAB ED, ICPAB staff
31.	Ongoing	Exchange of training programs with professional bodies from other European countries and inviting training providers in order to ensure high quality learning and development for the members.	Ongoing	Respective responsible member of MB	ED, ICPAB staff
32.	Ongoing	Annually organize and perform training courses and/or seminars for ICPAB members on audit practice and ISA application with an accent on amendments and additions.	Ongoing	ICPAB ED	ICPAB staff
<i>Monitoring Activities</i>					
33.	Ongoing	Ongoing monitoring activities accomplished through the QA review system to ensure compliance with new and revised standards adopted in Bulgaria.	Ongoing	ICPAB MB	ICPAB Staff and Members of QCC
<i>Maintaining Ongoing Processes</i>					
34.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements as imposed by the law. Continue to assume responsibility for timely and quality translation of annual editions in Bulgarian, formal adoption and publishing.	Ongoing	Respective responsible member of MB, MB	ICPAB ED
35.	Ongoing	Continue to establish and maintain Action Plans to support ongoing convergence with IAASB pronouncements. This includes review of the implementation of the Action Plan to date and preparation of the Action Plan for the future activities.	Ongoing	Chairman of ICPAB, ICPAB ED, Chairperson of respective councils	MB members, managers and experts

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICPAB' Compliance Information</i>					
36.	Ongoing	Review and update sections relevant to SMO , as necessary.	Ongoing	Respective member of MB	MB members

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Ongoing activities to ensure compliance with the requirements of IESBA Code of Ethics

Background:					
<p>The Institute of Certified Public Accountants in Bulgaria has adopted in full the IESBA Code of Ethics as of 2002 and this is regulated by the Independent Financial Audit Law. Since then the Institute of Certified Public Accountants in Bulgaria is translating and publishing the changes into Bulgarian. Recently the translation and review of 2016 IESBA Code of Ethics was completed and is available for the public on the website. The Institute’s CPD program includes 4-5 courses on ethics and independence each year.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption and Implementation of IESBA Pronouncements</i>					
37.	January 2009	Ongoing monitoring of the International Ethics Standards Board for Accountants (IESBA) work program to identify new drafts and final ethical standards.	Ongoing	Chairman of Ethics Council (“EC”), MB	Members of EC
38.	Ongoing	Ensure a timely translation into Bulgarian of amendments of the current IESBA Code of Ethics and make the Bulgarian edition available to ICPAB members and other interested parties.	Ongoing	A nominated member of MB, ICPAB ED	ICPAB ED
39.	Ongoing	Circulate the translated amendments to the IESBA Code of Ethics to ICPAB members in order to obtain comments for implementation.	Ongoing	ICPAB ED	ICPAB staff
<i>Education and Training Activities</i>					
40.	Ongoing	Develop and establish an educational and training program on IESBA Code of Ethics. Review the programme on annual basis.	Ongoing	Nominated MB member	ICPAB ED, ICAB staff
41.	October 2008	Incorporate a separate one day session on professional ethics and independence in the training courses on auditing organized by ICPAB for candidates who would like to obtain the qualification of registered auditors.	Ongoing	Nominated MB member	ICPAB ED, ICAB staff
42.	May 2009	Organize specialized, practice focused, training on auditors’ independence for ICPAB members and strongly recommend that every ICPAB member should attend such training. Organize annually as part of CPD programme. Creating a dedicated page at the Intranet on ethical issues.	Ongoing	Nominated MB member	ICPAB ED, ICPAB staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
43.	Ongoing	Continue to support ongoing adoption and implementation of the IESBA Code of Ethics. This also includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	Chairman of ICPAB, ICPAB ED and Chair of EC	MB Members, ICPAB ED, ICPAB staff
<i>Review of ICPAB' Compliance Information</i>					
44.	Ongoing	Review and update sections relevant to SMO 4, as necessary.	Ongoing	Respective member of Managing Board	MB members

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by IPSASB
Action Plan Objective: Promoting the use of IPSASs

Background:					
<p>The IPSAS are currently not adopted or implemented in Bulgaria. The ICPAB will continue their efforts to promote IPSAS to the Bulgarian authorities by undertaking the below mentioned actions including under a joint working group.</p> <p>The ICPAB participated jointly with representatives of the Ministry of Finance and the National Audit Office in a survey on the current accounting framework and practices for the Government sector in Bulgaria, promoting the IPSAS/EPAS and the accrual approach on EU level.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promotion of IPSASs</i>					
45.	March 2009	Nominate an ICPAB member who should maintain high competence on International Public Sector Accounting Standards (IPSAS) and should serve as a liaison with the Government on IPSAS related matters.	Completed	MB	Respective member of MB
46.	April 2009	Hold a meeting with representatives of Ministry of Finance, preferably at Deputy Minister or Minister level, to raise awareness of existing IPSASs and IPSASB activities. Submit relevant materials and references and propose further assistance of ICPAB with regards to relevant IFAC structures and resources.	Completed March 2014	Nominated member of ICPAB. The direct responsibility is on government authorities	Respective member of MB
47.	May 2009	Organize a roundtable to promote IPSAS adoption in Bulgaria. Representatives of the government, media and foreign guests will be invited.	Completed November 2009	Nominated member of ICPAB	ICPAB ED
48.	September 2014	Establishing jointly with the Ministry of Finance and the National Audit Office a task force for evaluating the possibility of IPSAS adoption and their gradual implementation as well as the development of respective adequate legislation.	2018	Nominated member of ICPAB. The direct responsibility is on government authorities	MB members
<i>Maintaining Ongoing Processes</i>					
49.	Ongoing	Review implementation and update the Action Plan for future activities when necessary.	Ongoing	Respective responsible member of MB	MB Members

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ICPAB' Compliance Information</i>					
50.	Ongoing	Review and update sections relevant to SMO 5, as necessary.	Ongoing	Respective member of MB	MB members

Action Plan Subject: SMO 6—Investigation and Discipline

Action Plan Objective: Ensure Effective System of Investigation and Discipline and Full Compliance with SMO 6 Requirements

Background:

The investigation and discipline rules and procedures have been developed by the ICPAB in accordance with the requirements of the Independent Financial Audit Law and the By-Laws of the Institute. These discipline procedures are in compliance with SMO 6 and are implemented by ICPAB according to the requirements of the new Independent Financial Audit Law.

For a violation of ICPA's By-Laws, registered auditors and certified public accountants are liable to disciplinary action. For such violations ascertained by the Ethics Council, the Quality Control Committee or the Supervisory Board, the relevant files are submitted to the Disciplinary Council, notifying accordingly ICPA's Management Board. For violations of ICPA's By-Laws, the following disciplinary actions are taken:

1. a compulsory prescription to remedy a violation found;
2. making public on ICPA's website for a period of one year the violations found;
3. exclusion from the right to be elected in ICPA's bodies for a period of up to three years;
4. warning for exclusion from ICPA membership;
5. temporary suspension of ICPA membership for a period of up to three years;
6. temporary suspension of ICPA membership for a period of 5 years;
7. imposing a fine of BGN 1,000 to BGN 15,000.

The acts establishing such violations are prepared by the Disciplinary Committee and the penalty decrees are issued by President of the ICPAB.

The CPOSA conducts investigations at its own discretion or upon receipt of alerts and proposals related to alleged or suspected infringements in relation to the performance of a statutory financial audit. The acts establishing violations in such cases are prepared by the member of the CPOSA to whom the investigation has been assigned. The penalty decrees are issued by the Chairperson of the CPOSA.

In such cases, the CPOSA may be assisted by the relevant bodies of ICPA. Upon receipt of alerts on infringements in the provision of services other than statutory financial audit and/or related services, the CPOSA may assign to ICPA to carry out reviews in relation thereto.

When an inspection or investigation of the CPOSA finds deficiencies or infringements in the activities of a registered auditor the CPOSA may:

1. come up with an assessment of the quality of registered auditor's professional activities;
2. come up with prescriptions to a registered auditor to discontinue or correct the infringements made; those prescriptions shall mandatorily be implemented;
3. make public via its website and in any other appropriate way the offender and the infringements made thereby which have been ascertained by an act that has become final and effective;
4. make public via its website, or in any other appropriate way, the decision that a particular audit report does not comply with the requirements set out in this Act and Regulation (EU) No 537/20145.
5. suspend a registered auditor's right to conduct a statutory financial audit for public-interest entities for a period of up to three years;

6. suspend a registered auditor's right to conduct a financial audit for a period of up to three years;					
7. suspend a registered auditor's right to practice the auditing profession for a period of 5 years;					
8. prohibit for a period of up to three years a registered auditor to perform statutory financial audit engagement quality assurance reviews;					
9. propose to a competent authority supervising the activities of a public-interest entity to impose a prohibition on a member of its management body to perform his or her functions for a period of up to three years.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Strengthen and Further Develop ICPAB Investigation System</i>					
51.	September 2014	Developing amendments to the Independent Financial Audit Law which will include improvement of the system of investigation and discipline and incorporate the requirements of the revised SMO 6.	Completed November 2016	Nominated member of MB	Members of MB and DC
52.	December 2016	Review and develop disciplinary procedures in compliance with the new Independent Financial Audit Law. Such disciplinary procedures should comply with all applicable SMO 6 requirements and should be implemented by ICPAB in accordance with their legal competencies.	Completed 2017	Chair of Disciplinary Council ("DC")	Members of DC
53.	Ongoing	Periodically review the I&D mechanisms to ensure they incorporate SMO 6 requirements and are properly implemented.	Ongoing	Chair of Disciplinary Council ("DC")	Members of MB and DC
<i>Improvement of the Disciplinary Commissions Process</i>					
54.	Ongoing	Continue to cooperate with CPOSA to identify areas for improvement and promote their implementation in line with the requirements of SMO 6.	Ongoing	Chair of Disciplinary Council ("DC")	Members of MB and DC
55.	Ongoing	Ongoing collaboration with The Public Oversight Body regarding disciplinary sanctions applied by ICOAB considering the ultimate responsibility of CPOSA in investigations and discipline.	Ongoing	Chair of Disciplinary Council ("DC")	Members of MB and DC
<i>Maintaining Ongoing Processes</i>					
56.	Ongoing	Frequently inform ICPAB members about the functioning of the investigation and disciplinary mechanisms.	Ongoing	Nominated member of MB	Members of DC
57.	Ongoing	Make an annual report of the DC activities available to the members.	Ongoing	Chair of Disciplinary Council ("DC")	ICPAB ED, ICPAB staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
58.	Ongoing	Review implementation and update the Action Plan for future activities.	Ongoing	Nominated member of MB	Members of DC
<i>Review of ICPAB' Compliance Information</i>					
59.	Ongoing	Review and update sections relevant to SMO 6, as necessary.	Ongoing	Respective member of MB	MB members

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.	x			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	x			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	x			
4. Link with the results of QA reviews has been established.	x			
Investigative process				
5. A committee or similar body exists for performing investigations.	x			
6. Members of a committee are independent of the subject of the investigation and other related parties.	x			
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	x			
8. Members of the committee/entity include professional accountants as well as non-accountants.		x		Only professional accountants are members of Disciplinary committee.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	x			
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.	x			

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

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements Issued by IASB
Action Plan Objective: Establishing an ongoing adoption process for IASB Pronouncements

Background:

The IFRS have been adopted in Bulgaria as of 2003 and this is regulated by the Accountancy Law. Since then the ICPAB was constantly translating, reviewing and publishing them according to an agreement with the IASB.

As of November 2008 the translation and review of the IASB core pronouncements is undertaken by the respective Bulgarian section within the European Commission and the IFRS are published in the Official Journal of the European Commission.

The version of IFRS as published in the EU Official Journal is currently being applied in Bulgaria.

The official standard-setting body in Bulgaria is the Ministry of Finance (the government). ICPAB advises the government regarding adoption and applying of accounting standards and provides guidance and enforcement for standards that have been adopted on state level.

According to the Accountancy law the annual financial statements of public-interest entities shall be drawn up on the basis of the IFRS. The annual financial statements of micro-entities, small, medium-sized, and large entities shall be drawn up on the basis of the National Accounting Standards. These entities may choose to draw up their annual financial statements on the basis of the IFRS, provided the accounting basis has not changed.

The IFRS related topics are included into CPD activities on a regular basis. Annually approximately 20-22 training courses on IFRS are organized and attended by ICPAB members.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption and Implementation of IFRS and other IASB Pronouncements</i>					
60.	Ongoing	Continue to support full and direct adoption of IFRS, which are consistently adopted without modifications, as imposed by the European and Bulgarian laws and to maintain leading role in adoption and implementation of International Financial Reporting Standards (IFRS) in Bulgaria.	Ongoing	MB	MB
61.	Ongoing since 2005	ICPAB concluded license agreements with the IFRS Foundation for the translation and publication of the bound volume of IFRS. Note: It is possible to conclude a new license agreement, upon decision of the Managing Board.	Completed 2013	MB	ICPAB ED
62.	Ongoing	Informing the members on the new publications of IASB through ICPAB's website and newsletter.	Ongoing	Respective MB member	Review Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
63.	Ongoing	Continued provision of competent assistance of the national standard setter in order to establish the ongoing convergence process with IFRSs. Raising awareness and providing training on new and updated standards.	Ongoing	MB	MB
64.	Ongoing	Establishing a system of monitoring the IFRS application by the ICPAB members through the QA review system.	Ongoing	Respective MB member	QCC members
<i>Education and Promotion Activities</i>					
65.	Ongoing	Update the Continuous Professional Development (CPD) program to include courses on new and amended IFRS.	Ongoing	Respective MB member	ICPAB ED, ICPAB staff
66.	Ongoing	Organize and conduct training courses on IFRS for the candidates for certified public accountants.	Ongoing	Respective MB member	ICPAB ED, ICPAB staff
<i>Maintaining Ongoing Processes</i>					
67.	Ongoing	Review implementation and update the Action Plan for future activities, as necessary.	Ongoing	Respective MB member	ICPAB ED
<i>Review of ICPAB' Compliance Information</i>					
68.	Ongoing	Review and update sections relevant to SMO 7, as necessary.	Ongoing	Respective member of MB	MB members



INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS IN BULGARIA

Date, 15 December 2017

Name: Vasko Raichev

Title: President

Company: Institute of Certified Public Accountants

Address: 22 Iskar Street, Sofia 1000

Email: ides@ides.bg

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 Certified Public Accountants in Bulgaria has reviewed the information contained in the SMO Action Plan prepared by the Institute of Certified Public Accountants in Bulgaria 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 Certified Public Accountants in Bulgaria 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,

A handwritten signature in black ink, appearing to read 'Vasko Raichev', is written over a vertical line.

Vasko Raichev
President of the

Institute of Certified Public Accountants in Bulgaria