



# **ACTION PLAN**

**DEVELOPED BY  
INSTITUTO GUATEMALTECO DE CONTADORES  
PÚBLICOS Y AUDITORES AND  
COLEGIO DE CONTADORES PÚBLICOS Y  
AUDITORES DE GUATEMALA**

**Guatemala, November 15, 2017**

## **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/Associate:</b>	Guatemalan Institute of Public Accountants and Auditors (IGCPA) -Instituto Guatemalteco de Contadores Públicos y Auditores
<b>Collaborating Body:</b>	Guatemalan Association of Certified Public Accountants and Auditors (CCPAG)- Colegio de Contadores Públicos y Auditores de Guatemala
<b>Approved by Governing Body:</b>	Executive Board / Junta Directiva
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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>AP</b>	Action Plan
<b>BD</b>	Board of Directors
<b>CCPAG</b>	Colegio de Contadores Públicos y Auditores de Guatemala (Guatemalan Association of Certified Public Accountants and Auditors)
<b>CNCC</b>	National Commission of Quality Control
<b>DOM</b>	Statements of Membership Obligations
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IES</b>	International Education Standards
<b>IFAC</b>	International Federation of Accountants
<b>IGCPA</b>	Guatemalan Institute of Public Accountants and Auditors (Instituto Guatemalteco de Contadores Públicos y Auditores)
<b>INACOP</b>	National Institute of Cooperatives (Instituto Nacional de Cooperativas)
<b>INGECOP</b>	General Inspection of Cooperatives (Inspección General de Cooperativas)
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>JD</b>	Executive Board (Junta Directiva)
<b>NQCB</b>	National Quality Control Board
<b>PA</b>	Action Plan
<b>SAT</b>	Superintendence of Taxation (Superintendencia de Administración Tributaria)
<b>SIB</b>	Superintendence of Banks (Superintendencia de Bancos)
<b>SMO</b>	Statements of Membership Obligation
<b>PACK PE</b>	Supporting tool for the developing of audit based in the NIAS for small and medium companies of auditing
<b>ROSC</b>	Report on Observance of Standards and Codes

**Action Plan Subject:** General Description of Organization, Environment and Goals of the Action Plan

**Action Plan Objective:** Describe Regulatory and Standard-Setting Framework, Governance, Challenges and Key Success Factors

### **General Background**

The Guatemalan Institute of Public Accountants and Auditors - IGCPA - was incorporated in May 1968, and its statutes were approved on November 7, 1968, when it is legally recognized as an organization with its own legal status, whose main purpose according to its statutes is the promotion of the development of the profession through training, updating and constant exchange, for this purpose relations with all universities, professional colleges and international organizations are maintained. The objectives of the Institute are limited to technical aspects and various events; a cultural, recreational and sports component for the benefit of its associates. The team of professionals involved in the different commissions, the participation of the associates and interested public in the technical events that are organized, is the fundamental reason of the institution. It was established with the purpose of promoting the development and defense of the CPA profession in Guatemala, based at present on the development of training programs that voluntarily fulfill their associates (university graduates of public accounting and auditing); As well as, its adherent associates (students of the same profession with closing of pensum). The IGCPA is currently a full member of the IFAC since 1998 and as of September 30, 2017, it had 1180 principal associates and 189 associate members.

The National Association of Certified Public Accountants and Auditors of Guatemala (CCPAG) was established on November 15, 2001, on the initiative of the IGCPA Restructuring Commission, which worked hard until its constitution, since it had long felt the need of a professional college that specifically regulated the profession of the CPA. Its registration in the Assembly of Presidents of Professional Associations was in June 1<sup>st</sup>. 2005, date in which, according to the Law of Mandatory Professional Membership Decree No. 72-2001 of the Congress of the Republic, it is recognized as the regulatory body of the accounting and auditing profession of Guatemala. According to its statutes, its main purposes are: a) To promote, monitor and defend the decent, ethical and efficient exercise of the Public Accountant and Auditor in all the main aspects and preserving the discipline and solidarity among the members. B) To promote the cultural and scientific improvement of the Public Accountant and Auditor that integrates the School. C) Defend and protect the professional practice of the Public Accountant and Auditor, combat empiricism and usurpation of quality. D) To promote the well-being of the members by means of the establishment of funds of benefits, contracting of insurances and other means that are considered convenient. E) To assist the Public Administration in the fulfillment of the legal dispositions that are related with the School, whenever they are matters of public interest. F) Resolve consultations and present reports requested by individuals or private entities in the matter of their professional competence, in the case of matters of public interest. G) To contribute to the strengthening of the autonomy of the University of San Carlos de Guatemala and the fulfillment of the aims or objectives of all the Universities of the Country. H) Participate in the study and solution of national problems and promote the integral improvement of Guatemalans. I) To elect the representatives of the College before the University Superior Council of the University of San Carlos of Guatemala, Board of Directors of the respective faculty, to the members of the University Electoral Corps, as well as to those who must represent it in other positions and functions, of accordance with applicable laws and regulations. J) To promote the organization and improvement of other associations and groups related to the profession of Public Accounting and Auditing, favoring their assignment to it. The CCPAG is currently an adherent member of IFAC, from November 13, 2013 and on September 30, 2017, the CCPAG had 5082 active members.

Within their activities, these organizations have recognized the need to strengthen themselves by working together to better develop the accounting profession. This has been evident since the beginning of the College, where the Institute has been a strong support for the

emergence of the College and has supported him to be admitted first to the Inter-American Accounting Association (2007) and then to join IFAC as an adherent member. That is why, on June 23, 2011, the creation of the IFAC / AIC Technical Advisory Council was approved in assembly with a validity of 4 years (currently suspended its mandate), and since then the work has been carried out jointly in the Plan of Action; as well as the IFAC Compliance Plan contained in the GOS.

Various strategies and actions have been developed, such as the formation of various committees and joint committees responsible for reviewing, analyzing and commenting on progress of the various regulations governing the profession; As well as make known the changes and train the members and associates.

In 2013, both agencies signed a Cooperation Agreement with the French Liberal Profession, whose objective was to support both agencies in the establishment of a quality assurance system.

In 2015, the Strategic Committee was constituted by six (6) members, the two (2) members of the Strategic Committee were formed to further strengthen this relationship, to comply with its bylaws, strategic and operational plans, and to better comply with the mentioned plan and was integrated by the two (2) Presidents, the two (2) vice-presidents and two (2) senior members of both boards. Having signed an Interinstitutional Cooperation Agreement on 10 April 2015 to strengthen the work and support each other in the implementation of the action plan. The pages [www.igcpa.org.gt](http://www.igcpa.org.gt) and [www.cpa.org.gt](http://www.cpa.org.gt) can be consulted for details of this agreement.

Due to changes in the Boards of Directors at the end of 2015 and during 2016, the joint work suffered some delays; however, by the end of 2017 has been reassumed and is expected to develop a strong joint work during 2018.

### ***Regulatory and Standard Setting Framework***

The regulatory framework of the Guatemalan accounting profession is established in the Law of Professional Compulsory Membership, Decree No. 37-2001 of the Congress of the Republic that regulates the legal exercise of all professions in Guatemala. Based on this law, the CCPAG has approved for its operation its statutes, as well as various regulations and resolutions that include among the main ones the following:

- From July 2002, the IGCPA adopted as generally accepted accounting principles in Guatemala, as well as the International Accounting Standards (IAS) and its Interpretations (SIC), issued by the IASB.
- In 2004, the IGCPA updated its resolutions through the adoption of IFRS in Guatemala in order to be in line with international changes and convergence.
- In 2007, the IGCPA and the CCPAG adopted the most up-to-date IFRSs and agreed that the revised IFRS would be applicable to the financial information of public companies.
- On December 18, 2007, the CCPAG adopted the International Standards on Auditing (ISA) issued by the International Accounting and Auditing Standards Board (IAASB) as its regulation on auditing standards in Guatemala. On January 22, 2008, the IGCPA also adopted ISAs as its regulation for auditing standards. These decisions were published on December 20, 2007 and February 5, 2008 respectively, in the Diario de Centro América (the official newspaper).
- In June 2010, the CCPAG, at the proposal of the IGCPA, adopted the IFRS for Small and Medium Entities (SMEs) for non-public companies.
- On June 28, 2012, the consolidation of a single Country Action Plan with IFAC, jointly between the CCPAG and the IGCPA.

- At the Extraordinary General Meeting held on July 18, 2012, the approval of the Accounting and Auditing Standards Committee was approved, which is contained in Act AGE-2-JDCCPAG 2011-2013.
- The adoption of the IFAC Code of Ethics was approved unanimously on January 30, 2013, according to Act AGE-4-JDCCPG-2011/2013.
- The standard is adopted and created by an extraordinary assembly of the CCPAG the Commission of Quality Control on July 24, 2013.
- The admission of the College as an adherent member of IFAC on November 13, 2013.
- The Regulation of Revision of the Quality Control System for the Firms that Perform Audits and Revisions of Financial Statements and Other Works to Testify and Related Services was published in the Official Gazette of Central America on June 8, 2015, which is in force Since July 7, 2016.
- According to the Extraordinary General Assembly of the CCPAG, held on July 13, 2015, contained in Act No. AGE-6-CCPAG-2013/2015, adopted the adoption of International Education Standards 1 to 8 (version 2008 In Spanish), as well as future changes that may have, and new ones that could be promulgated. It was published in the Diario de Centro América on July 30, 2015.

### **Governance Framework**

In accordance with the article 28 of its bylaws, the IGCPA for its administration and inspection has the following organs:

- a) General Assembly
- b) The Board of Directors
- c) Court of Honor
- d) Advisory Committee and Auditors
- e) Evaluation Committee
- f) Auditor and Alternate Auditor

The CCPAG, in accordance with Article 9 of its bylaws, has within its organizational structure the following bodies:

- a) General Assembly
- b) Board of Directors
- c) Court of Honor
- d) Electoral Court

The statutes of both organizations empower the Boards of Directors to create commissions and committees that they consider necessary for the development of their purposes.

Therefore, the IGCPA currently has the following commissions:

- Continuous training
- University Exchange

- Union Service
- Sports
- Internal Audit
- Editorial Board
- Regional Subsection Quetzaltenango
- Fiscal update

For its part, CCPAG currently has the following technical and administrative commissions:

- Benefits Committee
- Communication and Dissemination Committee
- Union Defense Commission
- Commission for Social, Cultural and Sports Development
- Women's Commission
- Technical Committee on Accounting Standards and Auditing
- International Financial Reporting Standards Committee - IFRS-
- International Standards Committee Audit -NIA-
- Professional Upgrading and Certification Commission
- Commission for Research and Professional Development
- Tax and Legal Affairs Committee
- Accounting Standards Commission and Government Auditing Principles

Derived from the work done jointly, the IGCPA and the CCPAG, have worked jointly in the following commissions:

- Executive Committee on Accounting and Auditing Standards
- Accounting Standards Committee
- Audit Standards Committee
- Government Accounting and Auditing Standards Committee
- IFAC-AIC Technical Advisory Committee
- National Quality Control Commission
- AIC National Commission
- CCPAG-IGCPA Strategic Committee

### **Challenges and Key Success Factors**

It should be noted that since the development of joint action plans, a strong joint work has been developed through its various committees and committees that has influenced the growth and positioning of both organizations, which have had an active participation in multiple national, regional and international events.

At the national level, in addition to the seminars, courses, conferences, conventions that for 48 years the IGCPA has developed, the National Convention of International Regulations has been established since 2014, this year 2016 being the third. This event has been dedicated exclusively to promoting progress in adopting the different international standards, as well as to disseminate the fulfillment of the action plan and the declarations of obligations of the IFAC members. This dissemination work has influenced and favored the adoption of accounting regulations at the corporate level, in which there has gradually been gaining ground even though there is no legal obligation to adopt them, but as an initiative of professional bodies. Proof of this is that the Superintendence of Banks, which oversees the banking and financial system of the country, requires the use of financial statements under IFRS / IFRS SMEs, duly audited under ISAs, for business credits greater than US \$ 600,000.00. At the government level, thanks to the constant suggestions and recommendations made by the IGCPA and the CCPAG through various means and in all these public events, the legislation in the public sector has been adopted by law.

At the international level, through the regional organization of the profession, the Inter-American Association of Accountants, has participated actively in the Inter-American Conferences of Accountancy in San Juan, Puerto Rico in 2011, Punta del Este, Uruguay 2013, Punta Cana, Dominican Republic in 2015, as well as at the Summits Meetings of the Americas in Punta Cana, Dominican Republic in 2012, Managua, Nicaragua in 2014 and Asunción, Paraguay in 2016. Thanks to this active participation, leadership has been taken in the Inter-American Technical Audit Committees, which was chaired by a Guatemalan colleague, as well as the secretariats of the Inter-American Taxation and Taxation, Audit and Information Systems and Technologies Commissions, for the period 2013-2015. It has also succeeded in obtaining a vice-presidency within the Executive Committee of the AIC, for the period 2015-2017. Recently (October 2016) participated in the workshop organized by the AIC in Panama City, for training in Quality Control, to which the IGCPA, sent four participants. Another important achievement is that by 2018, the headquarters for the Summit Meeting of the Americas has been obtained, which is currently being organized by the IGCPA.

Within the Latin American Group of International Financial Reporting Standards (GLENIF), GLENIF has been actively working contributing to the various working groups, so that in the period 2014-2015 a vice-presidency was achieved within the Executive Committee.

Within the IFRS Foundation, has been achieved the participation of a Guatemalan colleague in the IFRS Translation Review Committee.

In the events organized by IFAC, there has been participation in CReCER events since 2007, as well as in the various events such as the Workshop held in Costa Rica in February 2016, but mainly attending the Annual Assemblies of IFAC in Rome in the year 2014, in Singapore 2015, and in Brasilia 2016.

CCPAG and the CNCC signed in September 2017 in the city of Lille France, an agreement to make available the PE Pack ISA Version (the audit software). The objective of the agreement is to define the modalities according to which the CNCC, owner of the property rights of the audit software, agrees to temporarily (for a period of three months) be available to the CCPAG so that it can analyze and examine if it would result it is pertinent to carry out an adaptation of the software that would be destined to the accounting professionals of Guatemala, members of the CCPAG so that the quality control can be objectively evaluated at the moment when the small and medium audit firms adopt the software. To date, the CCPAG has initiated the analysis process.

### **Priorities for 2018**

For next year, the following priority axes are established:

- At the level of the Code of Ethics, continue to report it strongly; as well as the sanctioning process contained in the Law of Professional Membership; as well as, in other laws of the country, in order to continue to influence the knowledge of the associates and collegiate of the fulfillment of the fundamental principles of this code; as well as, in the identification of threats, their prioritization, but fundamentally in the safeguards to eliminate or reduce them to the lowest levels possible.
- At the level of the Vocational Training Standards, to elaborate the regulation for the control of the continuous training process, to submit for approval by assembly of the mentioned regulation. Make the greatest efforts, so that the universities know these norms and incorporate them into their training processes.
- Conduct intensive training in the area of accounting, at the level of International Financial Reporting Standards and International Financial Reporting Standards for Small and Medium-sized Enterprises, in order to obtain an acceptable level, preferably at the level of certification that accredits an acceptable level of knowledge in this area.
- Make a closer relationship with the authorities of the Ministry of Public Finance and the State Accounting Department, which are responsible for the adoption of the International Accounting Standards for the Public Sector to have a direct impact on the training and advisory processes for a better adoption process.
- Conduct a strong training in International Auditing Standards, in order to update the professionals who, perform this function, in such a way as to be able to certify them, or who are adequately trained, prior to joining the quality assurance system.
- On the Quality Control axis, activate the operation of the National Quality Control Commission, and approve in assembly the roadmap for the implementation of the quality control system. Start with the National Registry of Audit Firms, for the control of the tasks and tasks carried out in the country, preparing the instruments that compile the essential information for the establishment of the quality assurance system.
- Review the Research and Surveillance Regulations and submit them for approval to begin with the process established in that DOM.
- Request IFAC to formalize agreements for the use and disclosure of standards issued by different boards.

### **Projects**

For next year, the following priority axes are established:

- Make the best efforts in our country to carry out the evaluation and to present the Report on the Observance of Standards and Codes (ROSC), as soon as possible.
- Creation of the Compliance Committee of the French overseas departments.
- Delegate to the IGCPA the control of the hours of continuous training of the associates and collegiate.
- Strongly disseminate the Code of Ethics through electronic means, social networks and traditional media.
- Training in ISA for professionals who voluntarily access the quality assurance system.
- Delivery of audit tool Pack PE to the offices that voluntarily access the quality control system.
- Training of potential quality control reviewers.

**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** To develop a Quality Assurance Review System in line with SMO 1 requirements

**Background:**

The IGCPA was organized 49 years ago with the purpose of promoting the development and defense of the CPA profession in Guatemala. At that time, generally accepted accounting principles were the current accounting base issued by the United States FASB, also known as US GAAP, which were adapted to Guatemalan reality through a specific commission of the IGCPA. In the exercise of the audit, the CPAs have used the American SAS as a guide, in conjunction with the auditing standards provided by the Mexican Institute of Public Accountants and Auditors. As a result, firms and audit professionals have implemented quality controls on their commitments through their own supervisors, especially those companies with international representation. On December 18, 2007, the CCPAG (entity legally organized on June 1, 2005 and responsible for controlling the profession in accordance with the Law of Professional Compulsory Membership - Decree 72-2001 of the Guatemalan Congress) - adopted the International Standards (ISA) issued by the International Accounting and Audit Standards Board (IAASB) as its regulation in auditing standards in Guatemala. On January 22, 2008, the IGCPA also adopted the ISA (International Standards on Auditing and Assurance Standards) as its regulation for auditing standards. These decisions were published on December 20, 2007 and February 5, 2008, respectively, in the Diario de Centro América (the official journal). The Court of Honor of the CCPAG has been responsible for investigating and penalizing the professional performance of firms and auditors in relation to lack of knowledge and / or negligence in their professional performance through a "method of complaints", which has not yet ensured that quality is met. It is important to mention that the largest auditing firms in Guatemala are represented by international auditing firms (approximately 9 or 10), which cover approximately 80% of the financial statement audit market. This information has been a valuable contribution to ensuring the quality of financial information in the country. In addition, a significant number of these firms (5 or 6) became part of a consulting group to support the CCPAG in their Action Plan with IFAC (which are part of the IFAC / AIC Technical Advisory Council which currently has no current mandate). We are working to reactivate this Committee. Initial actions aimed at achieving the implementation of a national quality control review program for the audit of financial statements with the guidelines of SMO-1, especially in relation to ISQC-1 and ISA, in 2021. Therefore, on July 24, 2013, as approved by the Extraordinary General Assembly of the CCPAG, the adoption in Guatemala of the International Standard of Quality Control No. 1-NICC 1- by its acronym in English ISQC 1, and in it, gave the mandate of the Assembly for the Board of Directors of the CCPAG to form the National Commission for Quality Control -CNCC (the Assembly of the CCPAG is the only body that can terminate this mandate). Subsequently, on October 2, 2013, thanks to the relations of exchange and cooperation that emerged since 2007 in the CReCER Event, held in Mexico and continued in Nicaragua in 2013, a cooperation agreement on quality control was signed with the french liberal profession, to make a road map for the establishment of such a system.

**Update 2015**

Starting in February 2015, we worked together with the French liberal profession, in the revision of the translation of the audit tool PACK PE, with the intention of granting it to professionals who were adhering to the quality control system.

On April 10, 2015 an Agreement of Inter-institutional Cooperation was signed between the Presidents of the IGCPA and CCPAG to support the joint activities, mainly including the development of the Plan of Action with IFAC.

During this year, the CNCC prepared, then was approved by the Board of Directors and published in the Official Gazette of Central America on

June 8, 2015 the Regulation of Quality Control System Review for Firms that Perform State Audits and Reviews Financial and other Provisions and Related Services), will be in force on July 7, 2016. Previously the Functional Regulation of the National Quality Control Commission was drawn up and approved, which defines the activities to be carried out by said commission and its Conformation with members of both professional bodies, ie IGCPA and CCPAG. Later, it was also published the Regulation of Revision of the Quality Control System for firms that perform audits and reviews of financial statements and other related work for attestation and related services, which contains the technical procedure for the reviews and deadlines established for the Review, as well as those responsible and the activities to be developed. Both regulations are based on the revision made to the ISQC 1 and DOM 1 standards. With the support of the Délégation Internationale pour l'Audit et Comptabilité (DIPAC) of France, a roadmap for the establishment of the system Of quality control. Also with this support, several informative conferences were held in order to make professionals aware of the system to be implemented. In October 2015, the Second International Normative Convention was held, which included, among others, several international exhibitors, including an IFAC representative, Manuel Arias.

On September 21 and 22, the III National Convention on International Standards was held, in which, among others, a conference on quality control was held.

In October, the IGCPA sent 4 people to the quality control trainer's course given by AIC in Panama City from October 2 to 6, 2016.

**Update 2017**

PAG and the CNCC signed in September 2017 in the city of Lille France, an agreement to make available the PE Pack ISA Version (the audit software). The objective of the agreement is to define the modalities according to which the CNCC, owner of the property rights of the audit software, agrees to temporarily (for a period of three months) be available to the CCPAG so that it can analyze and examine if it would result It is pertinent to carry out an adaptation of the software that would be destined to the accounting professionals of Guatemala, members of the CCPAG so that the quality control can be objectively evaluated at the moment when the small and medium audit firms adopt the software. To date, the CCPAG has initiated the aforementioned analysis process.

The President of the Board of Directors of the CCPAG participated with voice and vote in the nominations, swearing-in and constitution of the new governing board and executive committee of the Inter-American Accounting Association; The CCPAG also participated in the XXXII Inter-American Accounting Conference, from October 22 to 24, 2017 in Lima, Peru.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Develop and Implement the Quality Assurance System</b>					
1.	October 2012	To propose to the Congress of the Republic the modifications to the Law of Professional Compulsory Membership (Decree 72-2001) by means of the preparation of a proposal to reinforce the functions of the Court of Honor.	December 2021	Court of Honor CCPAG IGCPA	Audit Firms, IGCPA, CCPAG and the Congress of the Republic
2.	January 2013	Amend the statutes of the CCPAG by proposing a strict separation of the Court of Honor and CCPAG Board approved at a meeting of the General Assembly.	December 2019	CCPAG	CCPAG

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	August 2014	Approve the roadmap System Quality Assurance according to the SMO 1.	November 2018	CNCC	CCPAG IGCPA
4.	January 2015	Establish a national register of auditors and firms.	November 2019	CNCC	CCPAG IGCPA
5.	March 2015	Design questionnaires used in the initial assessment of the firms that adhere to the registration of firms of quality control.	November 2018	CNCC	CCPAG
6.	November 2016	Design the quality control review system based on subsection 26 of Dom 1 and that complies with the requirements of ISQCC 1 and NIA 220 and the Code of Ethics of IESBA, in addition will be requested to the firms that have implemented the control of quality that contribute their knowledge for the design of the system.	December 2019	CNCC	CCPAG IGCPA
7.	November 2016	Develop lectures to professionals on the benefit of having a quality control system.	Ongoing/ annually	CNCC	CCPAG IGCPA
8.	July 2015	Develop a Manual of the pronouncements of Quality Control for Firms that perform audits in financial statements and other revisions in financial statements and other commitments or related services.	June 2020	CNCC	CCPAG IGCPA
9.	December 2015	Train potential members of review and oversight committees based on the training course provided by AIC in October 2016 in Panama.	December 2018	CNCC	CCPAG IGCPA
10.	January 2016	Issuing procedures to comply with the Manual of Pronouncements of Quality Control for firms that perform audits and other revisions in financial statements and other commitments related services.	April 2017	CNCC	CCPAG IGCPA
<b>Ongoing Processes</b>					
11.	Ongoing	Ensure through annual reviews, that the levels of quality of the guarantee system meet the components of SMO-1, (especially in relation to ISQC 1 and ISA 220).	Ongoing/ annually	CNCC	CCPAG IGCPA
<b>Compliance Review</b>					
12.	Ongoing	Review the responses to Parts I and II of the Compliance Program and make any necessary modifications to update both parties. Informing employees of IFAC about updates that will be made public with updated information. <ul style="list-style-type: none"> <li>• Appoint a person responsible for reviewing the information in Parts I and II, and make modifications person.</li> <li>• Notify IFAC on changes.</li> </ul>	Ongoing/ annually	CNCC	CCPAG IGCPA

**Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			
<b>Quality Control Standards and Other Quality Control Guidance</b>				
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 ISA 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	
<b>Review Cycle</b>				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.		X		Is not implemented.
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		It will be considerate every three years for audits of public interest entities.
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.		X		It is not implemented because QA system is not current adopted.
8. QA Team possesses appropriate levels of expertise.		X		It is not implemented because QA system is not current adopted.
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.		X		It is not implemented because QA system is not current adopted.

<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.		<b>X</b>		It is not implemented because QA system is not current adopted.
<b>Corrective and Disciplinary Actions</b> 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.		<b>X</b>		It is not implemented because QA system is not current adopted.
12. QA review system is linked to the Investigation and Discipline system.		<b>X</b>		It is not implemented because QA system is not current adopted.
<b>Consideration of Public Oversight</b> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		<b>X</b>		It is not implemented because QA system is not current adopted.
<b>Regular Review of Implementation and Effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.		<b>X</b>		It is not implemented because QA system is not current adopted.

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

**Action Plan Objective:** Requirements for the preparation, education and distribution of International Education Standards (IESs) and other implementation guides of SMO 2

**Background:**

In Guatemala, the titles of Public Accountant and Auditor are extended by Universities legally authorized by the Council of Higher Education, - CEPS-, after completing a curriculum which regularly covers a 5-year curriculum, plus one year of private examinations and a year to carry out the graduation thesis. Currently there are 9 Universities in Guatemala that offer the CPA career.

In accordance with the Law of Professional Compulsory Membership (Decree 72-2001 of the Guatemalan Congress applicable as of December 2001), in addition to the Professional Title, to practice the profession, it is necessary to be active collegiate which only requires the presentation of the degree legally extended by one of the Universities authorized to operate in the country and pay the professional fees. It does not require admission examinations by the College. Once enrolled, CPA must also observe the statutes, regulations and code of ethics.

Up to date, there is no an assessment on IPD and CPD compliance requirements.

CPA training in Guatemala starts at the end of high school (Perito Contador) over a 3 year period, followed by University level studies to obtain a bachelor's degree (during a 4 or 7 year period which includes a 2 year minimum practice, prior to graduation, depending on each University). It is important to mention that most of the students work during the day and study in the night or in many cases they work during the week and study in the weekend developing a practice work. Once professionals obtain their CPA degree, they are required to comply with the Law of Mandatory Professional Enrollment and be enrolled before the CCPAG. This enrollment requires no previous professional exam and ongoing professional training is optional. The CCPAG has worked on a project to carry out a technical review of the curricula of universities and predicts in the future conducting admission tests as well as the revision of the update professional information to classify professionals shall conduct audits of financial statements and potentially also the certification of other commitments. Therefore, in 2014, an investigation was conducted for the analysis of curriculum of several universities that include the degree program for CPA. This research was conducted to strengthen the curriculum based on compliance with international standards and to see how universities can be implemented. IGCPA has been promoting with directors of universities collaborative work regarding skills and capabilities of students of CPA degree program, through the "Comisión de Intercambio Universitario."

**Update 2015-2016**

A presentation of the results of the Diagnosis of Training Public Accountant and Auditor was conducted at the Universities of Guatemala to the rectors and deans of the Faculty of Economics of the different universities of the country to propose actions in relation to the level of training.

Based on the Extraordinary General Assembly of CCPAG, in a meeting held on July 13, 2015, contained in Act No. AGE-6-CCPAG-2013/2015, it was approved the adoption of International Education Standards from 1 to 8- valid at the time (2008 version in Spanish), as well as future changes they may have. The mentioned adoption was published in the Diario de Centro América on July 30, 2015, but not professional exam or CPD is mandatory. Although the CCPAG and the IGCPA do not regulate the universities, a session breakfast was held in March 2016 through the IGCPA University Exchange Commission. In this breakfast the subjects related to the Declarations of Obligations of the Members, between the Deans and Directors of the Faculty of Economic Sciences of the different universities of the country were approached. The progress of the

adoption of the standards was also presented during the II International Convention of Standards. In November of this year, the CCPAG carried out the management of an application to IFAC for authorization for the dissemination and distribution of the International Standards on Education and its updates, which is in the process of being resolved. In support to the University of San Carlos de Guatemala -USAC- and the Faculty of Economics, the Meeting of Public Accountants and Auditors was held to update the professionals -CPA- graduated from this house of studies. This same activity was also carried out in the Central Campus of the USAC and in the headquarters of the -CUNOC- of the University of San Carlos of Guatemala. Also at the level of the CCPAG with the participation of Public Accounting Auditors and Audit of two universities in the country, the updating of best auditing practices was carried out. For its part, the IGCPA, in August 2016, held the CPA Student Convention, which discussed and presented to students, university authorities and professors who attended various topics, with the participation of the President of the AIC.

**Update 2016-2017**

IGCPA developed a series of activities and events to strengthen the learning of students in the Public Accounting Department and also to the professors who teach Public Accounting: Seminar of Preparation for the private exam in the which is reinforced to students for private examination of the race; Central American Symposium of Teachers of Public Accounting and Auditing; Latin American Congress of Students of Public Accounting and Auditing.

In November 2016, the CCPAG carried out training "Update of IT best practices" addressed to the CPA Collegiate and CPA students of all the Universities in function in the Republic of Guatemala. This activity will be replied an up to date in November 2017. On April 28, 2017, the CCPAG conducted training "MS Excel professional update for internal auditors second round" addressed to Collegiate CPAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b><i>Nivelación de la formación y educación de los futuros CPA con las directrices de las IES del IAESB</i></b>					
1.	June 2012	Disclose by way of emails and bulletins documentation published by the International Accounting Education Standards Board: <ul style="list-style-type: none"> <li>• International guidelines for CPAs; and</li> <li>• International education material for CPAs.</li> </ul>	Ongoing	CCPAG/IGCPA	CCPAG IGCPA
2.	June 2012	Create awareness in current and experienced CPAs on the importance of ensuring compliance with documentation published by the IAESB.	November 2017	Committee of Accounting and Auditing Standards and the Commission of Education	CCPAG IGCPA
3.	February 2017	Conduct a session breakfast with subjects related to the Declarations of Obligations of Members between the Deans and Directors of the Faculty of Economic Sciences of the different universities of the country and proposals will be done to be able to give lectures or talks on subjects related to the Declarations mentioned to the university teachers.	February 2017	IGCPA	CCPAG IGCPA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b><i>Start Discussions on the Importance of Professional Exams Prior to Enrollment in Associations</i></b>					
4.	January 2013	Start dialogues with schools (in Latin America and the Caribbean) to implement and certificate professional tests to gather information regarding lessons learned, experience and other ways to develop and implement a professional exam system.	November 2017	CCPAG	CCPAG
5.	June 2013	Gather information from dialogues and hold a forum to gather regional experience for enrollment in Guatemalan Association of Certified Public Accountants and Auditors in order to increase the awareness on the importance of a professional exam system and the need for one in Guatemala.	November 2017	CCPAG	CCPAG
6.	November 2012	Gather information from dialogues and hold a forum to gather regional experience for enrollment in Guatemalan Association of Certified Public Accountants and Auditors in order to increase the awareness on the importance of a professional exam system and the need for one in Guatemala.	November 2018	CCPAG	CCPAG
7.	November 2015	According to IES 5, a minimum of two years of practice are necessary prior to graduation, depending on each university, so it is important to establish a minimum number of years to demonstrate the experience.	June 2019	CCPAG IGCPA	CCPAG IGCPA
8.	November 2015	Develop a system of assessments to ensure professional competencies according to the IES 6.	December 2019	CCPAG IGCPA	CCPAG IGCPA
9.	November 2015	With regard to the IES 8, design the evaluation system according to the classification of the professional.	December 2018	CCPAG IGCPA	CCPAG IGCPA
10.	November 2015	Mandating a review of specific skills to license professionals so they can make audits and to certify commitments.	January 2019	CCPAG IGCPA	CCPAG IGCPA
11.	November 2015	As a requirement for admission to the profession there must be an examination of knowledge validation and certification.	January 2019	CCPAG IGCPA	CCPAG IGCPA
12.	November 2015	To inform union members, universities and the general public through various means, that according to IES 7, it is highly recommend to continuing professional development and performance of this DOM. Up to date it is not a mandatory requirement.	November 2017	CCPAG IGCPA	CCPAG IGCPA

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
13.	November 2015	Design and develop a monitoring system prior to the effect of continuing professional development control.	November 2018	CCPAG IGCPA	CCPAG IGCPA
14.	November 2015	Start-up of control and monitoring of continuous professional development.	January 2019	CCPAG IGCPA	CCPAG IGCPA
<b>Maintaining Ongoing Processes</b>					
15.	June 2012	Conduct seminars, meetings and conferences concerning the issues and matters described in the documents published by the IAESB.	Ongoing	Committee of Accounting and Auditing Standards and the Commission of Education	CCPAG IGCPA y participantes
16.	January 2012	Inform the CPAs, educational institutions, state control entities and universities about the discussion of projects that expose the standards prepared by the IAESB, to promote proposals and suggestions for improvement.	Ongoing	CCPAG IGCPA	CCPAG IGCPA
17.	Ongoing	Conduct annual visits to ensure enrollment, professional education, assessment and practical experience and that the requirements in progress meet the requirements of SMO-2.	Ongoing Annually	SMO Compliance Committee	SMO Compliance Volunteer Committee
<b>Review of Compliance Information</b>					
18.	Ongoing	Review responses to Parts I and II of the Compliance Program; make any necessary changes to update both parties. Inform staff of IFAC about changes to publish updated information. <ul style="list-style-type: none"> <li>• Appoint a responsible person for reviewing the information in Parts I and II.</li> <li>• Inform the IFAC about changes.</li> </ul>	Ongoing Annually	SMO Compliance Committee	SMO Compliance Volunteer Committee

**Action Plan Subject:** SMO 3—International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** To adopt and implement IAASB pronouncements

**Background:**

The ISAs issued by the IAASB were adopted in Guatemala on December 18, 2007 by the CCPAG. These guidelines were published in the official gazette on December 20, 2007. Additionally, in July 2007 under Resolution JM-138-2007, the Monetary Board issued the regulations with the minimum requirements for the scope and contracting of external audit firms to audit specialized financial services entities whenever this group is part of a financial team. The most relevant aspects of this regulation are: 1) The entities referred to by these regulations must contract external auditors registered with the corresponding registry that the Superintendence of Banks maintains; 2) the commitments should be made in accordance with the International Standards on Auditing, taking into consideration that the presentation of the financial statements must be in accordance with the regulations issued by the Monetary Board and the Superintendence of Banks (SIB) and, in the case that unforeseen situations arise in relation to these regulations they must be in accordance with the International Accounting Standards, as well as with the SIB in accordance with the agreement 007-2007. In addition, the SIB, in accordance with agreement 007-2007, except for section 2, which reads as follows: entities subject to the inspection and supervision of the SIB shall involve external auditors included in the registry that maintains the Supervisory entity. In addition, in accordance with resolution JM-264-2002 issued by the Monetary Board, SIB maintains records of Audit Firms that can provide services to the country's financial market. These records are reviewed every two years. This record is provided prior to the classification of the firm and its partners, in accordance with the rules for said purposes, however, the regulations do not provide for the guarantee for quality control commitments. As mentioned above, the CCPAG has adopted ISAs issued by the IAASB; IAS / IFRS and IFRS for SMES issued by the IASB in conjunction with the IGCPA and therefore, in relation to the obligation of the SMO-3 involves carrying out compliance reviews with previous standards and follow-up activities. Banks, insurers, financial institutions, regulated by the SIB, are obliged to contract the audit services and that it is carried out in accordance with ISAs. Likewise, when granting larger business credits, its clients must comply with the presentation of financial statements audited according to NIA 700 (Revised), which implies that the reference framework used is general purpose, IFRS or IFRS for SMEs. The IGCPA, through the Committee of International Standards of Audit, carries out several training and updating activities on this legislation year after year.

It was held the 4th. CONAUDITEC "From the real to the virtual", on June 11 and 12, 2015, held along with the IGCPA and AIC, which included lectures on International Auditing Standards. In October 2015, it was developed the International Standards II Convention in which one of the central topics was addressing issues related to auditing standards.

**During 2016**, the Third International Standards Convention was carried out, in which the standards on "audited financial statements - New and revised standards and amendments to concordance were disclosed. A wide dissemination was also made to all IGCPA partners and the CCPAG also made the corresponding disclosures on its website.

The IGCPA carried out the Advanced Audit Studies Program to study the practical application of the NIAS and the Standards Commission had approaches to disseminate the changes to the rules with the different Guatemalan business chambers, AGEXPORT, AMCHAM, and so on. The amendments to the NIAS have been disclosed and the IGCPA and CCPAG Audit Commission have worked on the availability of audit opinion models for audits of regulated entities in the financial sector. For purposes of presentation to the SIB of the Audit Reports of financial institutions, during the year 2016, a model was developed for use by audit firms.

**Update 2016-2017**

In December 2016, the Auditing Standards Commission, achieved a dialogue with the Superintendency of Banks and Audit firms auditing financial entities, resulting in the CCPAG issuing a statement indicating that for the fiscal year 2016, as the Model of Audit Report on Financial Statements of Supervised Entities by the Superintendency of Banks, in force since August 2012, remains in force until December 31, 2016.

During 2017 IGCPA continues to carrying out the studies program for practical application of ISA. The Standards Commission had approaches to disseminate the ISA's changes (new and revised) through technical bulletins and meetings with Universities and trough technical bulletins and meetings with Guatemalan business chambers (Asociación de Exportadores - AGEXPORT, Cámara Americana de Comercio - AMCHAM). Trough technicals bulletins and meetings. IGCPA and CCPAG have worked on the availability of audit opinion models for audits of regulated entities in the financial sector.

The Board of Directors of the CCPAG period 2017/2019, who took office in August 2017, through the Auditing Standards Commission, will ensure the continuity of the approaches to achieve consensus among the parties and the adoption of the new reporting model. Audit.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Promotion of Implementation of ISA's</b>					
1.	October 2012	Annual seminars to instruct the CPA regarding IAASB standards will be made and will be focus on covering the following areas: <ul style="list-style-type: none"> <li>• The key parts of the ISA</li> <li>• Current Affairs and modifications to the ISA</li> <li>• Applications of the ISA in audits</li> <li>• Challenges of small and large audit firms</li> </ul>	Ongoing	Audit and the Commission for training and ongoing education	IGCPA and CCPAG
<b>Mantenimiento de los procesos en curso</b>					
2.	January 2012	Continue efforts to ensure that training and dissemination of ISA information reaches all CPAs countrywide.	Ongoing	IGCPA	IGCPA and CCPAG
3.	January 2012	Monitor changes to IAASB standards and ensure that changes are being communicated to all CPAs and that training programs are up-to-date to reflect such changes.	Ongoing	IGCPA CCPAG	IGCPA and CCPAG

#	Start Date	Actions	Completion Date	Responsibility	Resource
4.	July 2012	<p>Maintain forums and open dialogue with interested sectors in the country with respect to the new accounting framework in Guatemala and on the application of ISA, including representatives from:</p> <ul style="list-style-type: none"> <li>• Companies (chambers),</li> <li>• SIB,</li> <li>• SAT, (Tax Office),</li> <li>• Universities.</li> </ul> <p>These actions are currently underway. Last year these activities were conducted along with the Tax Office. At present, these activities are being conducted with the SIB as a result of resolution from the Banking Oversight entity. Up to date SIB requires to regulated entities that audits been performed by its auditors using ISA (New and Revised).</p>	Ongoing	IGCPA CCPAG	IGCPA and CCPAG
<b>Review Compliance Information</b>					
5.	Ongoing	<p>Review responses to Parts I and II of the Compliance Program and make any necessary modifications to update both parts. Report to IFAC staff on updates to publish updated information.</p> <ul style="list-style-type: none"> <li>• Appoint an individual responsible for review of information of parts I and II and make amendments.</li> <li>• Notify IFAC on changes.</li> </ul>	Ongoing	IGCPA CCPAG	IGCPA CCPAG

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Conduct the corresponding proceedings to adopt a Code of Ethics for Professional Accountants issued by the IESBA.

**Background:**

In Guatemala, the CCPAG (Colegio de Contadores Públicos y Auditores) is the highest authority, which according to the Obligatory Enrollment Law, decree 72-2001, has the authority to regulate the CPA (Contador Público y Auditor) profession, including the promotion and oversight of the ethical and efficient implementation of the profession, as well as to defend and protect the professional university activities and fight against empiric activities and usurpation of quality in accordance with section 3 parts c) and d) of the above mentioned law.

The Court of Honor is the body in charge of enforcing ethics; as well as to receive complaints of non-compliance with the fundamental principles of the Code of Ethics. It is important to clarify that this court has functions independent of that of the Board of Directors of the CCPAG, which contributes to an adequate separation and delimitation of its functions.

In 2007, the first Code of Ethics of the CCPAG was approved, but after a few years of analyzing and comparing it with the IFAC IESBA Code, in March 2013, on January 30, 2013, the Extraordinary General Assembly approved the Manual of the Code of Ethics for Professional Accountants for Accounting Professionals (Version July 2009 Edition in Spanish) as recorded in the Act No. AGE-4-JDCCPG-2011/2013. This approval was published in the Official Gazette on March 4, 2013. The same adoption was made by the IGCPA previously in July 2012. Since its adoption in the CCPAG, it has been included as a mandatory talk in the oaths of new collegiate in charge of the Court of Honor.

After this adoption, the CCPAG Honorary Court has communicated with the governing boards of the country's universities to inform them of such adoption and how important it is for future accounting professionals to be known and taught.

As established in the Law of Professional Compulsory Membership, the Honor Court cannot act in fact, but must do so through the complaint or complaint procedure, and until that moment can conduct the investigations; as well as listen to the parties to analyze the non-fulfillment. The sanctions established in the Law of Professional Membership range from pecuniary sanction, private reprimand, public warning, temporary suspension or until final suspension. This sanctioning process turns out to be too complicated and not applicable, but to modify it, it is necessary to take it as an initiative of Law before the Congress of the Republic. For this reason, the best efforts have been made to disseminate among the new colleges who, in their act of welcome and swearing, are given informative talks about the Code and the importance of developing their profession in compliance with the fundamental principles of the Code. There have also been trainings given by the Court of Honor to the professionals in charge; as well as to the various users of CPA services.

During the year 2015 the promotion of the Code of Ethics was promoted, with the Honor Court being in charge of conducting it through different conferences, both for new members at the opening events and for the members in office reminding them the risks and threats to the fundamental principles of the Code; as well as the protections before them.

The Court of Honor also met with the French Cooperation to study the Commission on Investigation and Surveillance and determined which are the functions of a current body of the College and another potential bodies to create.

The Code of Ethics was further promoted through the CCPAG Honor Court, which made 18 oaths to 799 new members in that year. It is important to note that such training was not only carried out in Guatemala City, but also in the interior of the country.

During 2016, the CCPAG has made efforts in the process of obtaining the updates of the Code of Ethics in its Spanish version. For this

purpose, it has taken steps to obtain an agreement with IFAC to use, reproduce and distribute the IESBA Code and its Translation into Spanish, and has formalized its application for the translation and permissions at: [www.ifac.org/about-ifac/translations-permissions](http://www.ifac.org/about-ifac/translations-permissions). The possibility of submitting the changes to the Code to the approval of the general assembly will be analyzed.

**2017 Update**

CCPAG strongly emphasize to new associates the importance of Ethics rules and NOCLAR. During 2017 CCPAG performed several conferences to associates regarding code of ethics to new associates and to CPA students.

CCPAG and IGCPA are aware on a regular basis on new changes on Ethics and NOCLAR and also available to comment on drafts communicated by IESBA as required.

The CCPAG committed to the application of the standards, through its Board of Directors, period 2017/2019, who took office in the month of August 2017, I consider it necessary to begin the steps for the adoption of the Code of Ethics of IESBA version 2016 in language Spanish. And it continues promoting the dissemination of the Code of Ethics through the Court of Honor of the CCPAG in the process of the swearing in of new professionals.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Disclose the Adoption of the Code of Ethics (IESBA) Council of International Ethics Standards Board for Accountants</b>					
1.	March 2013	Disseminate the Code of Ethics in the acts of swearing in new members.	Ongoing	CCPAG	TH CCPAG
2.	January 2014	Disseminate the Code of Ethics among university authorities to influence their inclusion in curricula.	Ongoing	CCPAG-IGCPA	TH CCPAG-IGCPA
3.	August 2014	Disclose the sanctioning process that a CPA may have if it violates ethical standards.	Ongoing	CCPAG-IGCPA	TH CCPAG-IGCPA
4.	October 2015	Request authorization from IESBA to use the Code of Ethics with its new modifications.	November 2016	CCPAG	CCPAG
5.	January 2017	Analyze and disseminate the modifications made to the Code of Ethics.	Ongoing	CCPAG	TH CCPAG-IGCPA
<b>Maintaining Ongoing Process</b>					
6.	Ongoing	Identify opportunities to support the application of the Code of Ethics issued by IESBA and include a review of the activities in order to update the action plan for future activities.	Ongoing Annually	Court of Honor CCPAG	CCPAG IGCPA
7.	Ongoing	Carry out outreach activities to inform users of CPA services of the complaint procedure in the event of non-compliance with ethical standards.	Ongoing Annually	Court of Honor CCPAG	CCPAG, IGCPA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Review Compliance Information</b>					
8.	Ongoing	Review the responses to Parts I and II of the Compliance Program and make the necessary modifications to update both parts. Inform IFAC staff about updates to be published. <ul style="list-style-type: none"> <li>• Designate a person responsible for reviewing the information in parts I and II to make the modifications.</li> <li>• Notify IFAC about changes.</li> </ul>	Ongoing Annually	CCPAG IGCPA	CCPAG IGCPA

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Develop best efforts to encourage public sector institutions to adopt IPSAS and help with the implementation as necessary

**Background:**

The regulatory entity and the organization responsible for adopting public sector accounting standards, according to Decree 13-2013, this obligation is incumbent upon the Ministry of Public Finance through the State Accounting Department. And its implementation is the responsibility of the personnel of the financial area of each entity of the public sector.

The government and its institutions, in response to an integrated accounting and budget implementation system, maintains several financial reporting standards that differ vastly from International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) and other generally accepted accounting principles. However, on August 20, 2010, IGCPA was invited by the Ministry of Public Finance's Accounting Direction, in coordination with the Office of Technology Assessment (OTA) to a meeting held for the purpose of collaborating with the review of the Government's accounting system in order to implement a project for transition to IPSAS in general. In this respect, the related plans provide for transitional steps to implement IPSAS in the Government's accounting system while the IGCPA and the CCPAG will perform follow-up and monitoring activities.

For the purposes of the program, the MFP has estimated a 3 year period to complete this transition; which means that the transition would be complete by 2013 in order to come into force by 2014. The public sector initiative, called "Challenges for the adoption of IPSAS in the accounting system of the Guatemalan public sector" included conducting the seminar: "The first meeting of the System of Public Sector Accounting" where participated national and international experts about IPSAS and authorities of the Ministry of Finance. In the Decree 13-2013 issued by the Congress of Guatemala is stated that the directors of the government and its institutions are responsible for implementing and monitoring the accounting system that meets the requirements for registration of financial and physical information, reliable and timely, according to its own characteristics, according to the IPSAS and applicable to Guatemala environment practices.

In order to communicate to their associates the CCPAG published in July 2015 the Resolution of the Declaration on the Adoption of International Accounting Standards for the Public Sector by the Ministry of Public Finance of Guatemala, according to approval made at the session of July 13, 2015 and which appears in the Act No. AGE-6-CCPAG-2013/2015. In such adoption by the MFP, the state adopted the IPSAS basis of accrual for all entities, except for the municipalities. Several conferences and diplomas have been held, some of them jointly with the MFP through Marcia Maurer, Delegate of the Department of the Treasury of U.S.A. who has been speaker in these activities. In October 2015, the Second International Normative Convention was held, which included the content of the IPSAS adoption status in the country.

However, to date, we continue waiting for the governing body to demand the compliance of the accounting and legal standard. General Audit of Accounts, has not yet sanctioned the non-fulfillment of the same. However, during the accounting and fiscal year 2016, have been carried out routines within the Ministry of Public Finance –The MFP and the State Accounting Division (DCE), with actions to implement IPSAS, despite the established deadlines and the establishment that by 2020, this becomes a reality, it continues to be a very ambitious and ongoing process. In addition, the Ministry of Public Finance, through the State Accounting Department, continues the analysis, study, and gradual implementation of some IPSAS. In that order, he called on officials and staff of the Executive Branch (Ministries, Secretariats and other centralized units) to know in detail and distinguish accurately, those revenues with consideration and without consideration, in order that they may separate the recording

and accrual periods of the accrual and the income, both at the end of the accounting and fiscal period to December 2016, in order to establish new registration rules in 2017. This within the framework of the implementation of Results Management, which within its most complex objectives, contains automated controls of warehouses for inputs to be used in public agencies, which for the present date - December 2016 -, do not yet satisfactorily fulfilled that objective among other developed analysis and trainings.

**Update 2017**

Mandatory implementation is limited because the Ministry of Public Finance through Ministerial Agreement must establish guidelines for the progressive implementation of International Accounting Standards in the Government Integrated Accounting System - SICOI.

Therefore, the Accounting Standards and Government Audit Committee of the IGCPA encourages the reactivation of the IPSAS Steering Committee, created by the Ministry of Finance pursuant to Ministerial Agreement Number 92-2011; making the financial management units jointly responsible, and the highest authority, to ensure compliance with policies, rules and guidelines, in financial matters.

The IGCPA makes efforts so that, jointly with the CCPAG, the implementation process of the IPSAS is developed, as an action to make transparent and reveal economic and financial facts that are recorded in government accounting, for which the Accounting Standards Committee Government Audit of the IGCPA, carries out efforts to conduct studies, analysis and dissemination of this regulation for the professional development of officials and employees of the Guatemalan public and private sector.

On April 3, 2017, an agreement was signed with IFAC so that the IGCPA, as a member, can reproduce, publish and distribute the IPSAS, being up to date in the search for financing for the reproduction of printed material and procedures before the Ministry of Finance to upload in the Information Systems of the State to place a link so that they can consult the NICPS.

The CCPAG through the Government Standards Commission has initiated the review of the degree of progress in the implementation of IPSAS and will continue with the necessary approaches to comply with the application of the standards. If required by the Ministry of Public Finance, the CCPAG will disseminate and give the necessary support for the development of the same.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Implementation of IPSAS</b>					
1.	October 2015	The school will ask to MFP to ask authorization to IFAC for the adoption of IPSAS, as well as any reproduction or distribution thereof.	December 2016	CCPAG/IGCPA	CCPAG, MFP
2.	September 2010	Prepare a transition plan to be coordinated with CPAs.	Extended until 2020 by the MFP	MFP Management Accounting and advisory team	MFP
3.	September 2010	Personnel training MFP and institutions that will use the IPSAS.	Ongoing	Collaborators IGCPA	MFP
4.	Estimated 3 year period	Test IPSAS policies and procedures in the new/updated information system.	Extended until 2020 by the MFP	MFP Management Accounting and advisory team	MFP

#	Start Date	Actions	Completion Date	Responsibility	Resource
5.	Estimated 3 year period	Prepare a Manual on Policies and Procedures for approved IPSAS Policies.	Extended until 2020 by the MFP	MFP Management Accounting and advisory team	MFP
6.	Estimated 3 year period	Prepare opening and closing balance sheets in compliance with IPSAS.	Extended until 2020 by the MFP	MFP Management Accounting and advisory team	MFP
7.	Estimated 3 year period	Prepare a pro forma version of: <ul style="list-style-type: none"> <li>• The statement of income.</li> <li>• The statement of assets/net assets.</li> <li>• The statement of cash flows.</li> <li>• The statement of budget execution / actual vs. actual amounts.</li> <li>• The statement of claims for controlled entities.</li> <li>• The consolidated statements.</li> </ul>	Extended until 2020 by the MFP	MFP Management Accounting and advisory team	MFP
<b>Maintaining Ongoing Processes</b>					
8.	Ongoing	Strive to identify opportunities to support the adoption of these standards and consider reviewing existing activities and updating the PA for future activities.	Ongoing	SMO Compliance Committee	SMO Compliance Committee Volunteers
<b>Review of Compliance Information</b>					
9.	Ongoing	Review responses to Parts I and II of the Compliance Program and make any necessary modifications to update both parts. Report to IFAC staff on updates to publish updated information. <ul style="list-style-type: none"> <li>• Appoint an individual responsible for review of information of parts I and II and make amendments.</li> <li>• Notify IFAC on changes.</li> </ul>	Ongoing Annually	SMO Compliance Committee	SMO Compliance Committee Volunteers
10.	Ongoing	To continue with IPSAS training plans at the level of the entire public sector, provoking, analyzing, discussing cases and proposing a solution to the complexities that arise, during the periodic sessions of expositions, of cases, carried out.	Ongoing	SMO Compliance Committee	Volunteers of the SMO Compliance Committee IGCPA CCPAG and MFP

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Capacitación y Divulgación</b>					
11.	2015	Several conferences and diplomat have been held, some of them jointly with the MFP.	Ongoing	IPSAS Committee	IGCPA and CCPAG

**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Establish a framework for investigating and disciplining reprehensible conduct and breach of professional and ethical rules and regulations of professional public accountants in practice

**Background:**

The Court of Honor of the CCPAG has been responsible for investigating and penalizing the professional performance of firms and auditors in relation to lack of knowledge and / or negligence in their professional performance through a "method of complaints", which has not yet ensured that quality is met. It is important to mention that the largest auditing firms in Guatemala are represented by international auditing firms (approximately 9 or 10), which cover approximately 80% of the financial statement audit market.

Guatemala adopted the code of ethics of IFAC, which requires professionals to respect the statutes, regulations and provisions of the College. The Law in Guatemala orders that it will be the Court of Honor, elected through forms, who will be in charge of determining and sanctioning violations of the provisions of the Code of Ethics. The system is based on the method of "complaint" meaning that the Court of Honor cannot initiate an investigation, but at the request of a party. The correct process also implies that the Tribunal will examine the facts and evidence that the complainant presents and for the violations that he indicates. If a sanction is issued, the sanctioned may appeal to the Assembly of Presidents of the Professional Associations, as a second instance. If that body confirms the imposed sanction, it may appeal to ordinary courts.

Nevertheless IGCPA is a voluntary association it has its own court of honor that has disciplinary rules.

The Court of Honor 2013-2015, prepared a Regulation Project to create The Monitoring and Discipline Committee with the following objectives:

- a) Verify compliance with the rules governing professional practice, in order to achieve the strengthening of the accounting profession and contribute to the development of the country.
- b) Investigate those acts of reprehensible conduct committed in the Professional practice by Public Accountants and Auditors, in accordance with the professional standards that govern it, in its action in the public interest.
- c) To submit the complaints to the Honor Court or to whom it may concern.

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	January 2014	Conduct an analysis and comparison of the research and discipline processes carried out by the two professional associations that currently group the CPAs.	June 2015	TH CCPAG	TH CCPAG
2.	January 2014	Gather information in both professional associations (IGCPA and CCPAG), regarding disciplinary rules maintained for CPAs.	June 2015	TH CCPAG	TH CCPAG
3.	July 2014	Elaboration of the Regulations of the Supervisory and Disciplinary Committee.	June 2019	TH CCPAG	TH CCPAG
4.	July 2015	Disclosure of the Regulation to the Audit Firms.	April 2019	JD CCPAG JD IGCPA	JD CCPAG JD IGCPA

#	Start Date	Actions	Completion Date	Responsibility	Resource
5.	January 2017	Approval at the Extraordinary Assembly of the CCPAG of the Regulations of the Committee on Surveillance and Discipline.	June 2020	JD CCPAG JD IGCPA	JD CCPAG JD IGCPA
6.	June 2017	Creation of the Monitoring and Disciplinary Committee	July 2020	JD CCPAG	JD CCPAG
7.	July 2017	Creation of Procedures for: a) Operation of the Research and Discipline Committee. b) Submission of complaints. c) The procedure of investigation and discipline. d) Confidentiality procedures for all CCPAG and IGCPAG workers and members with access to information on cases under investigation. e) Registration procedures, information protection of cases under investigation, including safe and confidential storage. f) Procedures for Disclosure of sanctions imposed by the TH of the CCPAG and TH IGCPAG.	December 2020	JD CCPAG	JD CCPAG
8.	July 2017	Disclosure of the Operation of the Monitoring and Disciplinary Committee.	December 2020	JD CCPAG JD IGCPA	Surveillance Committee
9.	October 2017	Cautions to members who violate the Code of Ethics, in public and obvious acts for correction in Voluntary Form.		Surveillance Committee	Surveillance Committee
10.	January 2018	To warn the Firms that had not voluntarily registered in the Quality System of the CCPAG that will be supervised so that they fulfill the requirements of quality and professional diligence in the elaboration of the professional works.		JD CCPAG JD IGCPA	Surveillance Committee
11.	January 2018	Submission of Complaints to the TH CCPA.		Surveillance Committee	Surveillance Committee
12.	January 2018	Follow-up on complaints from the National Quality System to those professionals who have not complied with the Quality Standards or who have had an unsatisfactory conclusion to be sanctioned by TH CCPAG.		JD CCPAG	Surveillance Committee
13.	January 2018	Based on the Information approach from reliable sources indicating the possibility of inappropriate behavior, initiate the investigation and submit complaints to the TH CCPAG.		Surveillance Committee	Surveillance Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	January 2018	To assist and give correct assistance to those interested in filing a complaint with the TH CCPAG, for violations of the Code of Ethics.		Surveillance Committee	Surveillance Committee
15.	January 2018	Create mechanisms that anonymously, easily and simply allow anyone to file complaints of non-compliance with the rules of the code of ethics, against professionals and audit firm.	December 2020	JD IGCPA JD CCPAG	Surveillance Committee
16.	November 2018	Review of the Research and Discipline System on its effectiveness, functioning and that complies with the requirements of the DOM 6 and the issuance of the measures, plans and actions that must be adopted to comply with it and to correct any important deviations.	December 2020	JD IGCPA JD CCPAG	Surveillance Committee

#### Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.		X		
2. Information about the types of misconduct which may bring about investigative actions is publicly available.		X		
<b>Initiation of Proceedings</b>				
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		
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.		X		

Requirements	Y	N	Partially	Comments
6. Members of a committee are independent of the subject of the investigation and other related parties.		<b>X</b>		
<b>Disciplinary Process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.		<b>X</b>		
8. Members of the committee/entity include professional accountants as well as non-accountants.		<b>X</b>		
9. The tribunal exhibits independence of the subject of the investigation and other related parties.		<b>X</b>		
<b>Sanctions</b>				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.		<b>X</b>		
<b>Rights of Representation and Appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.		<b>X</b>		
<b>Administrative Processes</b>				
12. Timeframe targets for disposal of all cases are set.		<b>X</b>		
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.		<b>X</b>		
14. Records of investigations and disciplinary processes are established.		<b>X</b>		

Requirements	Y	N	Partially	Comments
<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.		<b>X</b>		
16. A process for the independent review of complaints on which there was no follow-up established.		<b>X</b>		
17. The results of the investigative and disciplinary proceedings are made available to the public.		<b>X</b>		
<b>Liaison with Outside Bodies</b>				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.		<b>X</b>		
<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.		<b>X</b>		

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Disseminate and provide ongoing training and education on International Financial Reporting Standards (IFRS) issued by IASB.

### **Background**

Starting in July 2002, the IGCPA adopted the generally accepted accounting principles in Guatemala as well as the International Accounting Standards (IAS) and their interpretations (SIC), issued by the IASB. However, IGCPA had been conducting conferences to its associates and public in general regarding IAS in order to create awareness on their adoption and application ever since 2001. In 2004, IGCPA updated its resolutions by adopting the IFRS in Guatemala in order to be in line with changes and international convergence. In 2007, IGCPA and the CCPAG adopted the most updated IFRS and agreed that the revised IFRS regulations would be applicable to financial reporting in general but especially for public enterprises. Most recently, (June 2010) the CCPAG, at the proposal of the IGCPA, adopted IFRS for Small and Medium Entities (SMEs) (2009 Version) for those companies in which full IFRS would not be applicable (non-public companies). In this respect, the IGCPA has provided diplomas, courses and workshops to disclose and disseminate the use and application of these standards. Starting in 2012, these efforts have been shared by both the CCPAG and the IGCPA. CCPAG and IGCPA attended the Inter-American Accounting Association videoconferences and workshops in IFRS for PYMES. Both entities developed conferences at Universidad Panamericana and to professional associations located in different places in the Capital City. They distributed documents issued by IFAC, which includes changes to the international Standard. IGCPA and CCPAG have continued carrying out the training in IFRS and its members. On July 2014, The IGCPA's IFRS Committee, developed a 40hours training in IFRS for SMEs.

In the adoption resolutions issued by the CCPAG and the IGCPA, the IFRS and the IFRS for SMEs, it was indicated that they are the rules in force at the dates of the resolutions and that any changes or new rules would come into force in the indicated dates.

The Superintendence of Banks as a regulatory body for financial institutions in Guatemala and based on article 16, subsection a) of the Regulation for the Management of Credit Risk issued by Resolution of the Monetary Board JM-93-2005, issued the Office No. 81-2010 of February 5, 2010, addressed to financial institutions in which it indicates among other things that: the financial entities must obtain from legal persons classified as applicants and corporate debtors (Q5 million or US \$ 650.000), an independent public accountant's report issued as a result of an audit of a complete set of general purpose financial statements prepared in accordance with a financial reporting framework to achieve a fair presentation (IFRS Full or IFRS for SMEs). The mentioned report shall be based on the provisions of ISA 700 and shall contain a clear expression of written opinion that the financial statements are reasonable presented in all the important respects of the financial position of the audited companies.

On April 23 and 24, the IFRS for SMEs International Summit was held in Guatemala with the participation of the board of directors of the Latin American Financial Reporting Group (GLENIF), which analyzed cases with issues of recognition of income, employee benefits, fair value/impairment, financial instruments, transition from tax accounting to IFRS, among others. Additionally there was a question and answer forum. It was also held the fourth CONAUDITEC "From the Real to the Virtual," held on June 11 and 12, 2015 in conjunction with IGCPA and AIC, which included conferences on International Standards on Auditing and IFRS for SMEs. In October 2015, the II International Convention on Standards was held by CPA and the CCPAG, with the participation of Mr. Manuel Arias from IFAC. An IFRS Diploma for SMEs was also given from May to July 2015 with a duration of 40 hours. Work has also been done on revising the draft standards issued by the IASB through the

GLENIF working groups which its conclusions have been sent to the IASB.

During the year 2016 there have been lectures on the main changes made in 2015 by the IASB to the IFRS for SMEs and conferences have been given in the Full Immersion Program in IFRS for SMEs organized by the National University in April 2016. The Accounting Standards Committee also issued a Diploma of IFRS for Theory and Practice SMEs, which was held from June 10 to August 19, 2016, with a duration of 40 hours; as well as from October 14 to December 9, 2016, a Diploma of Practical Application of IFRS for SMEs with a duration of 32 hours. On September 21 and 22, 2016, the IGCPA developed the III International Normative Convention, with foreign and national speakers where IFRS topics were exposed and concluding with a Forum on Resistance to the Application of International Standards to Transparency Financial Information in the Public and Private Sector. The Professionals of the Accounting Standards Committee have written articles in the Audit and Finance Magazine of the IGCPA with topics such as Guide for Micro entities that apply the IFRS for SMEs and Policies, Accounting Changes and Errors in accordance with IFRS for SMEs, This last article was also published in the Electronic Bulletin of the Inter-American Accounting Association of September 2016.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Promoting IASB Standards, Guidance and Pronouncements</b>					
1.	Ongoing	Continue training professionals on these standards.	Annually Ongoing	IGCPA Board and Standards Committee	IGCPA and CCPAG
2.	Ongoing	Disclose and distribute new standards issued by the IASB (by way of email, bulletins and IGCPA's and CCPAG's websites).	Ongoing	IGCPA Board and Standards Committee	IGCPA and CCPAG
3.	Ongoing	Distribute (through email, bulletins and both IGCPA's and CCPAG's websites) IFRS draft documents issued by the IASB to professionals to obtain their comments and proposals.	Ongoing	IGCPA Board and Standards Committee	IGCPA and CCPAG
<b>Maintaining Ongoing Processes</b>					
4.	Ongoing	Provide ongoing training on IFRS to CPAs and monitor changes in IFRS to adapt them to the current training programs.	Annually Ongoing	CCPAG IGCPA	CCPAG IGCPA
5.	Ongoing	Participate in the GLENIF working groups, to comment on the drafts issued by the IASB in relation to IFRS, through the CCPAG for being a member of GLENIF.	Ongoing	CCPAG	CCPAG
6.	Ongoing	Monitor changes in IFRS to adapt them to current training programs.	Ongoing	CCPAG IGCPA	CCPAG IGCPA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Review Compliance Information</b>					
7.	Ongoing	Review responses to Parts I and II of the Compliance Program and make any necessary modifications to update both parts. Report to IFAC staff on updates to publish updated information. <ul style="list-style-type: none"> <li>• Appoint an individual responsible for review of information of parts I and II and make amendments.</li> <li>• Notify IFAC on changes.</li> </ul>	Ongoing	CCPAG IGCPA	CCPAG IGCPA
8.	Ongoing	Review the drafts issued by IFAC of the amendments to the pronouncements, as well as of the new norms that are issued.	Ongoing	CCPAG IGCPA	CCPAG IGCPA



Guatemala, November 20<sup>th</sup> 2017

Manuel Arias  
Technical Manager, Quality & Development  
International Federation of Accountants  
529 Fifth Avenue  
New York, NY 10017 USA  
ManuelArias@ifac.org

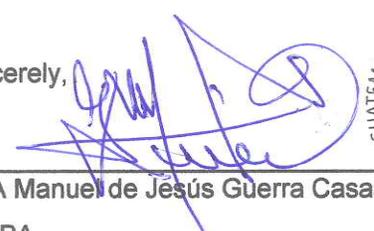
Dear Mr. Arias,

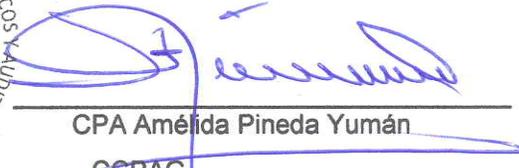
**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

This letter is to confirm that the leadership of the Instituto Guatemalteco de Contadores Públicos (IGCPA) y el Colegio de Contadores Públicos y Auditores de Guatemala (CCPAG) has reviewed the information contained in the SMO Action Plan prepared by IGCPA and CCPAG as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the IGCPA and CCPAG, 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,

  
CPA Manuel de Jesús Guerra Casasola  
IGCPA  
President  
Directive Board

  
CPA Améida Pineda Yumán  
CCPAG  
President  
Directive Board



November 20th 2017