

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:	The Chinese Institute of Certified Public Accountants (CICPA)
Original Publish Date:	July 2008
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Next Update:	March 2020

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.

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: Further develop CICPA’s Quality Assurance Review System in line with SMO 1 requirements

Background:

CICPA is responsible for the development of a unified quality assurance system.

In January 2011, CICPA started to reform the Quality Assurance Review system which had been put in place since Aug 1, 2009, in order to improve the efficiency and effectiveness of Quality Assurance review, establishing a Quality Assurance Review system which bases on periodic inspection, focuses on detecting and, preventing firm-wide deficiency in the quality control system, and complies with the independent regulatory requirements The Quality Assurance Review is in line with SMO 1 requirements.

Key activities for the reforms are:

- i. Strengthen the quality assurance system
- ii. Establish classified and differentiated supervision system
- iii. Train the inspection talents to qualify for the inspection work.
- iv. Establish a quality assurance system for quality inspection work
- iv. Establish a quality assurance announcement system

On July 16, 2011, the revised Quality Assurance system began to take effect. The new system still complies with SMO 1 requirements. The CICPA directly organizes the quality assurance review of the accounting firms that have the qualification to conduct audits of listed companies once every three years. For those Accounting Firms not conducting audits of listed entities, the local CPA institutes are responsible for the quality assurance review within their respective jurisdiction – the review cycle being every five years. Local CPA institutes Quality Assurance system is same as CICPA system or developed in line with the CICPA system. Each year, CICPA organize the unified implementation of the national accounting firms quality assurance work, including determining the focus of the inspection, setting the basic requirements, training all the inspectors, and reviewing the inspection results of the local CPA institutes.

CICPA developed China Standard on Quality Control for firms No. 5101, as well as its practical guidance, in accordance with ISQC 1, CICPA released them in November 2010. In November 2010, the CASB Chair signed a joint statement with the IAASB chair, confirming that China Standards on Auditing have achieved continuing and full convergence with ISAs.

In 2017, CICPA will further enhance implementation of the new QA system, evaluate its effectiveness, and improve it if necessary.

MoF and CSRC conduct QA on audit firms who conduct audits of listed companies. QA reviews for all audits are mandatory in China. According to the information we know and the criteria of SMO 1 requirements, these QA systems are in line with the requirements of SMO.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>The quality assurance carried out in 2017</i>					
1.	June 2017	About 5 firms and their branches are being inspected by CICPA. Nearly one-fifth of firms auditing non-listed companies are planned to be reviewed by local institutes, over 1400 firms.	Dec 2017	CICPA Deputy Secretary General and Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes
<i>Maintaining Ongoing Processes</i>					
2.	Ongoing	Carry out the newly-revised Quality Assurance system (2011 version), evaluate its effectiveness and try to improve the system.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Experts of firms, staff in charge of QA in CICPA and local institutes
3.	Ongoing	<p>Take actions to educate members on quality control and the QA process.</p> <ul style="list-style-type: none"> i. Make the <i>inspection results public</i>, including the number and name of firms inspected, the contents, the overall information, disciplinary and other information to ensure the members timely understand the practice of quality assurance. ii. Hold an annual training course for the CEO and partners in charge of quality control in accounting firms conducting audits of listed entities, focusing on the common and major problems found in the daily inspection of the CSRC and CICPA, targeting to help improve the quality control of accounting firms, warning the major risk areas in the annual audit of the year. iii. Prepare audit cases for the CPAs to learn based on the findings during the inspection. iv. Incorporate curricula on quality control systems into the CPD program of the CICPA. 	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Experts of firms, staff in charge of QA in CICPA and local institutes
4.	Ongoing	Continue to ensure that CICPA's QA review is operating effectively and continues to be in line with SMO 1 requirements. This includes periodic review of the operation of the QA system and updating the Action Plan	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance	Experts of firms, staff in charge of QA in CICPA and local institutes

#	Start Date	Actions	Completion Date	Responsibility	Resource
		for future activities where necessary.		Department	
<i>Review of CICPA's Compliance Information</i>					
5.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Staff in charge of Quality Assurance in CICPA

Self-Assessment of 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.	Y			
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.	Y			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	Y			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			
Review cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y			

Requirements	Y	N	Partially	Comments
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).	Y			
QA Review Team				
7. Independence of the QA Team is assessed and documented.	Y			
8. QA Team possesses appropriate levels of expertise.	Y			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	Y			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			
Corrective and disciplinary actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			
12. QA review system is linked to the Investigation and Discipline system.	Y			
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Y			
Regular review of implementation and effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	Y			

Action Plan Subject:	SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective:	Continue to use best endeavors to ensure that all IES requirements are incorporated into CICPA’s education requirements

Background:

Persons who have passed the Chinese National Uniform CPA Examination and whose membership application has been approved, or those who have been qualified through the former evaluation procedures, shall become individual members of CICPA. Individual members are classified into practicing members and non-practicing members. Practicing members are those who have obtained the CPA practicing certificate in accordance with the laws. Members of the local CPA Institutes are members of CICPA, individuals who pass the national CPA exam offered by CICPA have to apply for one’s CPA membership through local institutes based on one’s territorial location.

CICPA has developed [Guide to Competence of Chinese CPAs](#) according to the actual condition of Chinese accountancy profession and provisions of IESs. The Guide explains IPD and CPD, in terms of basic education, professional education, continuing education, professional knowledge, practicing skills, code of ethics, values and attitudes, practicing experience, as well as measures of undertaking CPD and evaluation. The Guide follows the IES as issued by the IAESB.

The Chinese CPAs CPD System (The System) prescribes the rights and obligations of Chinese CPAs in term of CPD, the organizing, form, credit hours requirements, confirmation and evaluation of CPD, and other detailed contents. *The System* was formulated by CICPA, and issued after the approval of the Executive Committee of CICPA. The System, which is fundamentally consistent with IESs and SMO 2, aims to maintain and improve the profession quality, the practice ability and the ethics of CPAs, and enhance the competence of the accountancy professionals. Please refer to the following Regulations for CICPA’s CPD:

- [Regulations on Continuing Professional Development for CPAs](#)
- [Supplementary Provisions to the Regulations on Continuing Professional Development for Chinese CPAs](#)

The CPD Department will follow developments of SMO 2 and international education standards, while continuing to update *the CPD system of the Chinese CPAs* and its *supplementary provisions* as well as *the Strategic Plan on Reinforcing Development of Professional Talents*.

CICPA has issued the *Five-year Plan on Talent Cultivation of the Chinese Accountancy Profession (2011-2015)* at the end of 2011, which clearly stated the objective of the talent cultivation of the Chinese accountancy profession till 2015.

In 2013, CICPA added courses related to professional judgment and professional ethics of CPAs into CPA’s training classes. At least four hours of ethics training is required each year.

In 2014, CICPA Formulated Classification training programme and promoted classification curriculum system. At the same year, CICPA entrusted leading students of CPA to research Leading Talents Training Outline.

In 2016, the institute released the [Development Plan of the Accounting Sector in China \(2016—2020\)](#) as a continuation of its Five-Year plan that ended in 2015. The Development Plan of Accounting Sector in China (2016-2020) was formulated to implement the requirements of the Fifth Plenary Session of the 18th Central Committee of the Communist Party of China and the Outline of the Thirteenth Five-Year Plan for the Economic and Social Development of the People’s Republic of China (2016-2020). It aims to promote the accounting sector to seize opportunities ahead and achieve sustainable and healthy development in a scientific and comprehensive way with clear-cut development objectives, consensus and

coordinated actions, so as to better serve national development. The Plan outlines objectives related to accountancy education such as reforming and advancing the examination system and strengthening CPD.					
CICPA has been closely studying all sorts of papers and publications issued by the IAESB, including IES 1-7 and providing comments on time.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
6.	February 2014	Formulating Classification training programme, promoting classification curriculum system. The number of trainee is about 36,000 in 2015, growth of 50% over 2014.	Ongoing	Directors of CPDD and ED	Staff of CPDD, the students of Leading Talents
7.	September 2014	Researching Leading Talents Training Outline.	Ongoing	Directors of CPDD and ED	Staff of the CPDD, the students of Leading Talents
8.	2011	Actively carry out the talent cultivation of the Chinese accountancy profession in accordance with the <i>Five-year Plan on Talent Cultivation of the Chinese Accountancy Profession (2011-2015)</i> .	2015	CICPA SG, Director of CPDD	Staff of the CPDD, members of CICPA Education and Training Committee
9.	2013	Add courses related to professional judgment and professional ethics of CPAs into CPA's training classes.	Ongoing	CICPA SG, Director of CPDD	Staff of the CPDD, members of CICPA Education and Training Committee
<i>Review of CICPA's Compliance Information</i>					
10.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Secretary General Directors of CPDD and ED	Staff of the CPDD, members of CICPA Education and Training Committee

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

<i>Background:</i>					
<p>In accordance with the Law of the People’s Republic of China on Certified Public Accountants, the Chinese Institute of Certified Public Accountants (CICPA) has the legal mandate to Chinese Standards on Audit (CSA), which comprise: one basic standard for assurance engagements; 45 auditing standards, one standard for review engagements; two standards for other assurance engagements; two standards for related services; and one standard for firms’ quality control. The standards are then approved by the Ministry of Finance (MoF).</p> <p>After converging the Chinese Standards on Audit (CSA) with the international standards in 2006, the CSA were again <i>converged with the 2010 ISA</i> in light of the IAASB Clarity Project with limited additions where they do not conflict with ISA. In December 2016, the CICPA <i>issued guidance on the application of the auditor’s report</i> to address changes from the new and revised audit reporting standards issued by the IAASB in January 2015.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption of IAASB Pronouncements</i>					
11.	July 2010	Translate the Chinese Auditing Standards from Chinese into English. Then review and revise the draft translation, and publish the final version.	Completed	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting
12.	April 2011	Update the Guide to Prepare Working Papers for Audits of Financial Statements according to the revised <i>China Standards on Auditing</i> .	Completed	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, and experts from the leading accounting firms in China
13.	January 2012	Translate the <i>International Standards on Auditing</i> from English into Chinese. Then review and revise the draft translation, and publish the final version.	Completed	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting

#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	March 2012	Update the Guide to Prepare Working Papers for SME Audits according to the revised <i>China Standards on Auditing</i> .	Completed	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, and experts from the leading accounting firms in China
15.	January 2013	Draft a set of Q&A materials to help auditors perform audits, covering topics such as professional skepticism, related party, revenue recognition, etc.	Completed	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, and experts from leading accounting firms in China
16.	January 2015	Revise and develop Chinese standards in order to keep convergence with international standards.	Ongoing	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, and experts from leading accounting firms in China
Education and Promotion Activities					
17.	January 2011	To include the new auditing standards (effected in January 2012) into the curricula of the yearly training program, carry out universal training in 2011, and continuously conduct training in 2012 combining preparation of financial statement audit documentation and issues in implementation of the new auditing standards.	In process	CICPA Secretary General, Director of CPDD	Staff of the CPDD, members of CICPA Education and Training Committee, the relevant experts from the Audit Standards Team
18.	1 January 2012	ED of CICPA review changes in CASB Pronouncements and update the curricula for examination programs. The date of application for the CPA exam was later than before, therefore this work was postponed.	5 June 2012 Completed	CICPA Secretary General, Director of ED	5 relevant experts to give a comprehensive amendments to Curricula of Auditing in accordance with China Standards on Auditing; 10 relevant experts to complete examination contents

#	Start Date	Actions	Completion Date	Responsibility	Resource
19.	Early 2012	Updates to the curricula are proposed to CICPA Education and Training Committee for approval.	30 April 2012 Completed	CICPA Secretary General, Director of CPDD	Staff of the CPDD, members of CICPA Education and Training Committee
20.	1 October 2010	Publish articles and other promotional materials in the CICPA Journal and on the CICPA website in order to enhance the awareness of the financial auditors, trainees in the financial audit and the public in general about the standards.	Ongoing	Deputy Secretary General of CICPA in charge of standards setting	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, experts from accounting firms and academia
<i>Monitoring Activities</i>					
21.	June 2012	Carry out the quality assurance review to ensure Compliance with new and revised standards.	Ongoing	CICPA Deputy Secretary General, Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of quality assurance in CICPA and local CPA institutes
<i>Maintaining Ongoing Processes</i>					
22.	Ongoing	Continue to support ongoing convergence with IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	CICPA Secretary General, Directors of Departments concerned, Chairs of Boards and Committees concerned	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, experts from accounting firms and academia
<i>Review of CICPA's Compliance Information</i>					
23.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Deputy Secretary General	Staff of Professional Standards and Technical Guidance Department under the direction of the Deputy SG of CICPA in charge of standards setting, experts from accounting firms and academia

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Ongoing convergence with the IESBA Code of Ethics

Background:

In September, 2009, the CICPA established the China Ethics Standards Board for CPAs (CESB), which is responsible for the approval of the CICPA Code of Ethics. In October, 2009, the final updated version of CICPA Code of Ethics, which has achieved convergence with the IESBA Code of Ethics, was approved by CESB. It was put into practice as of July 1st, 2010.

In 2018, the CICPA plans to update its Code of Ethics in accordance with the 2016 IESBA Code, which will include incorporating the new NOCLAR standard.

To promote the implementation of the revised Code of Ethics, the Professional Standards Department published a practicing guidance in 2011, as well as staff Q&A in 2014.

Our Code of Ethics applies to all members of the CICPA, including practitioners and non-practitioners. Local CPA Institutes follow the Code set by CICPA.

CICPA also *participates* in the international ethics standard-setting process. The institute collects comments from its members and collates them when submitting feedback to IESBA-issued exposure drafts.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Updating the Code of Ethics</i>					
23.	1 March 2011	Establish a task force; translate the IESBA Code of Ethics (2010) into Chinese. Then review and revise the drafted translation, publish the final version. Now the translation is in the final review process.	30 September, 2013	CICPA Secretary General and Directors of Professional Standards and Technical Guidance Department	Professional Standards and Technical Guidance staff under direction of Deputy SG of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges
24.	1 November 2009	Establish a task force; translate the CICPA Code of Ethics into English. Then review and revise the drafted translation, publish the final version.	Completed	CICPA Deputy Secretary General and Directors of Professional Standards and Technical Guidance Department	Professional Standards and Technical Guidance staff under direction of Deputy SG of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges

#	Start Date	Actions	Completion Date	Responsibility	Resource
25.	1 March 2010	To promote the implementation of the CICPA Code of Ethics, establish a task force, and draft the practicing guidelines. Then discuss and revise the drafted version of the practicing guidelines, issue the final version.	Completed	CICPA Deputy Secretary General and Directors of Professional Standards and Technical Guidance Department	Professional Standards and Technical Guidance staff under direction of Deputy SG of CICPA in charge of standards setting, experts from accounting firms, and academics from universities and colleges
26.	29 May, 2013	Establish a task force; draft Q&A materials giving CPAs specific guidance to understand and implement CICPA Code, effectively improve the CPAs' professional ethics.	31 December, 2013	CICPA Deputy Secretary General and Directors of Professional Standards and Technical Guidance Department	Professional Standards and Technical Guidance staff under direction of Deputy SG of CICPA in charge of standards setting, experts from accounting firms
<i>Monitoring Activities</i>					
27.	June 2011	Carry out quality assurance review to ensure compliance with new and revised the CICPA Code of Ethics.	Ongoing	CICPA Secretary General Director of Quality Assurance Department	Inspectors and experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes
<i>Maintaining Ongoing Processes</i>					
28.	Ongoing	Continue to support ongoing convergence with the IFAC Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities.	Ongoing	CICPA Secretary General, Directors of Departments concerned, Chairs of boards and committees concerned	Respective board members, technical staff responsible for respective boards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CICPA's Compliance Information</i>					
29.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Secretary General and Directors of Professional Standards and Technical Guidance Department	CICPA Staff

Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to use best endeavors to promote the use of IPSASs in China.

<i>Background:</i>					
Under the Budget Law of the People’s Republic of China as amended in 2014, government finance departments at all levels are required to prepare accrual comprehensive financial reports on a yearly basis. The Ministry of Finance (MoF) is responsible for developing the public sector accounting standards.					
In 2014, the accrual government accounting reform program as submitted by the Ministry of Finance was approved by the State Council. Subsequently, the Government Accounting Standards—Basic Standard as well as standards for Inventories, Investment Property, Fixed Assets, and Intangible Assets were issued and effective as of January 2017.					
In 2017, Government Accounting Standards for Public Infrastructure and Government Accounting Standards for Government Reserves were issued and became effective as of January 1, 2018. . Government Accounting System was issued this year as well and will become effective as of January 1, 2019.					
Adoption of accounting standards for Government is beyond the CICPA’s mandate. As such activities revolve around promotion and encouragement for IPSAS adoption. (For further actions, please see below.)					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote the use of IPSAS</i>					
30.	Ongoing	Continue to support the research on and reference to IPSASs through the Ministry of Finance’s (MOF) participation in the IPSASB work program.	Ongoing	CICPA Secretary General	CICPA Staff
31.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in convergence with IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	CICPA Secretary General	CICPA Staff
<i>Review of CICPA’s Compliance Information</i>					
32.	Ongoing	Perform periodic review of CICPA’s SMO Action Plan and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Secretary General	CICPA Staff

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Continue to use best endeavors to maintain an investigation and disciplinary mechanism that addresses all SMO 6 requirements

Background:

In January 2011, CICPA started to reform the disciplinary mechanism, in order to improve the disciplinary mechanism. The revised Disciplinary provisions for Non-Compliant Conduct by CICPA Members formulated by the CICPA became effective as of July 16, 2011. Accordingly the Disciplinary Committee of the CICPA is responsible for taking disciplinary action with the further option for appeal to an Appeal Committee. Local institutes can either follow the above Disciplinary Measures or formulate detailed implementation measures which are materially consistent. According to the disciplinary provision for Non-Compliant Conduct by CICPA Members, the local CPA institutes may directly adopt the disciplinary provisions of the CICPA, or formulate disciplinary measures within their respective jurisdiction and report to the CICPA.

The local CPA institutes have the right to take disciplinary actions to firms not conducting audits of listed entities, And they need to report the results to CICPA. In addition, the local CPA institutes have to submit the quality assurance summary to CICPA, including the disciplinary information in their jurisdictions each year.

The Article 10 of Charter of the CICPA provides that should a member fail to perform their duty, or become no longer qualified, the Council may request them to leave the Institute or remove their name from the membership list.

In the past three years, CICPA and the local CPA institutes have taken disciplinary actions involving 273 accounting firms and 661 CPAs. Up to now, for accountants who pass the CPA examination in China, but do not join CICPA, there is not an I&D system or sanctions for non-compliance with standards. But they are subject to the Accounting Law and other related laws and regulations in China.

The Disciplinary Committee and the Appeals Committee have members from CSRC or SIB .They participate in the investigation and discipline. After the annual inspection, CICPA, CSRC and SIB will communicate with each other the inspection results. In addition, the three bodies have established a joint investigation and verification mechanism, which is to conduct a joint investigation on firms that have ceased to undertake audits of listed entities, and on firms or CPAs that have been complained. They also coordinate with each other during the development and revision of laws and regulations relating to accounting firms and CPAs.

The provisions of SMO 6 have been incorporated in the design of the Disciplinary Measures and CICPA is committed to ongoing compliance with the requirements of SMO 6.

#	Start Date	Actions	Completion Date	Responsibility	Resource
33.	Ongoing	Continue to ensure CICPA’s investigation and disciplinary mechanism continues to comply with all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Experts from firms, staff in charge of Quality Assurance in CICPA and local CPA institutes

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CICPA's Compliance Information</i>					
34.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Deputy Secretary General and Director of Quality Assurance Department	Staff in charge of Quality Assurance in CICPA

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.	Y			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.	Y			
4. Link with the results of QA reviews has been established.	Y			
Investigative process				
5. A committee or similar body exists for performing investigations.	Y			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			

Requirements	Y	N	Partially	Comments
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			
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.	Y			
Rights of representation and appeal				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			
Administrative Processes				
12. Timeframe targets for disposal of all cases are set.	Y			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			
14. Records of investigations and disciplinary processes are established.	Y			
Public Interest Considerations				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			

Requirements	Y	N	Partially	Comments
16. A process for the independent review of complaints on which there was no follow-up is established.	Y			
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			
Regular review of implementation and effectiveness				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	Y			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to use best endeavors to support the Ministry of Finance ongoing program for adoption and implementation of IFRS

Background:

According to Accounting Law of The People's Republic of China, the Ministry of Finance is responsible for developing accounting norms, including accounting standards. In 2006, the Ministry of Finance released Chinese Accounting Standards which converged with IFRS. In April 2010, the Ministry of Finance released the Roadmap for Continuing Convergence of Chinese Accounting Standards for Business Enterprises with International Financial Reporting Standards, promising to revise and improve Chinese Accounting Standards persistently in accordance with the revision and improvement of IFRSs. CICPA supports the implementation and improvement of Chinese Accounting Standards.

The Chinese Accounting Standards for Small Enterprises were issued by the Ministry of Finance on October 18, 2011, which took effect on January 1, 2013. The Ministry of Finance has taken measures to ensure the smooth transition and effective implementation of the Chinese Accounting Standards for Small Enterprises, including organizing education sessions, reinforcing regulation and so on. In 2014, the Ministry of Finance released three new accounting standards including Fair Value Measurement, Joint Arrangement, and Disclosure of Interests in Other Entities and revised five existing accounting standards including Long-term Equity Investments, Employment Benefit, Financial Statement Presentation, Consolidates Financial Statements, and Presentation and Disclosures of Financial Instruments, according to the revision and improvement of IFRS. These standards have all been implemented by the end of 2014. In 2017, the Ministry of Finance released one new accounting standard-Non-current Assets and Disposal Group Held for Sale and Discontinued Operations, and revised six existing accounting standards including Financial Instruments: Recognition and Measurement, Transfer of Financial Assets, Hedge Accounting, Presentation of Financial Instruments, Revenue and Government Grants, and ensured continued convergence with the IFRSs. CICPA will support the implementation of CAS for SEs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing program for adoption and implementation of IFRS</i>					
35.	Ongoing	Continue to support the implementation of Chinese Accounting Standards in China (CASs) which substantially converged with IFRS through providing training and education in IFRS, and actively providing feedback on the revision of accounting standards.	Ongoing	CICPA Secretary General	CICPA Staff
36.	Ongoing	Continue to use best endeavors by identifying opportunities to further assist in implementation of IFRS. This includes review of the existing activities and updating the Action Plan for the future activities where necessary.	Ongoing	CICPA Secretary General	CICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of CICPA's Compliance Information</i>					
39.	Ongoing	Perform periodic review of CICPA's SMO Action Plan and update sections relevant to SMO 7 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CICPA Secretary General	CICPA Staff

ORGANIZATION'S LETTERHEAD

Date 2018.2.6

Name CHEN Yugui

Title Vice President and Secretary General

Company The Chinese Institute of Certified Public Accountants

Address No.16, BLDG B, Xisihuanzhonglu

Email wangjs@cicpa.org.cn

Dear Ms. Prinsloo,

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

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

On behalf of the leadership of the CICPA, 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,



(Signature of President or Chairman of the Board or equivalent)

_____, Vice President and Secretary General

(Title)

The Chinese Institute of Certified Public Accountants

(Name of Organization)

2018.2.7

(Date)