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\(^1\) and implementation\(^2\) 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 Associate: Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)
Approved by: KICPAA's Governing Council
Original Publish Date: August 2011
Last Update: April 2018
Next Update: April 2019

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

\(^2\) Implementation may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.
GLOSSARY

ADB  Asian Development Bank
ANUKRET  Sub-Decree or Government Decree
AQM  Audit Quality Monitoring
CEO  Chief Executive Officer
CPA  Certified Public Accountant
CPD  Continuing Professional Development
DP  Donor Partners
EEC  Education and Examination Committee
GC  Governing Council
I&D  Investigation and Discipline
IAASB  International Auditing and Assurance Standards Board
IAESB  International Accounting Education Standards Board
IDF  International Development Fund
IES  International Education Standards
IFRS  International Financial Reporting Standards
IPSAS  International Public Sector Accounting Standards
IPSASB  International Public Sector Accounting Standards Board
ISA  International Standards on Auditing
ISQC  International Standards on Quality Control
KICPAA  Kampuchea Institute of Certified Public Accountants and Auditors
MEF  Ministry of Economy and Finance
MoC  Memorandum of Cooperation
NAC  National Accounting Council
OM  Operation Manager
PRAKAS  Ministerial Regulation
QA  Quality Assurance
QAC  Quality Assurance Committee
QAWG  Quality Assurance Working Group
QC  Quality Control
QEP  Qualifying Examination Programme
SME  Small and Medium Enterprises
SMO  Standards of Membership Obligation
WB  World Bank
### Action Plan Subject:
SMO 1—Quality Assurance

### Action Plan Objective:
Introduce the Concept of Quality Assurance to the Firms in Cambodia in Preparation to Establish a Quality Assurance Review System

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<tbody>
<tr>
<td>1</td>
<td>August 2015</td>
<td>The PRAKAS of the composition of the Audit Quality Monitoring Committee (AQMC) has been endorsed to ensure its independency.</td>
<td>April 2016</td>
<td>KICPAA Secretariat and AQMC</td>
<td>KICPAA’s Governing Council and the Ministry of Economy and Finance</td>
</tr>
<tr>
<td>2</td>
<td>March 2016</td>
<td>Update QA review toolkits</td>
<td>March 2016</td>
<td>KICPAA Secretariat and Independent Consultant</td>
<td>KICPAA Secretariat and Independent Consultant</td>
</tr>
<tr>
<td>3</td>
<td>April 2016</td>
<td>Announced the AQM (Audit Quality Monitoring) Action Plan to all member firms.</td>
<td>April 2016</td>
<td>KICPAA Secretariat and AQMC</td>
<td>KICPAA Secretariat and QA committee</td>
</tr>
<tr>
<td>4</td>
<td>Nov 2016</td>
<td>Offered TOT training program on Practical Audit to its members through Workshops/CPD Program (1st round).</td>
<td>May 2017</td>
<td>KICPAA Secretariat and QA committee</td>
<td>KICPAA Secretariat and QA committee</td>
</tr>
<tr>
<td>5</td>
<td>Feb 2017</td>
<td>Increased awareness of ISQC1 to its members and member firms through Continuing Professional Development (CPD)/Workshops/Seminars.</td>
<td>Feb 2017</td>
<td>KICPAA Secretariat and AQMC committee</td>
<td>KICPAA Secretariat and QA committee</td>
</tr>
<tr>
<td>6</td>
<td>Feb 2017</td>
<td>Conducted first AQM visit to 5 member firms which are members of KICPAA supported by WB and PUM Netherland.</td>
<td>May 2017</td>
<td>Independent Consultant</td>
<td>Independent Consultant</td>
</tr>
<tr>
<td>7</td>
<td>August 2017</td>
<td>Recruit qualified independent reviewer for AQMC (team leader and team member)</td>
<td>August 2017</td>
<td>AQMC and Secretariat</td>
<td>AQMC and Secretariat</td>
</tr>
</tbody>
</table>

**Background:**

The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA) is responsible for on-going surveillance and enforcement of compliance with International Standards on Auditing (ISA), and the International Standards on Quality Control (ISQC1). In order to fill its role as the professions regulator, KICPAA has developed a number of tools to assist in the monitoring and evaluation of auditing firms including (i) a firm wide quality control questionnaire; (ii) an audit engagement review questionnaire; and (iii) a quality control documentation guide.

KICPAA/ AQMC (Audit Quality and Monitoring Committee) is planning to conduct quality review of its member firms from 2017.
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<tr>
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<td>Maintaining Ongoing Process</td>
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<td>8.</td>
<td>August 2017</td>
<td>Randomly select the audit firms and conducting AQMC both firm-wide</td>
<td>Ongoing</td>
<td>Independent reviewer</td>
<td>Independent reviewer</td>
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<tr>
<td></td>
<td></td>
<td>and engagement review.</td>
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<td>9.</td>
<td>Ongoing</td>
<td>Continue to ensure KICPAA’s QA review program is operating effectively</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and QA Committee</td>
<td>KICPAA Secretariat and QA Committee</td>
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<td></td>
<td></td>
<td>and continues to be in line with SMO1 requirements. This includes</td>
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<td></td>
<td></td>
<td>periodic review of the operation of QA System and updating the Action</td>
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<td></td>
<td></td>
<td>Plan for future activities where necessary.</td>
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<td></td>
<td></td>
<td>Review of KICPAA’s Compliance Information</td>
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<tr>
<td>10.</td>
<td>Ongoing</td>
<td>Perform periodic review of KICPAA’s SMO Action Plan and update sections</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and QA committee</td>
<td>KICPAA Secretariat and QA committee</td>
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<tr>
<td></td>
<td></td>
<td>relevant to SMO1 as necessary. Once updated inform IFAC Compliance</td>
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<tr>
<td></td>
<td></td>
<td>staff to republish updated information.</td>
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</table>
**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** To Put in Place Membership Requirements and Certification in Line with SMO2

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<tbody>
<tr>
<td>11</td>
<td>July 2015</td>
<td>Discuss the first draft of the National CPA Qualification program among Governing Council (GC) members and government Commissioner to the Institute with the benchmarked syllabus of 08 papers</td>
<td>December 2015</td>
<td>KICPAA Secretariat, in cooperation with advisor</td>
<td>KICPAA Secretariat and KICPAA’s Governing Council</td>
</tr>
<tr>
<td>13</td>
<td>May 2016</td>
<td>Develop the National CPA Qualification Program. The detailed syllabus for 11 papers has been developed and reviewed by educational advisors.</td>
<td>March 2017</td>
<td>KICPAA Secretariat, in cooperation with advisor</td>
<td>Governing Council and Ministry of Economy and Finance</td>
</tr>
<tr>
<td>14</td>
<td>June 2017</td>
<td>Develop Education Committee within KICPAA to guide on the National CPA Qualification program.</td>
<td>July 2017</td>
<td>KICPAA Secretariat, in cooperation with advisor</td>
<td>Governing Council and Ministry of Economy and Finance</td>
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</table>

**Background:**
A majority of current members of the KICPAA hold foreign accountancy qualifications and there are presently two further examination requirements to maintain membership, together with the CPD requirements. In acknowledging the lack of local qualifications for certification as a professional accountant, the Governing Council has resolved to establish the Cambodian CPA programme as specified by the Law. The purpose of this programme is to provide opportunities to accountants, financial managers, financial specialists, management accountants, tax specialists/experts, internal auditors, and even senior management with extensive accounting and/or financial experiences to become CPA members of KICPAA.

There is a limited pool of such accountants, and therefore KICPAA has embarked on a major programme to rectify this by working with Cambodian universities to revamp accounting qualifications that produce skilled professional accountants and auditors who are attuned to international accounting or auditing standards and to build a licentiate programme for the certification of accountants. A curriculum and consistent framework are currently non-existent among universities and institutions which provide studies in the accounting discipline. Therefore, KICPAA will work closely with local universities to encourage the implementation of the developed standardised accounting curriculum.

**Develop the National CPA Qualification Examination Program**

- **11. July 2015** Discuss the first draft of the National CPA Qualification program among Governing Council (GC) members and government Commissioner to the Institute with the benchmarked syllabus of 08 papers. Completion Date: December 2015
- **12. December 2015** Finalization of the composition of the Education and Examination Committee (EEC). Responsibility: KICPAA Secretariat, in cooperation with advisor
- **13. May 2016** Develop the National CPA Qualification Program. The detailed syllabus for 11 papers has been developed and reviewed by educational advisors. Completion Date: March 2017
- **14. June 2017** Develop Education Committee within KICPAA to guide on the National CPA Qualification program. Completion Date: July 2017
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<th>Responsibility</th>
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<tbody>
<tr>
<td>15</td>
<td>August 2017</td>
<td>Conduct public consultation with relevant stakeholders on the final draft of the National CPA Qualification Examination program.</td>
<td>November 2017</td>
<td>KICPAA Secretariat and EEC</td>
<td>KICPAA Secretariat and EEC</td>
</tr>
<tr>
<td>16</td>
<td>November 2017</td>
<td>Submit the Ministry of Economy and Finance the final draft of the National CPA Examination.</td>
<td>December 2017</td>
<td>KICPAA Secretariat and EEC</td>
<td>KICPAA Secretariat and Ministry of Economy and Finance</td>
</tr>
</tbody>
</table>

**Continue to Provide CPD Programs to Members and the Public**

| 17 | Ongoing | Continue to provide CPD programs to members and the public. | Ongoing | KICPAA Secretariat | KICPAA Secretariat |

**Maintaining Ongoing Processes**

| 18 | Ongoing | KICPAA will use its best endeavours to ensure KICPAA education requirements will incorporate all IES requirements. | Ongoing | KICPAA Secretariat | KICPAA Secretariat |

**Review of KICPAA's Compliance Information**

| 19 | Ongoing | Perform periodic review of KICPAA's SMO Action Plan and update sections relevant to SMO2 as necessary. Once updated inform IFAC compliance staff to republish updated information. | Ongoing | KICPAA Secretariat | KICPAA Secretariat |
Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Support the Adoption of the International Standards on Auditing by the National Accounting Council (NAC)

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<tr>
<td></td>
<td></td>
<td>The National Accounting Council adopted all ISA, ISRE, ISAE, ISQC and Practice Statements including all amendments made/going to be made by the IAASB.</td>
<td>May 2010</td>
<td>NAC</td>
<td>NAC/MEF</td>
</tr>
<tr>
<td>20.</td>
<td>May 2010</td>
<td>Support and monitor the implementation of international auditing standards in Cambodia by maintaining three members on the NAC and implementation of an audit quality review program.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and QA Committee</td>
<td>QA Committee /KICPAA’s Secretariat</td>
</tr>
<tr>
<td>21.</td>
<td>Ongoing</td>
<td>Perform periodic review of KICPAA’s SMO Action Plan and update sections relevant to SMO3 as necessary. Once updated, inform IFAC Compliance Staff to republish updated information.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat</td>
<td>The Quality Assurance committee</td>
</tr>
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Best Endeavours Around the Adoption and Implementation of the International Standards on Auditing

Background:
The Ministry of Economy and Finance has authorised the National Accounting Council (NAC) to undertake ongoing adoption of auditing standards. As mandated in the Prakas No. 370 MEF, Cambodia has fully adopted the most recent IAASB Standards on Auditing, Quality Control, Review Engagement, Assurance Engagement, and Related Services.

KICPAA supports the process through membership on the NAC and has a remit to monitor implementation through its audit quality review programme (see SMO 1 background for details).

Review of KICPAA’s Compliance Information
### Action Plan Subject:
SMO 4—IESBA Code of Ethics for Professional Accountants

### Action Plan Objective:
To Put in Place a Framework that Allows Full Adoption of the IESBA Code of Ethics

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<th>#</th>
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<tr>
<td>24.</td>
<td>July 2015</td>
<td>Final draft of the Law on Accounting and Auditing has been sent out to the second committee of the National Assembly and the Senate accordingly. This draft may be into force at the end of 2015</td>
<td>December 2015</td>
<td>KICPAA Secretariat</td>
<td>NAC, Ministry of Economy and Finance (MEF), KICPAA Secretariat/KICPAA’s Governing Council</td>
</tr>
<tr>
<td>26.</td>
<td>March 2017</td>
<td>Draft of the Prakas on Code of Ethics for Accountants in Business to comply with Law on Accounting and Audit</td>
<td>June 2017</td>
<td>KICPAA Secretariat</td>
<td>KICPAA Secretariat/KICPAA’s Governing Council</td>
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### Maintaining Ongoing Processes

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<tr>
<td>27.</td>
<td>Ongoing</td>
<td>Promote awareness among members the IESBA Code of Ethics by providing a link to the IFAC Website and the relevant guidance.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat</td>
<td>KICPAA Secretariat/KICPAA’s Governing Council</td>
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### Review of IFAC’s Compliance Information

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**Background:**

The Kampuchea Institute of Certified Public Accountants and Auditors has an obligation to work toward full adoption of the IESBA Code of Ethics. KICPAA is currently working closely with the NAC and the Ministry of Economy and Finance to revise the current laws on Corporate Accounts, Their Audit, and Accounting Profession into a “Law on Accounting and Auditing”, which will allow the IESBA Code of Ethics to be adopted and issued through KICPAA Regulation.

In the meantime KICPAA promotes the IESBA Code via the website.
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Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Encourage the Adoption of International Public Sector Accounting Standards

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<td>Completion Date</td>
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Background:
KICPAA has no direct responsibility for IPSAS adoption. However, as the national professional body of accountancy KICPAA will work closely with relevant authorities to encourage them to consider adopting IPSAS. The adoption of IPSAS is a long term project which requires proper understanding of challenges and how to address those challenges in proper planning of resources. The Government will play a major decision on adoption of IPSAS.

On 23-24 February 2011, at the Ministry of Economy and Finance, the World Bank organised a workshop to introduce the use of the International Public Sector Accounting Standards to the Department of Treasury, Department of Internal Audit, and other concerned departments.

On 05 March 2014, KICPAA and Institute of Chartered Accountants in English and Wales (ICAEW) co-organised a workshop on IPSAS to the officials of Ministry of Economy and Finance from Department of Treasury, Department of Internal Audit, and other concerned departments. There were 160 participants.

Maintaining Ongoing Processes

29. Ongoing Use best endeavours to promote the benefits of IPSAS and circulate guidance issued by the IPSASB. Ongoing KICPAA’s Governing Council KICPAA’s Governing Council

Review of IFAC’s Compliance Information

30. Ongoing Perform periodic review of KICPAA’s SMO Action Plan and update sections relevant to SMO5 as necessary. Once updated, inform IFAC Compliance staff to republish updated information. Ongoing KICPAA’s Governing Council KICPAA’s Governing Council
### Action Plan Subject:
SMO 6–Investigation and Discipline

### Action Plan Objective:
Establish Investigation and Disciplinary Regulations and Guidelines

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<tr>
<td>32.</td>
<td>Ongoing</td>
<td>Review SMO 6 to understand the requirements and consider how the investigation and disciplinary mechanism can be established to suit the Cambodian environment.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and Disciplinary Committee</td>
<td>KICPAA Secretariat/KICPAA’s Governing Council</td>
</tr>
<tr>
<td>33.</td>
<td>Ongoing</td>
<td>Develop the Investigation and Disciplinary Regulations and Guidelines.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and Disciplinary Committee</td>
<td>KICPAA Secretariat/KICPAA’s Governing Council</td>
</tr>
<tr>
<td>34.</td>
<td>Ongoing</td>
<td>Conduct workshop consultation with members and finalisation of the Investigation and Disciplinary Regulations and Guidelines.</td>
<td>Ongoing</td>
<td>KICPAA Secretariat and Disciplinary Committee</td>
<td>KICPAA Secretariat/KICPAA’s Governing Council</td>
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</table>

### Background:
KICPAA is directly responsible for putting in place investigation and disciplinary processes for its membership. Due to resource limitations KICPAA has yet to develop fully-fledged investigation and disciplinary regulations and guidelines. In recognition of the importance of this aspect, KICPAA will review SMO6 and look into how it can best use its limited resource to put in place a system over the coming year.

Currently, KICPAA is discussing with other AFA members for a study tour to learn from other institutes, aiming to develop the membership rules by 2017.

### Establishing Membership and Disciplinary Rules

#### 31.
- **Establishment of the disciplinary committee.**
- **Responsibility:** KICPAA Secretariat
- **Resource:** KICPAA Secretariat/KICPAA’s Governing Council

#### 32.
- **Review SMO 6 to understand the requirements and consider how the investigation and disciplinary mechanism can be established to suit the Cambodian environment.**
- **Responsibility:** KICPAA Secretariat and Disciplinary Committee
- **Resource:** KICPAA Secretariat/KICPAA’s Governing Council

#### 33.
- **Develop the Investigation and Disciplinary Regulations and Guidelines.**
- **Responsibility:** KICPAA Secretariat and Disciplinary Committee
- **Resource:** KICPAA Secretariat/KICPAA’s Governing Council

#### 34.
- **Conduct workshop consultation with members and finalisation of the Investigation and Disciplinary Regulations and Guidelines.**
- **Responsibility:** KICPAA Secretariat and Disciplinary Committee
- **Resource:** KICPAA Secretariat/KICPAA’s Governing Council

### Review of IFAC’s Compliance Information

#### 35.
- **Perform periodic review of KICPAA’s SMO Action Plan and update sections relevant to SMO6 as necessary. Once updated, inform the IFAC Compliance staff to republish updated information.**
- **Responsibility:** KICPAA Secretariat and Disciplinary Committee
- **Resource:** KICPAA Secretariat/KICPAA’s Governing Council
### Action Plan Developed by Kampuchea Institute of Certified Public Accountants (KICPAA)

**Action Plan Subject:** SMO 7—International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue to Support the Implementation of IFRS in Cambodia

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<tbody>
<tr>
<td>36</td>
<td>January 2009</td>
<td>Issue an announcement to fully adopt IFRS for entities that have public accountability and IFRS for SME for those entities that do not have public accountability but have audit obligation.</td>
<td>January 2012 Completed</td>
<td>NAC</td>
<td>NAC/MEF</td>
</tr>
<tr>
<td>37</td>
<td>August 2009</td>
<td>Promote the need for an ongoing translation process.</td>
<td>December 2013</td>
<td>NAC Secretariat</td>
<td>NAC/MEF</td>
</tr>
<tr>
<td>38</td>
<td>January 2012</td>
<td>Continue to monitor and play a role in the adoption of CIFRS and CIFRS for SME.</td>
<td>Ongoing</td>
<td>NAC Secretariat</td>
<td>NAC/MEF</td>
</tr>
<tr>
<td>39</td>
<td>Ongoing</td>
<td>Work closely with the Government towards the establishment of a company registrar or equivalent body with which statutory audited financial statements will need to be filed.</td>
<td>Ongoing</td>
<td>NAC Secretariat</td>
<td>NAC/MEF</td>
</tr>
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</table>

### Promoting IFRS Implementation

- **36.** January 2009  
  - Issue an announcement to fully adopt IFRS for entities that have public accountability and IFRS for SME for those entities that do not have public accountability but have audit obligation.  
  - Completion Date: January 2012 Completed  
  - Responsibility: NAC  
  - Resource: NAC/MEF

- **37.** August 2009  
  - Promote the need for an ongoing translation process.  
  - Completion Date: December 2013  
  - Responsibility: NAC Secretariat  
  - Resource: NAC/MEF

- **38.** January 2012  
  - Continue to monitor and play a role in the adoption of CIFRS and CIFRS for SME.  
  - Completion Date: Ongoing  
  - Responsibility: NAC Secretariat  
  - Resource: NAC/MEF

- **39.** Ongoing  
  - Work closely with the Government towards the establishment of a company registrar or equivalent body with which statutory audited financial statements will need to be filed.  
  - Completion Date: Ongoing  
  - Responsibility: NAC Secretariat  
  - Resource: NAC/MEF

### Review of IFAC’s Compliance Information

- **40.** Ongoing  
  - Perform periodic review of KICPAA’s SMO Action Plan and update sections relevant to SMO6 as necessary. Once updated, inform the IFAC Compliance staff to republish updated information.  
  - Completion Date: Ongoing  
  - Responsibility: KICPAA’s Governing Council  
  - Resource: KICPAA’s Governing Council

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**Background:**  
KICPAA has no direct responsibility for adoption of the IFRS and IFRS for Small and Medium Enterprises (SMEs). The Ministry has delegated the authority for adoption to the NAC. KICPAA has appointed three of its members to sit on the Board of the NAC to provide technical input into the standards adoption process.

Cambodia, through the NAC, has already adopted IFRS and IFRS for SMEs without modifications. Cambodian International Financial Reporting Standards (CIFRS) are effective from 1st January 2012. All public accountable entities are required to prepare their financial statements under such standards. CIFRS for SMEs have been effective from 1st January 2010 and entities which do not have public accountabilities but are subject to statutory audit are required to prepare their financial statements in accordance with such standards.
March 15, 2018

Adrian Lim
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Dear Mr. Adrian Lim,

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

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

On behalf of the leadership of the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), 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,

Heng Selida
President
The Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA)