

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 Associate:	Pakistan Institute of Public Finance Accountants (PIPFA)
Approved by Governing Body:	PIPFA Technical Committee
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¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

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

GLOSSARY

ACCAs	Association of Chartered Certified Accountants
AGP	Auditor General of Pakistan
BOGs	Board of Governors
BOS	Board of Studies
CIMAs	Chartered Institute of Management Accountants
CIPFAs	Chartered Institute of Public Finance Accountants
CPD	Continuing Professional Development
CPD&SC	CPD & Seminar Committee
EC	Examination Committee
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASs	International Accounting Standards
IASB	International Accounting Standards Board
IC	Investigation Committee
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
ICSP	Institute of Corporate Secretaries of Pakistan
IESs	International Education Standards
IESBAs	International Ethics Standards Board for Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRSs	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
PIPFAs	Pakistan Institute of Public Finance Accountants
QA	Quality Assurance
R&DC	Regulations & Disciplinary Committee
R&PC	Research & Publication Committee
SECP	Securities Exchange Commission of Pakistan
TC	Technical Committee

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: To Further Investigate How PIPFA Can Use Best Endeavors to Support Quality Assurance in Pakistan

Background:

As per The Companies Act 2017, practicing members of the Institute of Chartered Accountants of Pakistan (ICAP) are qualified to audit the Financial Statements of private and public limited companies in Pakistan. In addition, practicing members of the Institute of Cost and Management Accountants of Pakistan (ICMAP) are also mandated for the audit of Private Companies having paid capital of less than Rs.3.00 Million. Members of PIPFA are not mandated to conduct statutory audits of financial statements and have no direct responsibility of Quality Assurance of Audit and Assurance work. However the PIPFA education program is designed to provide in depth knowledge of ISQC1 which has been included in the subject of Audit Assurance and Ethics at Level 4.

The Technical Committee is tasked to provide updated information on latest changes and developments including information on Technical updates on accounting & auditing standards, code of ethics, QCR etc. through emails, PIPFA website and PIPFA Journal on regular basis. PIPFA has also developed a portal for IFAC News and latest updates as a permanent feature for members and students. PIPFA members also participate in seminars relating to QCR hosted by ICAP. PIPFA Branch Committees also arrange seminars on technical matters for keeping the members abreast of latest developments.

The Code of Corporate Governance of 2017 states that;

(1) All listed companies in the financial sector shall change their external auditors every five (5) years. “Financial sector” is defined as banking companies, non-banking financial companies (NBFC’s), Modaraba and insurance/Takaful companies; provided that all inter-related companies/institutions, engaged in business of providing financial services shall appoint the same firm of auditors to conduct the audit of their accounts.

(2) All listed companies other than those in the financial sector shall, at a minimum, rotate the engagement partner after every five (5) years. All listed companies must appoint only those firms of chartered accountants as their auditors which have obtained satisfactory rating under the Quality

#	Start Date	Actions	Completion Date	Responsibility	Resource
Supporting Quality Assurance					
1.	Ongoing	Review the requirements of SMO1 and consider the extent to which PIPFA can work with ICAP to play its role in supporting Quality Assurance of auditors in Pakistan.	Ongoing	TC/CPD&SC/BOG	Member Department
2.	Ongoing	PIPFA is working to enhance the technical competence and support the quality of the work by its members.	Ongoing	TC/CPD&SC/BOG	Member Department

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	Ongoing	<p>PIPFA Branch Committees have been directed to give 25% weight age to QA related areas while planning the annual CPD schedules. This year, seminars on IAS-1 & IFRS-9 and Course on IFRS and IAS were conducted.</p> <p>Majority of PIPFA members pursue higher professional qualifications including chartered accountancy and cost & management accountancy. By incorporating QA in its education program and having a structured CPD mechanism as discussed above, PIPFA has become an enabler of and a facilitator for enhanced quality assurance in the profession.</p> <p>The objective is to develop awareness of updates of accounting and auditing fields as recommended and communicated by IFAC. The PIPFA Board sanctions special funds for conducting CPD activities in continuation of the process of Quality Assurance.</p>	Ongoing	CPD&SC/BOG	Executive Director/ Member Department/Branch Committees
Review of PIPFA's Compliance Information					
4.	Ongoing	Perform periodic review of PIPFA's fulfillment of SMO 1 requirements and update the SMO Action Plan as necessary. Once updated, inform IFAC Compliance Staff about the updates so that the SMO Action Plan can be published.	Ongoing	TC/BOG	Member Department/ Executive Director

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: To Fully Comply with the Requirements of SMO 2 and Ongoing Adoption of IAESB Pronouncements

Background:

PIPFA has its own Initial Professional Development Program and has direct responsibility for adoption of IAESB pronouncements. PIPFA has been established as the single largest PAO to impart Public Finance Education and develop specialized public accountants. In addition, PIPFA also has a Corporate Stream of Education for the education and training of corporate sector accounting professionals. PIPFA endears to fully comply with all the International Education Standards in its Initial Professional Development and Continued Professional Development programs.

The Technical Committee is responsible for periodic review to ensure that PIPFA remains compliant with the IEASB pronouncements and make appropriate recommendations to the BOS and the BOG. The BOS is responsible to update the Education Programs periodically to fully incorporate the recommendations of the TC and make ongoing improvements.

PIPFA has a policy to roll out revised syllabus for the Corporate Stream after every three (3) years and in this regard, the BOS started developing a new syllabus last year to incorporate all the requisite competency and skills as required by IES 2 and also incorporating additional areas of professional values, ethics and attitudes as IES 4. Additional and enhanced Courses covering additional areas of IT, Presentation Skills are also being developed for roll out in 2019. The Public Sector Syllabus for the departments of Auditor General Pakistan, Military Accountant General and Treasury (Punjab Finance, Govt. of Punjab) have been revised and implemented from winter 2018 sessions. Revisions of syllabus for Local Fund Audit (Punjab Finance, Govt. of Punjab) and Controller General of Accounts have been approved and will be implemented from Summer 2019 Session.

In continuation of efforts to fully comply with the requirements of SMO 2, The Board of Studies has approved the following items in its meeting held on December 10th, 2018;

- Fixation of minimum passing percentage for new entrants in addition to existing entry requirements.
- Introduction of a Pre-entry Proficiency Test for students not meeting the prescribed percentage required for entry.
- Introduction of an online self-assessment questionnaire for prospective students to help them in making an informed career decision.
- Provision of more elaborative estimates of total cost outlays for the PIPFA education program for students coming from various entry routes.
- Introduction of Professional Skills training course for each level of the PIPFA qualification.
- Introduction of Professional Values, Ethics, and Attitude in Two (2) additional subjects of Taxation and Financial Reporting.
- Increasing the existing 60 requisite hours of Computer Practical training to 100 hours to cover further IT skill areas.

As indicated earlier, PIPFA has two Streams of Education Program, one for the Public Sector entities and the other for the Corporate Sector. Within the Public Sector stream, there are separate education programs for each and every Single Public Sector Entity that consists of the general subjects and the specialized subjects. The Corporate Stream is for the students other than those nominated by the Public Sector entities. All of the PIPFA Education programs are divided into four (4) Levels covering all the requisite technical competencies.

PIPFA has implemented a CPD policy and reporting framework for its members. Separate CPD Committees are formed annually who are required to submit an annual CPD schedule prepared under the guidance of CPD & Seminar Committee of the Board.

#	Start Date	Actions	Completion	Responsibility	Resource
Aligning with IESs					
5.	Ongoing	Review PIPFA's education requirements for alignment with revised IESs and compliance with the requirements of SMO 2.	Ongoing	BOS	Education Department
IES 2 Professional Accounting Education Program					
6.	December 2018	Continue to update PIPFA's qualification according to updates in IAESB guidance and other relevant national standards. The BOS continuously reviews education programs and forwards recommendations to the BOG for approval as recently recommended to Board for including the following; <ul style="list-style-type: none"> ○ Introducing Two (2) additional subjects, one in Level 3 and one in Level 4 of its Corporate Education Stream , ○ Revising the Syllabus of Four (4) of the Public Sector Entities, ○ Introduction of additional course contents for Professional Values, Ethics, and Attitude in Two (2) subjects or contents for Taxation and Financial 	July 1, 2019	BOS/BOG	BOS/Education Department
7.	Ongoing	Ensure that the IPD programs of PIPFA continue to develop highly skilled, technically competent public finance accountants.	Ongoing	BOS/BOG	Executive Director/ Education Department
IES 5 Practical Experience Requirement					
8.	July 2015 December 2018	For admission as PIPFA Associate Member, two years of Practical Experience in industry, public practices, public sector organizations/authorities/ is mandatory. The Technical Committee, in its meeting held on December 06, 2018 has decided to formulate PIPFA training guidelines for students, employers and the supervisors. These guidelines will cover all the requirements of IES 5.	Ongoing December 2019	BOG	Member Department
IES 7 Continuing Professional Development					

9	July 01, 2017	PIPFA has implemented a revised CPD Policy and mechanism that has been implemented since July 2017. The members are required to complete a minimum of 20 CPD hours each year and not less than 120 CPD hours in three years. PIPFA endears to further improve the CPD of its members and has entered into collaborations with companies that provide low cost Webinars and also entered into MOUs with various institutes and universities to enhance the scope of CPD activities.	Ongoing	CPD&SC/BOG	Member Department
Promotion of IAESB Pronouncements					
10.	Ongoing	<p>PIPFA has ensured to fully incorporate the IAESB pronouncements in its various education programs and in doing so, has tasked the Technical Committee and the Technical Directorate to continuously review the IPD and CPD programs internally and also compare with other PAOs and highlight any areas that need improvement and recommend to the BOS or directly to the BOG.</p> <p>The IAESB pronouncements are regularly posted on PIPFA website and published in the PIPFA Journal for information of members and students.</p> <p>The requirement of developing Professional & technical skills is further complimented by PIPFA through seminars, workshops and publications. PIPFA conducts and participates in seminars on topics ranging from taxation, accounting, auditing standards, ethics standards, laws etc. The Branch Committees are required to submit their yearly CPD schedule to CPD and Seminar Committee for conducting seminar on these lines throughout the year. The performance of these branch committees is evaluated based on the level of compliance on the submitted CPD schedules. PIPFA has started arranging industry tours for its students to familiarize them with the work places and provide them an opportunity to learn from senior professionals.</p>	Ongoing	CPD&SC	Member Department

11.	Ongoing	PIPFA is Working with Auditor General of Pakistan, Controller General of Accounts and Military Accountant General for adopting the public sector accounting standards in their education and training program.	Ongoing	BOS/BOG	Education Department/ Member Department
	July 2018	PIPFA has added Cash Basis IPSAS in the subject of New Accounting Model (NAM) under the revised public sector syllabus after consultation with those public sector organizations that are in agreement with PIPFA for training of their employees.	July 2018		
	Ongoing	Working closely on designing and conducting a series of capacity building courses including on IPSAS and public finance management and governance for the public sector. PIPFA conducted seminars and workshops on Public Procurement Rules & Regulations, Public Sector Companies (Corporate Governance) Rules 2013, Provincial Laws on Sales Tax on Services, Procurement, Procurement Processes and Allied Matters. One Conference and One Course is planned for Public Financial Management & IPSAS respectively.	Ongoing		
<i>Incorporation of Audit and Ethics Pronouncements into PIPFA Education Program</i>					
12.	Ongoing	<p>Ensure on an ongoing basis that new IAASB and IESBA pronouncements are incorporated into the education and training programs on timely basis and communicated to all stakeholders. In current syllabus of PIPFA all relevant international Auditing & Ethics standards issued by IAASB & IESBA respectively have been incorporated and are being updated continuously.</p> <p>The BOS has recently approved to incorporate new course contents related to ethics in Two (2) subjects of Taxation and Financial Reporting besides the existing subject of Audit, Assurance & Ethics in Level 4. An additional ethics module has also been approved for incorporation in the education program that the student has to complete online before</p>	Ongoing	BOS/BOG	Education Department
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Continue to implement to the fullest extent possible the requirements of SMO 2 and use best endeavors to promote national and international recognition. In addition, continue to support implementation of the international education requirements with regards to PIPFA's pre-qualification and CPD programs. The PIPFA education program is continuously reviewed and assessed to ensure that qualified students are equipped with appropriate technical skills, professional competence,	Ongoing	BOS	ED/Education Department/ Faculty Members

14.	Ongoing	Regular updates in the Journals, newsletters, emails, circulars and official website to ensure timely awareness of its members and students.	Ongoing	CPD&SC/R &PC	ED/Education Department/ Accounts Department
Review of PIPFA's Compliance Information					
15.	Ongoing	Perform periodic review of PIPFA response to the SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	TC/BOG	Member Department/ Executive

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Use Best Endeavors to Support Adoption and Implementation of International Standards on Auditing (ISAs) in Pakistan.

Background:					
<p>The Institute of Chartered Accountants of Pakistan (ICAP) (one of the sponsoring body of PIPFA) is responsible for adopting international auditing standards in Pakistan.</p> <p>PIPFA does not have mandate for Audit and Assurance engagements as declared under SMO-1 and is therefore not directly responsible for adopting the ISAs in Pakistan. PIPFA has incorporated all the ISAs as adopted by ICAP in its Education Program and also assists in promoting and creating awareness of International Standards on Auditing in the jurisdiction through publication of IAASB updates in PIPFA Journals, PIPFA website and emails to its members.</p> <p>The Technical Committee continuously oversees research and reviews the compliance related to this SMO. PIPFA encourages its members to participate in various CPD activities organized by ICAP, ICMAP and SECP related to ISAs besides its own activities conducted through the Branch Committees.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
Promote Ongoing IAASB Pronouncements					
16.	Ongoing	Provide IAASB pronouncements to members via PIPFA website & Publications (News Letters & Journals).	Ongoing	R&PC/BOS	IT Personnel/ Members Department/ Executive
Assist with Adoption and Implementation of ISAs					
17.	Ongoing	Monitor pronouncements and updates provided by IAASB, and develop update briefings for members and communicate through newsletter, Journal and website. Further ISAs adopted by ICAP are included in the Education Program and any revisions are continuously updated.	Ongoing	R&PC/Executive Director	Member Departme nt
18.	Ongoing	Technical Committee is overseeing the implementation of range of relevant international standards across PIPFA's operations. Pronouncements such as ISREs, ISAEs and ISRSs are adopted without translation and modification. For revising or incorporating the relevant standards, the Technical Committee forwards its recommendation to BOS for implementation in the education program.	Ongoing	TC/BO S	Education Departmen t/ Member Departmen t
New Development in Adoption of International Accounting & Auditing Standards					

19.	Ongoing	PIPFA has formally requested ICAP for nominating PIPFA as a member of the Accounting and Auditing Standards Board constituted jointly by ICAP, ICMAP and AGP.	Ongoing	TC	Member Department
Maintaining Ongoing Processes					
20.	Ongoing	Include updates on IAASB pronouncements in PIPFA education program and CPD programs.	Ongoing	BOS/P&SC	Education Department/ Member Department
21.	Ongoing	Specific agenda item for PIPFA committees to review and respond to IAASB/IFAC (on proposals including exposure drafts) are included as per requirement. PIPFA provides comments to ICAP nominated members (on PIPFA BOG), for communicating its point of view.	Ongoing	Executive Director	Member Department
22.	Ongoing	Review and update SMO 3 section of the Action Plan for future activities as necessary.	Ongoing	TC /Executive Director	Member Department
Review of PIPFA's Compliance Information					
23.	Ongoing	Perform periodic review of PIPFA response to SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the Compliance Staff to republish updated information.	Ongoing	TC/BOG	Member Department/ Executive Director

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Adopt the Most Recent IESBA Code of Ethics

Background:

PIPFA has adopted Part A and C of IESBA Code of Ethics, 2016 Edition (Part B is not applicable to PIPFA members) without translation and changes. PIPFA is committed to the IFAC’s broad objective of developing and enhancing a coordinated worldwide accountancy profession with harmonized standards and firmly believes that IFAC guidelines will further improve the degree of uniformity of professional ethics globally.

These occupational standards set out the competences which Public Finance Accountants need to be able to perform effectively in their workplace. PIPFA expects strict compliance of IFAC Code of Ethics from its members to reflect upon as a Professional qualification.

The Board has formed an Ethics Advisory Committee in compliance of Section 100.23 of IESBA Code of Ethics 2016 Edition to address areas of NOCLAR. On recommendations of the Technical Committee, the BOS is in the process of incorporating Ethics related topics in Two (2) subjects of Taxation and Financial Reporting in addition to the already existed subject of Audit, Assurance and Ethics. On further recommendations of the TC, BOS has approved to introduce a Separate Module on Ethics that the PIPFA student will have to complete before membership and that will be evaluated.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption and Promotion of the IESBA Code of Ethics</i>					
24.	January 2018	The Board of Governors PIPFA, on recommendation of Technical Committee (TC) adopted the 2016 IESBA Code of Ethics (Part A & C) without translation & modifications for implementation in its meeting held on 30 th December 2017.	January 2019	TC/R&DC	Executive Director/ Member Department
25.	Ongoing	Engaging with members through specific Seminars on revised Code of Ethics to provide detailed interpretation. Publishing articles related to NOCLAR in the PIPFA Journal and updating downloadable Code of Ethics for the members besides latest news from IESBA. PIPFA is developing scenario based video shoots for placing on its website for easy awareness of its members depicting practical examples of probable conflict of interest and the need for a Professional Accountant to demonstrate and uphold Ethical behavior.	Ongoing	R&PC/CP D&SC/ BOS/ Executive Director	Member Department/ Education Department
<i>Maintaining Ongoing Processes</i>					

26.	Ongoing	Monitor and review new and amended standards from the IESBA. Include updates of IESBA pronouncements in PIPFA's education programs and CPD activities.	Ongoing	TC/BOS/ CPD&SC	Member Department/ Education Department
27.	Ongoing	Review and update Action Plan regularly to ensure that it continues to reflect the overall objectives under SMO 4.	Ongoing	TC	Member Department
<i>Review of PIPFA's Compliance Information</i>					
28.	Ongoing	Perform periodic review of PIPFA response to SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	TC/BOG	Member Department/ Executive Director

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Use Best Endeavors to Assist the Adoption of IPSAS and Support and Disseminate the Work of the IPSASB

Background:

In Pakistan, the Auditor General of Pakistan (AGP) is responsible for adopting the Public Sector Accounting Standards. The Government of Pakistan has established convergence with IPSAS as an objective, and national public sector accounting standards are being developed with the goal of eliminating differences with IPSAS. The Auditor General of Pakistan (one of the sponsoring bodies of PIPFA) has mandated that IPSAS should also be used by Provincial Government Offices. Controller General of Accounts (CGA) Ordinance, 2001 provides this mandate to Provincial Government offices. The Cash basis IPSASs version has already been adopted by the AGP (SAI). The SAI Pakistan has adopted the Cash Basis IPSAS issued in 2003. Additional requirements and encouragements regarding the presentation of budget and external assistance issued in 2006 and 2007 respectively have also been adopted. . A study was carried out in Pakistan in 2011, to identify the gaps in implementation of IPSAS-Cash and to chalk out a road-map and time line for adoption of IPSAS-Accruals.

PIPFA's BOG includes 25% representation from the Auditor General of Pakistan (AGP) and being an education provider to AGP nominated public sector employees of accounting and audit group, it is continuously being discussed to include IPSAS as an integral part of Public Sector Education Program across the board and in addition introduce short courses and workshops on the same as part of CPD. The revised syllabus for AGP now includes IPSAS as part of subject "New Accounting Model (NAM)". The Auditor General of Pakistan worked with World Bank's assistance on a project improving Financial Reporting and Auditing (PIFRA) for applying Cash Basis IPSAS. PIFRA introduced many reforms and also recommended to replace old accounting system with New Accounting Model (NAM) which is a mandatory course at PIPFA for Public Sector.

Since 2005, PIPFA has been providing training to the Officers of the Auditor General of Pakistan and is also providing training to the employees of the following Public Sector Organizations;

1. Controller General of Accounts (CGA)
2. Pakistan Military Accounts Department (PMAD)
3. Local Fund Audit & Treasury Departments of Punjab Government (LFA & Treasury)
4. Pakistan Railways Accounts Department (PRAD)
5. National Highway Authority (NHA)
6. Capital Development Authority (CDA)

PIPFA has recently signed an agreement with the Water & Power Development Authority (WAPDA) in October 2017 for training and examinations of its employees.

These MOUs and agreements with AGP and other public sector organizations have established collaboration for implementation of relevant public sector accounting and auditing standards including IPSAS.

The Board had also decided to introduce a new stream namely "Public Finance Management (PFM)" for catering the need of PFM training as required by the office of the Auditor General of Pakistan through PAAA. This qualification will be mapped and linked with CIPFA qualification through MOUs and agreements. For implementation of IPSAS, it has been decided to include a subject of Public Sector Financial Reporting in the syllabus of this proposed PFM scheme. The objective for this new stream of Public Finance Management is to produce Public Finance Accountants who are equipped and trained for direct induction in the public sector audit and accounts departments. This stream is currently being discussed with all the stakeholders and will be rolled out once a consensus is established and after due diligence.

The Auditor General of Pakistan has constituted a Policy Board to provide suggestions/recommendations on the strategic issues of government audit,

accounting and public financial management. The Policy Board consists of 16 Members including the President of PIPFA. This Board provides suggestions/ recommendations on: (1) Role of SAI Pakistan in establishing effective Public Financial Management, (2) The Scope, coverage and priority areas of audit, (3) The Audit approach, methodology and techniques, (4) Adoption of IPSAS, (5) Collaboration with other SAIs through joint audit and experience sharing, (6) Peer review of auditing being carried out by SAI Pakistan, (7) Creation of knowledge groups within DAGP, (8) Hiring services of professionals for technical groups with DAGP, (9) any other areas of Public Interest.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Promote the Adoption of IPSAS					
29.	Ongoing	Periodical round table discussions with Auditor General of Pakistan office on adoption of IPSAS for Public Sector Entities.	Ongoing	TC/BOS/BOG	TC & Executive Director
30.	Ongoing	Consider the inclusion of IPSAS in PIPFA's different education streams and developing training programs for public sector officers.	Ongoing	BOS /CPD & SC	Education Department/ Examination Department
31.	Ongoing	Promote public sector reforms and governance through conferences in collaboration with Auditor General of Pakistan and CIPFA for creating environment for growth through sound public financial management and governance. PIPFA is holding another International conference on Public Financial Management in this year in progression of its CPD program with the objective of creating awareness and promoting the concept PEM.	Ongoing	CPD&SC / Executive Director	Members Department
32.	Ongoing	Review of new and amended IPSAS pronouncements issued by IPSASB and update PIPFA's education program in accordance with recommendation of the office of AGP.	Ongoing	TC/BOS/ Executive Director	Education Department/ Member Department
33.	Ongoing	Review and update Action Plan every year to ensure that it reflects the overall objectives under this SMO.	Ongoing	TC/P&SC/ Executive Director	Education Department/ Member Department

34.	Ongoing	PIPFA invites its members to comment on Exposure Drafts of Public Sector Accounting Standards as part of the process in developing PIPFA's response. PIPFA also ensures that all the new, proposed, and revised IPSASs and other pronouncements issued by the IPSASB are duly communicated to its members and the Public Sector Organizations that are in agreement with PIPFA through its publications and direct communication.	Ongoing	TC/R&PC/ Executive Director	Education Department/ Member Department
Review of PIPFA's Compliance Information					
35.	Ongoing	Perform periodic review of PIPFA response to SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the Compliance Staff to republish updated information.	Ongoing	TC/P&SC/ BOG	Executive Director/Education Department /Member Department

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Introduce an Investigation & Disciplinary System that Complies with the Requirements of SMO 6

Background:

PIPFA has direct responsibility to implement and enforce SMO – 6 for which an effective investigation and disciplinary system has been designed and implemented in accordance with national legal and regulatory framework that also fulfills the requirement of SMO-6. The Articles of Association of PIPFA form the legal foundation for PIPFA to adopt and implement an Investigation & Disciplinary Mechanism and authorizes the Board of Governors to further regulate its members and students. PIPFA has implemented an I&D mechanism that fully addresses complaints/ information about misconduct of members and students and provides for disciplinary action if necessary. The Technical Committee periodically reviews the I&D Policy to recommend improvements that may arise as a result of developments in SMO 6 or in light of suggestions and issues that arise in dealing the I& D cases by the relevant committees and the Board.

The Disciplinary action can be initiated on any of the following acts of misconduct;

- Acts or omissions likely to bring the accountancy profession into disrepute,
- Breaches of professional standards, including breach of code the Code of Ethics,
- Gross professional negligence,
- A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise professional behavior,
- Found involved in Criminal activities.

The PIPFA Regulations are exhaustive and contain exhaustive list of actions that amount to misconduct. Salient features of PIPFA’s Investigation and Disciplinary System are;

- Covers acts of misconduct that are information-based as well as complaints-based,
- Composition of Independent Investigative, Disciplinary and Appellate authorities to ensure transparency,
- Well Defined processes for Investigation, Disciplinary actions and sanctions,
- Rights of Representation and Appeal &
- Administrative Controls.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Strengthening of the Investigation and Disciplinary System (I&D)					
36.	Ongoing	Continuous review of I&D systems, rules and regulations to ensure that effective Investigation and Disciplinary mechanism is in place and different Committees are performing their duties in effective and timely manner for addressing all unethical behaviors and acts of members and students	Ongoing	IC/R&DC	Member Department/ Examination Department/ Education Department

Maintaining Ongoing Processes					
37.	January 2018	<p>PIPFA has adopted IESBA Code of Ethics, 2016 (Part A & C) after due diligence and inviting comments of the members. It has been duly communicated to the members and awareness provided that any Non-compliance may result in disciplinary actions under PIPFA's Disciplinary/Misconduct Rules and Regulations.</p> <p>The Code of Ethics as adopted is available for download on the PIPFA website in the Members Secured Area.</p> <p>At the pre-qualification level, the students are clearly informed about the Education and Examination Policies and the required code of conduct during examinations. Instructions are published in PIPFA Career Plan for awareness of students and are also provided to the students along with Examination Entry Cards. The BOG has enforced a strict policy regarding Unfair Means Cases on the recommendations of Examination Committee which are also</p>	January 2019	IC/R&DC/BOG/ EC/ Director Examinations/ Executive Director	Education Department/ Examination Department/ Member Department
Review of PIPFA's Compliance Information					
38.	Ongoing	Perform periodic review of PIPFA response to SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the Compliance Staff to republish updated information.	Ongoing	R&DC/TC/BOG	Member Department/ Executive Director

Appendix III—Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	x	-	-	-
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	x	-	-	-

Requirements	Y	N	Partially	Comments
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	x	-	-	-
4. Link with the results of QA reviews has been established.		x		PIPFA is not directly responsible for Quality Assurance as declared in SMO 1.
Investigative Process				
5. A committee or similar body exists for performing investigations.	x	-	-	-
6. Members of a committee are independent of the subject of the investigation and other related parties.	x	-	-	-
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	x	-	-	-
8. Members of the committee/entity include professional accountants as well as non-accountants.	x	-	-	-
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	x	-	-	-
Sanctions				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	x	-	-	Part (b) is not relevant in case of PIPFA Members.
Rights of Representation and Appeal	x	-	-	-

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

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Use Best Endeavors to Support Convergence with International Financial Reporting Standards

Background:

The Securities and Exchange Commission of Pakistan (SECP) has direct responsibility for adopting and promulgating accounting standards for listed and non-listed companies. The Companies Act, 2017 refers to the International Accounting Standards Board (IASB) pronouncements to be used in the preparation of financial statements for listed entities. A large number of IASB pronouncements have been adopted for listed and other public interest and large companies. Other companies, except micro companies, follow IFRS for SMEs.

PIPFA informs its members about new and amended IFRS through its website, periodic journals, and newsletters. PIPFA fully supports in the implementation of these standards by providing pre-qualification courses on IFRS. PIPFA regularly updates the syllabus to incorporate the new and amended standards in its subject of Financial Reporting and Financial Accounting.

PIPFA has a policy to allow IFRS and ISA books in the examinations for the subjects of Financial Reporting and Auditing to enhance the applied knowledge and skills of students at pre-qualification level. This will enable them to better understand and implement these standards during professional training and practice.

PIPFA regularly conducts short courses/seminars on IFRSs, Valuations Management and other related topics.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Promote the Use of IFRSs					
39.	Ongoing	<p>Ensure member access to updated standards, exposure drafts and other pronouncements released by of IASB. Support in the adoption of these standards in Pakistan by SECP.</p> <p>Through the Open Book Examinations for the subject of Financial Reporting and Audit & Assurance, fostering the practical understanding and implementation of IAS, IFRS and ISA by the professional students during their training and practice.</p> <p>Regularly conducting short/certificate courses on IFRS through its Branch Committees. Also encouraging the members to attend similar CPD activities conducted by ICAP & ICMAP.</p> <p>PIPFA is also designing a certification course on IFRS and will launch it nationwide.</p>	Ongoing	TC BOS	Member Department

Maintaining Ongoing Processes

40.	Ongoing	Continued implementation of the pre-qualification and CPD programs that incorporate financial reporting courses based on IFRS, and elaboration of IASB guidance, interpretations and other pronouncements.	Ongoing	TC /CPD&SC	Member Department
41.	Ongoing	Continuously keep members and students abreast with newly issued Accounting Standards by IASB and as adopted by ICAP and design CPD activities accordingly.	Ongoing	TC /CPD&SC	Member Department
<i>Review of PIPFA's Compliance Information</i>					
42.	Ongoing	Perform periodic review of PIPFA response to SMO Action Plan and update the response as necessary. Once updated, inform IFAC Compliance Staff about the updates in order for the Compliance Staff to republish updated information.	Ongoing	TC/BOG	Member Department/ Executive Director



PAKISTAN INSTITUTE OF PUBLIC FINANCE ACCOUNTANTS (PIPFA)

(A company set up under Section 42 of the Companies Ordinance, 1984)

Constituents: ICAP, ICMAP, AGP

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PIPFA/IFAC-2018/767

Mr. Adrian Lim,
Technical Manager, Quality & Development
International Federation of Accountants (IFAC)
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USA

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

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

On behalf of the leadership of the Pakistan Institute of Public Finance Accountants, 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,

Ghulam Mustafa Qazi
President
Pakistan Institute of Public Finance Accountants
December 27, 2018