

IFAC COMPLIANCE REPORT AND ACTION PLAN

DEVELOPED BY

COLEGIO DE CONTADORES PÚBLICOS DE COSTA RICA



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:	Colegio de Contadores Públicos de Costa Rica (CCPACR)
Approved by Governing Body:	Colegio de Contadores Públicos de Costa Rica (CCPACR) Board
Original Publication Date:	October 2010
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Next Update:	March 2022

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

Abbreviations relating to CCPACR and its structure

CCPACR	Professional Organization of Public Accountants of Costa Rica - Colegio de Contadores Públicos de Costa Rica
QCC	Quality Control Commission
TH	Tribunal of Honor
OC	Oversight Commission
SC	Standards Commission
SAC	Standing Advisory Committee

Abbreviations relating to Costa Rican Institutions

CGR	General Comptroller's Office - Contraloría General de la República
CONASSIF	National Financial System Supervision Council - Consejo Nacional de Supervisión del Sistema Financiero
SUGEF	General Superintendence of Financial Entities - Superintendencia General de Entidades Financieras
MEIC	Ministry of Economy, Trade and Industry - Ministerio de Economía, Industria y Comercio
MEP	Ministry of Education - Ministerio de Educación Pública
MH	Ministry of Finance - Ministerio de Hacienda
DGT	General Tax Office - Dirección General de Tributación Directa

IFAC and related abbreviations

IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Educations Standards Board
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IPSASB	International Public Sector Accounting Standards Board
IES	International Educational Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
I&D	Investigation and Disciplinary System
QAP	Quality Assurance Program
QCS	Quality Control System
ROSC	Report on Observance of Standards and Codes
SME	Small and Medium Enterprises

Action Plan Subject: General Description of Organization, Environment and Goals of the Action Plan
Action Plan Objective: Describe Regulatory and Standard-Setting Framework, Governance, Challenges and Key Success Factors

<p>General Background</p> <p>The main legal framework regulating the practice of the profession in Costa Rica is Law 1038 “Law for the Creation of the Professional Organization of Public Accountants”.</p> <p>The Professional Organization of Public Accountants of Costa Rica, as the entity in charge of promoting the profession in accordance with Article 14 of the Law, adopted as of 2001 the International Financial Reporting Standards (IFRS) and the International Standards on Auditing (ISA), in 2006 it made a recommendation to the Government to adopt the International Public Sector Accounting Standards (IPSAS), and, in 2009, adopted the International Financial Reporting Standards for Small and Medium Enterprises (IFRS-SME).</p> <p>The entities that must be audited in our country are:</p> <ul style="list-style-type: none">➤ Enterprises regulated by the National Financial System Supervision Council (CONASSIF)➤ Enterprises considered major taxpayers of national and territorial income tax➤ Enterprises that must comply with banking requirements.➤ Those that decide to submit voluntarily to auditing➤ Enterprises listed in the stock exchange➤ Enterprises registered under the Free Zone regime.
<p>Regulatory Framework</p> <p>In Costa Rica, the Regulations of the Income Tax Law, Article 57, establish that the accounting systems of private sector taxpaying companies must adjust to International Accounting Standards approved and adopted by the Professional Organization of Public Accountants of Costa Rica, and any standards approved and adopted by the Organization in the future. This position was reinforced with the inclusion of a reform to the Tax Standards and Procedures Code, as of September 2012, which outlines in its Article 128 that taxpayers are required to perform their accounting according to the IFRS.</p> <p>In 2013 the Ministry of Finance reinforced this position with the enforcement of the Tax Procedures Regulations. In November 2017 it issued the draft resolution “Criteria for Interpreting the implementation of the International Financial Reporting Standards with respect to the Tax Standards” for revision.</p> <p>The Ministry of Finance through a resolution will publish the interpretation criteria regarding the implementation of the International Financial Reporting Standards with respect to the Tax Standards, which supposes that the Tax Code establishes the obligation of taxpayers to keep their financial, accounting, and any other type of records, in compliance with the recording and information principles established in the regulatory standards or, otherwise, in accordance with the International Financial Reporting Standards, hereinafter IFRS, adopted by the Professional</p>

Organization of Public Accountants of Costa Rica, as long as the latter does not come into opposition with the tax laws, and in case of conflict among them, for tax purposes, the tax standards provisions will prevail.

On the other hand, CONASSIF as one of the main regulatory agents, has been partially accepting to come closer to the adoption of the IFRS, as well as financial entities themselves. In November 2016, it stipulated that the regulatory accounting base should be revised in order to implement the most recent version of IFRS in all regulated sectors.

Notwithstanding, the Board of Directors of the Professional Organization of Public Accountants of Costa Rica has considered this progress as a positive step but not sufficient as it requires a more sustained position.

In relation to the implementation of IPSAS, the Presidency of the Republic as well as the Ministry of Finance, through Executive Decree N° 41039-MH, signed February 1, 2018, have extended the period for the implementation of those standards in all public institutions until January of 2020.

The SUGEF published its Financial Information Regulations, with the purpose of updating the regulatory accounting basis applied by supervised entities so as to enable the implementation of the most recent version of the International Financial Reporting Standards (IFRS), as well as maintain prudential regulations aligned to those standards. The SUGEF also took the necessary steps to transfer the entry into force to January 2020 for the full project, except with respect to recording accounts and 14 custody control, which will maintain their entry into force in January 2019. It is expected that the final proposal will be submitted in June 2018 for approval of CONASSIF.

Governance Framework

The Professional Organization of Public Accountants of Costa Rica has developed a working structure which includes permanent commissions; some are defined under the Statutory Law: the Standing Advisory Committee, the Tribunal of Honor and others authorized by the Board of Directors based on the Law. These commissions have been established in response to the needs that have surfaced to ensure the smooth development of operations. Their functions under this law include: promote the progress of accounting and related sciences, oversee the advancement of the profession in all aspects, collective defense and normal development of professional activities, ensuring the development of the best education in the field, and provide opinions, answer technical questions, and settle conflicts that may arise among members or submitted as an arbitration process in the matters of competence.

Among other commissions of the Professional Organization of Public Accountants of Costa Rica, the Standards Commission is in charge of drawing up the draft pronouncements of the Organization regarding IFRS and ISA, which are to be formally issued by the Board of Directors, after approval of 2/3 of the total votes. These Standards and Procedures must be published in the official newspaper “La Gaceta”, and are of mandatory observance by Authorized Public Accountants. They are also published through the Organization’s mass communication media.

Challenges and Key Success Factors

The Professional Organization of Public Accountants of Costa Rica makes ongoing efforts to create awareness about the importance of high-quality financial information as it elevates interest in financial statements and generates numerous benefits to users and different stakeholders in the country.

Between 2009 and 2010, the Organization was taken to court on account of its IFRS, ISA, and IPSAS certification programs and was imposed a series of precautionary measures. The Court considered this program generated inequality in relation to Law 1038, by presuming that the diplomas granted by the Organization created an expectation in participants of obtaining an academic degree. In mid-2013, the different precautionary measures, which had caused a partial paralysis of the Organization with respect to professional advancement, were lifted, under the condition that the Organization would only offer training courses on a voluntary basis, that in no way implied an academic degree. In this sense diplomas would have to bear a legend to the effect, to prevent any harm and dismiss any expectations in participants and users. The CCPACR Board of Directors requested a legal opinion on the matter from the General Comptroller's Office, which determined that the Organization cannot generate distinctions between its members that are not provided for in its statutes nor does it have the power to award academic degrees. It could, however, offer professional advancement training to members and participants in general, who voluntarily decide to do so because of the CCPACR's steering role in the country and as one the major agents of knowledge in the field, which receives first-hand information on professional developments.

The Board of Directors has considered that the current operating structure allows the Organization to fulfill its commitments with IFAC, with regards to dissemination, training and linkages. If necessary, any pertinent adjustments could be made to this existing structure. Therefore, the creation of a parallel structure denominated "National FRS Implementation Program" (PRONIIF) was not considered necessary as the Organization is currently being able to advance in its commitments satisfactorily.

The Department of Professional Development has been strengthened within the Organization in its role of implementing updating programs to promote and enhance the efficiency of the practice of Authorized Public Accountants. These programs aim to comply with the provisions of Article 14 of the Regulations of Law 1038, including the organization of activities for non-members, based on a work plan, to effectively promote the profession, the Organization and become a contribution to society.

The Quality Control Program was redesigned at the end of 2013 and during 2014 to focus on a Pilot Plan of voluntary reviews of public accounting firms and include independent practice professionals. Also in 2013, there was a court ruling clarifying the role of the Professional Organization of Public Accountants with respect to the supervision of public accounting firms, which clearly determined based on Law 1038 that the CCPACR has the power to exercise such a supervision. The Organization has also made efforts to consolidate the CCPACR Code of Ethics by introducing improvements with the help of the Tribunal of Honor to facilitate its application when dealing with complex situations and by defining procedures on how to proceed when the Code itself does not foresee a particular situation based on, primarily, the IESBA Ethics Code.

The training program offered during 2014 was implemented under the modality of Voluntary Professional Advancement Courses on International Financial Reporting Standards and International Standards of Auditing. This modality was necessary due to a decision of the General Comptroller's Office which stated that the programs had to be of a voluntary nature and that the Organization could not offer, under any circumstances, academic degrees or certification levels to its members that are not foreseen under Law 1038. Consequently, the Organization is legally restricted from implementing certification programs that could be interpreted as making a distinction among its members under conditions not established in Law 1038, or leading to an academic degree. These Advancement Courses were therefore imparted throughout the year and have included additional subjects. Some improvements were made to the Induction Seminar required for new member incorporation, which was initially only 4 hours but as of the year 2013 now has a duration of 20 hours. During 2014 an amendment was introduced to Article 30 of the Regulations to Law 1038 dealing with admissions requirements, in order to better define posts and prior professional experience required by applicants to request admission to the Organization. The amendment also establishes the regulatory framework for professional practice and the inclusion of the Ethics Seminar among the entry requirements. The seminar includes subjects of specific knowledge that applicants should have to become a member of the Professional Organization of Public Accountants of Costa Rica, in areas such as: Ethics Code of the Authorized Public Accountant, which is aligned to the provisions of IESBA, IFRS, ISA, the Organization's oversight processes, circulars and decisions published by the Professional Organization of Public Accountants of Costa Rica.

Through its Working Committees, namely, the Standing Advisory Committee and the Standards Commission, the Organization makes efforts to streamline the consultations submitted to the Organization of Public Accountants which mostly deal with technical questions, matters relating to the application of accounting and auditing standards, in the accountancy profession. These committees are coordinated by the Technical Advisory Department.

The CCPACR as a professional organization relies on the support of the International Accounting Standards Board (IASB) and the International Auditing Standards Board represented by the International Federation of Accountants (IFAC). Additionally, in seeking its institutional consolidation, the CCPACR has become affiliated to the Group of Latin-American Standards Setters (GLASS) and the Inter-American Association of Accountants (IAC). This support is important for three reasons: in the first place, to broaden the Organization's scope through affiliations with different organizations to promote advancement, in the case of Costa Rica, with its limited budget, the CCPACR has been able to make significant progress, secondly a more active participation of international organization representatives that could lobby with government officials and thirdly, a stronger presence – physical or through technical means, to share academic and technical experiences.

Projects

The Professional Organization of Public Accountants of Costa Rica makes ongoing efforts to create awareness about the importance of high-quality financial information which elevates interest in financial statements and generates numerous benefits to users and different stakeholders in the country.

The Professional Organization of Public Accountants of Costa Rica does not have direct involvement in the educational content of public accounting courses offered by technical schools, para-university or university centers. However, the Organization maintains relationships so

as to obtain changes at the level of core curricula and continually encourages SINAES, CONESUP, and CONARE to try to ensure that students graduating from those centers have the required technical training that is consistent with national and international requirements of the profession.

Additionally, in February 2016 the Organization published Circular 20-2016 entitled “Minimum Content Requirements Plan for the University Bachelor and Licentiate Degree Programs in Public Accounting” which includes the reference framework for the basic training that any professional should have to practice the profession of public accounting as a freelance or dependent worker in any kind of industry of the public or private sector, according to current demands and acceptable quality standards. This plan of minimum content requirements was adapted to the International Education Standards (IES).

The Professional Organization of Public Accountants of Costa Rica, through Agreement No. 899-2016 of the Board of Directors, has approved the Authorized Public Accountant Profile, which is in line with the Profile established by the International Federation of Accountants. The profile covers 6 basic areas: personal characteristics, ethical conduct, academic background, practical experience, competency areas and professional service and on-going professional development.

With respect to technological aspects, the Organization has a YouTube channel where it can provide live transmission of talks, discussions and congresses that take place during the year, and which are later published. The following is the link [youtube.com/colegiodecontadorespublicosdecostarica](https://www.youtube.com/colegiodecontadorespublicosdecostarica), which is open to Organization members and the public in general.

Throughout this year the Professional Organization of Public Accountants of Costa Rica has been working on a computer application (APP). This tool will help members keep abreast of subjects of interest to the profession, as well as information regarding the schedule of training courses and events.

Additionally, the Organization is working on offering also online training, so that users may have access through their computers to the courses and training offered by the institution.

IFAC Plan of Action		
1.	Evaluate progress against Action Plan Activities	Semi-Annually
2.	Update Plan of Action	Annually

Action Plan Subject: SMO 1 – Quality Assurance
Action Plan Objective: *Establish an Effective System of Quality Assurance*

Background:

The Professional Organization of Public Accountants of Costa Rica ratified in March of 2014 the adoption of International Auditing and Assurance Standards, approved through Agreement 324-2002, including the “International Quality Control Standards 1” (ISQC-1) and the ISA 220 “Quality Control for an Audit of Financial Statements” (QCAFS), which fall within the parameters of SMO-1

Additionally, during the year 2014, the Professional Organization of Public Accountants of Costa Rica published the following:

- Circular N° 07-2014 “*Guide for the implementation of Quality Control for Public Accounting firms and independent professionals*”
- Circular N° 10-2014 “*Quality Control Reviews Handbook*”

Both guides were approved by the Board of Directors of the Professional Organization of Public Accountants through Agreements 32-2014 and 33-2014 dated November 10, 2014 and November 17, 2014 respectively.

Additionally, a Quality Control Review Checklist has been published which is being implemented since February 14, 2018, for use during the Quality Control review visits to accounting firms and independent professionals.

The objective of these documents is to provide Public Accounting firms and independent professionals with useful tools that provides the minimum requirements for the implementation of a quality control system, as well as the minimum aspects that firms and professionals must have in case they are subjected to a review by the Quality Control Unit of the Oversight Department.

In 2015 the Quality Control Commission was created with the purpose of providing advice to the Board of Directors and of supporting the work of the Overseer as provided for in ISQC-1 and Article 23 of the Professional Ethics Code of the Authorized Public Accountant.

2016 Update:

The Organization established that as of July 1, 2016 every firm and independent professional must have a Quality Control System in place.

As of that same date, the Quality Control Unit initiated quality control reviews to firms, to verify compliance with the established quality control standards.

The Professional Organization of Public Accountants of Costa Rica has been undertaking quality control reviews of public accountancy firms and independent professionals since the second semester of 2016.

During the first phase, the review is being addressed to registered firms and, the second phase, which is expected to start in October 2018, will focus on the review of independent professionals.

2017 Update:

As of March 31 of 2018, the Quality Control Unit of the Oversight Department has undertaken visits and reviews of 50 firms, which represent coverage of about 48% of registered firms. It is expected that by September 2018 the coverage of reviews will reach 92% of all firms.

After the quality control system review has been completed by the Quality Control Unit of the Oversight Department, a report is issued with the observations, conclusions, and recommendations with respect to each firm resulting from the visit, which is analyzed by the Chief of the Oversight Department and is submitted to the Quality Control Commission. This Commission is made up of 5 professionals, including the Organization's Overseer, who presides the Commission. The Commission reviews, discusses, and approves the reports, which in all cases are sent to the Board of Directors of the Organization for information and to proceed with the notification to the representatives of the public accountancy firms. The firms then have 3 months to implement corrective actions, when necessary; if they fail to comply, the firm could be subject to sanctions as determined by the Board of Directors.

In Ordinary Session N° SO. 19-2017 of September 27, 2017, through Agreement No. 574-2017, the Board of Directors of the Professional Organization of Public Accountants of Costa Rica approved the document on "Guidelines for a Quality Control System". These guidelines define the internal parameters of the Oversight Department and its Quality Control Unit for the performance of their duties in order to ensure the effective application by Public Accountants working in accountancy firms or as independent professionals of current standards and/or those adopted by the Organization.

See attached Annex and links to references.

Circular 07-2014

<http://www.ccpa.or.cr/circular-n-07-2014/>

Circular 10-2014

<http://www.ccpa.or.cr/circular-n-10-2014/>

Quality Control System Guidelines

<http://www.ccpa.or.cr/lineamientos-para-el-sistema-de-control-de-calidad/>

Quality Control Revision Checklist

<https://drive.google.com/drive/folders/1U5FQvEeLcbeFiBHmfaBnaG3m8Em7MOhz>

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Implementation of the Quality Control Program</i>					
1.	March 2014	Publish handbooks to develop and implement Quality Control System	November 2014	Oversight Department	<ul style="list-style-type: none"> • Board of Directors • Oversight Department • Quality Control Unit

2.	July 2015	Set-up a Quality Control Commission with the purpose of providing advice to the Board of Directors and assist the work of the Oversight Commission with regard to the provisions of ISQC-1 and Article 23 of the Professional Ethics Code of the Authorized Public Accountant.	December 2015	Oversight Department Board of Directors	<ul style="list-style-type: none"> • Board of Directors • Oversight Department
3.	July 2016	Start of quality control reviews of Accounting Firms, to verify compliance with existing quality control standards.	September 2018	Oversight Department	<ul style="list-style-type: none"> • Board of Directors • Oversight Department • Quality Control Unit
<i>Maintain Ongoing Processes</i>					
4.	On-going	Ensure, through annual revisions, that the quality level of the Quality Assurance Program (QAP) is in compliance with the terms of SMO -1, by updating the working documents based on latest version of the ISQC-1.	On-going	Quality Control Unit	<ul style="list-style-type: none"> • CCPACR • Quality Control Commission (QCC)
5.	On-going	Organize talks and training sessions on how to implement the quality control handbooks.	On-going	Oversight Department	<ul style="list-style-type: none"> • Board of Directors • Oversight Department • Quality Control Unit

Action Plan Subject: SMO 2 – International Education Standards (IES) and other IAESB Guides
Action Plan Objective: *Implementation of the International Education Standards*

Background:

The CCPACR is the organization that groups certified public accountants in the country. Members are required to have a licentiate degree in Public Accounting, have proven professional experience of at least two years counted as of the date the applicant receives the bachelor's degree, and also take the Deontology Seminar and pass the Ethics test.

Public and private universities in Costa Rica are responsible for setting admission requirements for professional programs in accounting, of providing the training according to the curriculum and of awarding the degree of licentiate after completing the program.

The National Higher Education Accreditation System (SINAES) is a public entity in charge of granting accreditation to university and higher education programs of educational centers who voluntarily request to go through the evaluation process. It was founded in 1999.

The National Council of Rectors (CONARE) was created in 1974 and is responsible for establishing coordination mechanisms, in addition to those established by the Higher Education Planning Office, as may be required for the advancement of higher education.

The National Council for Private Higher University Education (CONESUP) was created in 1981 as an entity attached to the Ministry of Public Education and is in charge of regulating and overseeing private universities.

With respect to accountancy organizations in Costa Rica, Law No. 1038 of 1947 creating the Professional Organization of Public Accountants establishes that the Organization is in charge of regulating public accounting professionals, who by law must become members. On the other hand, Law 1269 of 1951 creates the Professional Association of Private Accountants of Costa Rica as the entity responsible for regulating the profession of private accountants.

The Professional Organization of Public Accountants of Costa Rica has provided follow-up on the subject of university curricula with the main entities in charge of higher education in the country, however, they have still not implemented the guidelines set forth by the International Education Standards. The Organization on its part has modified its membership entry requirements in order to align them to the IES.

2016 Update:

The Professional Organization of Public Accountants of Costa Rica makes efforts to offer training to its members on applicable standards throughout the year. During 2016, the Professional Organization of Public Accountants of Costa Rica provided 1,583 hours of training representing 79 courses. The courses are attended by the Organization's members but also by the public in general.

The training sessions covered some of the following subjects:

- International Financial Reporting Standards
- International Standards on Auditing
- International Standards on Public Sector Accounting

Other activities organized by the Organization during the course of the year are:

- The Month of the Public Accountant during the month of May, a month dedicated to academic and social activities. Training during this month is free of charge and is open to all Organization members. During 2016, 30 courses were carried out.
- The Annual International Congress was held on 22-23 September, 2016 focusing during the 2-day event on updating the knowledge of participants on accounting and auditing matters as well as other subjects of interest. The Congress had both national and international speakers. During 2016 the Congress was entitled “International Congress on IFRS and ISA” and was attended by 265 persons, of whom 206 were Authorized Public Accountants.
- Throughout the year the Organization organized Discussions, Talks and Forums on subjects of interest to Accounting Professionals for members. Twelve such activities were organized for a total of 24 hours during 2016.
- The discussions transmitted on the YouTube channel were reproduced 2,450 times during 2016.
- The Organization also organized talks with students of Technical Schools, since students during their high school years can specialize in a technical area, such as Public Accounting.

2017 Update

During 2017 the Professional Organization of Public Accountants of Costa Rica organized training courses on Standards during a total of 1,361 hours equivalent to 65 courses.

Some of the other activities organized by the Organization during the year are the following:

- The Month of the Public Accountant during the month of May, a month dedicated to academic and social activities. Training during this month is free of charge and is open to all Organization members. During 2017, 29 courses were organized.
- The Annual International Congress was held on 12-13 September, 2017 focusing during the 2-day event on updating knowledge. During 2017 the Congress was entitled “International Congress on IFRS and ISA: Technology, the key to the transparency and financial information in a digital world” and was attended by 272 persons, of whom 215 were Authorized Public Accountants
- Throughout the year the Organization organized Discussions, Talks and Forums on subjects of interest to Accounting Professionals for members. Nine such activities were organized for a total of 18 hours during 2017.
- The discussions transmitted on the YouTube channel were reproduced 3,048 times during 2017.

Additionally, the Professional Organization of Public Accountants of Costa Rica has maintained close contacts with the National Higher Education Accreditation System (SINAES), the National Council of Rectors (CONARE) and The National Council for Private Higher University Education (CONESUP) to review and ensure that the contents of curricula are consistent with the level of professional training required by CCPACR. On April 19, 2018 a reply from CONARE was received, stating that they are transferring the request of the Professional Organization of Public Accountants to its Academic Division.

See attached Annex and links to references.

Annual Reports

<http://www.ccpa.or.cr/category/informes/>

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Raise Awareness of the Requirements of International Education Standards and Begin Application to University Education.</i>					
1.	On-going	Under dissemination of information, the Oversight Department will maintain members informed of changes and important information regarding standards published by international organizations responsible for regulating the profession, through mass e-mails, publications in social networks and communications media, complemented with participation in external communications media.	On-going	Professional Development Department Technical Consulting Department	<ul style="list-style-type: none"> • Board of Directors • Information Technology
2.	February 2016	The Organization issued Circular 20-2016 entitled "Minimum Requirements for the Bachelor Degree and Licentiate Degree Programs in Public Accounting". This Circular includes the framework for the basic education that every professional should acquire to practice as an independent or dependent public accountant in any type of industry of the public or private sector, according to current demands and an acceptable quality framework. These requirements were adapted from the International Education Standards.	On-going	Technical Consulting Department	<ul style="list-style-type: none"> • CCPACR • Technical Consulting Department
<i>Maintain the current process of voluntary professional development developed by CCPACR</i>					
3.	On-going	Provide continuous dissemination and seek accreditation of the courses taken by members through training programs of the Organization. Likewise, generate free spaces for discussion of current issues regarding the professional practice of the Authorized Public Accountant.	On-going	Professional Development Commission Professional Development Department	<ul style="list-style-type: none"> • CCPACR • Board of Directors • Professional Development Department
<i>Maintain Ongoing Processes</i>					
4.	On-going	Ensure, through annual revisions, compliance with the requirements of SMO-2 regarding professional development, professional examinations, practical experience and ongoing education, taking due account	On-going (Each year in December)	Technical Consulting Department	<ul style="list-style-type: none"> • CCPACR • Professional Development Department

		of the decision of the General Comptroller's Office, the arbitration conciliation and observance of the precautionary measures imposed on the Organization from 2010 to 2013.		Professional Development Department	
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Action Plan Subject: SMO 3 - International Standards and other IAASB Pronouncements
Action Plan Objective: Use Best Endeavors to Improve Implementation of ISAs.

Background:

In accordance with the powers conferred by Article 14 of Law 1038 creating the Professional Organization of Public Accountants of Costa Rica, the Professional Organization of Public Accountants of Costa Rica is responsible for establishing the auditing standards for companies in Costa Rica.

The Organization adopted the ISAs translated into Spanish in 2005, and made a ratification of adoption on December 11, 2014 as the basis for the development of auditing work and related services in Costa Rica. Any modifications or pronouncements currently in force, as well as any new Standards or Pronouncements that are issued in the future by the International Federation of Accountants, will be automatically considered incorporated to the regulations of mandatory compliance in Costa Rica, without prejudice to any assessment or recommendation that could be made by the Standards Commissions of the Professional Organization of Public Accountants of Costa Rica regarding the partial or full application specifically in Costa Rica, and without prejudice to any possible changes.

In addition, Law N ° 7732 of 1977 gives the National Financial System Supervision Council (CONASSIF) the authority to establish accounting and auditing standards for regulated entities. Regulation 32–10 of CONASSIF requires external auditors of regulated entities to use the ISAs approved by the Professional Organization of Public Accountants of Costa Rica.

Private companies in Costa Rica are not required to be audited under the law, but in the case there is an audit, the auditor must be a member of the Professional Organization of Public Accountants of Costa Rica.

2016 Update

The Professional Organization of Public Accountants of Costa Rica and CONASSIF have adopted the ISAs, and the Professional Organization of Public Accountants of Costa Rica maintains an on-going process to disseminate information about new decisions or any changes from the IAASB.

In addition, the Organization has a Technical Consulting Department that takes care of any questions regarding the Standards. Questions can be submitted by members, by any professional, a public or private company, and even by university students.

The Continuous Professional Development Department of the Professional Organization of Public Accountants of Costa Rica includes training on ISAs and the most recent updates of these standards within its programs.

The courses offered by the Professional Development Department include the following:

- ISAs
- Operational Auditing
- Forensic Auditing
- Government Financial Auditing
- Auditing working papers

By being a member of IFAC, the Professional Organization is able to offer its members through its Internet webpage (www.ccpa.or.cr) the link to download the most recent version of the ISAs issued by IFAC.

2017 Update

Additionally, during the year 2017 the Professional Development Department offered training on the following subjects:

- ISAs
- Model of Audit Opinion
- Report of Financial Information Review
- Report on Financial Information compilation work
- ISA 700 (Revised), Modifications to the opinion and key auditing issues
- Assurance Commitment work that is not an audit nor revisions of historical financial information

The Technical Consulting Department of the Professional Organization of Public Accountants of Costa Rica clarifies all the questions it receives regarding the application of the International Standards of Auditing which arrive through letters, e-mail, or phone calls. With regard to the last updates, the Department has disseminated information about the new opinions established in ISAs 701, 705, and 706 for the periods ending as of December 15, 2016. In addition, information has been shared regarding the modifications of ISA 570 Going Concern and ISA 260 Communication with Those Charged with Governance of the entity.

See attached Annex and links to references.

CIRCULAR 03-2014: Ratification of the Adoption of the International Standards on Auditing

<http://www.ccpa.or.cr/circular-n-03-2014/>

Other Circulars

<http://www.ccpa.or.cr/normativa-vigente/>

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Promotion of Implementation of ISA's</i>					
1.	July 2015	Organize training activities on IAASB standards for CCPACR members. This program should make emphasis on the following areas: <ul style="list-style-type: none"> - Fundamental ISA areas; - Current issues and recent ISA changes; - Implementation of ISA in audits - Challenges for small and medium auditing firms. 	On-going	Professional Development Department	<ul style="list-style-type: none"> • CCPACR • Professional Development

2.	July 2015	Implement an annual seminar of training on Auditing Standards, within the Training Program of the Continuous Professional Development Department.	On-going	Continuous Professional Development Department	<ul style="list-style-type: none"> • Professional Development Commission • Continuous Professional Development Department
<i>Maintain Ongoing Processes</i>					
3.	On-going	Monitor changes to IAASB standards and ensure such changes are being communicated to members affiliated to the CCPACR and that training programs are updated accordingly to reflect the changes. Changes are communicated through mass emails, Facebook and the YouTube Channel.	On-going (Each year in December)	Standards Commission	<ul style="list-style-type: none"> • CCPACR • Standards Commission
4.	On-going	Make 'best efforts' to identify opportunities for ISA implementation. Update work plan regarding future activities.	On-going (Each year in December)	Standards Commission and Technical Consulting Department	<ul style="list-style-type: none"> • CCPACR • Standards Commission
5.	June 2015	Organize annual workshops to implement the Guide on the use of ISAs for small-medium enterprises, Circular No. 17-2015.	On-going	Standards Commission Technical Consulting Department Professional Development Department	<ul style="list-style-type: none"> • Standards Commission

Action Plan Subject: SMO 4 - IESBA Code of Ethics
Action Plan Objective: Update the Code of Ethics to Current IESBA Code of Ethics

Background:

The Professional Organization of Public Accountants of Costa Rica, according to its statutory law, is authorized to establish ethical standards for authorized public accountants. In 2014, the Professional Organization of Public Accountants of Costa Rica published the document Professional Ethics Code of the Authorized Public Accountant, in line with the guidelines set forth by IESBA.

The Organization has a Tribunal of Honor, which is in charge of applying the general principles, encompassed within the Code of Ethics for Professional Accountants issued by the International Federation of Accountants, acting exclusively as judge of conscience over any difference of a moral nature between members of the Organization, in order to resolve any issues that may arise.

2016 Update

As part of the Deontology Seminar, the Professional Organization of Public Accountants of Costa Rica includes the study of the Professional Ethics Code of the Authorized Public Accountant, which was drawn up using the guidelines established by IESBA. Additionally, knowledge about the contents of the Ethics Code is evaluated through the admission test of the Organization for new members.

In the case of active members of the Professional Organization of Public Accountants of Costa Rica, the subject of the Code of Ethics is included in all training programs. In addition, updates and current issues regarding professional ethics are published through our website and/or sent by e-mail.

2017 Update

The Board of Directors of the Professional Organization of Public Accountants of Costa Rica, during Ordinary Session N°16-2017 held on August 9, 2017, approved Agreement No. 516-2017 SO.16 establishing the regulations for the internal operation of the Tribunal of Honor. It establishes that its purpose is to resolve issues of a disciplinary nature relating to violations of moral and ethical norms, as well as the rights of Organization members, whether ex-officio or at the request of an interested party, due to conflicts between members of the trade or between members and third parties.

During the year 2018, the Professional Organization of Public Accountants of Costa Rica will review the implementation of changes proposed in the Code of Ethics published by IESBA, which would enter into effect in June 2019.

See attached Annex and links to references.

Code of Ethics of the Organization

<http://www.ccpa.or.cr/codigo-de-etica-profesional/>

Regulations for the internal operation of the Tribunal of Honor.

<http://www.ccpa.or.cr/normativa-para-el-funcionamiento-interno-del-tribunal-de-honor/>

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Maintain Ongoing Processes</i>					
1.	On-going	Monitor changes to the IESBA Code of Ethics to ensure changes are communicated to members of the Organization, to update the Code of Ethics of the Professional Organization of Public Accountants to include such changes and to ensure that training programs are updated accordingly. Short bulletins are normally issued through general communications media.	On-going (Each year in December)	Board of Directors Tribunal of Honor Professional Development Commission	<ul style="list-style-type: none"> • CCPACR • Board of Directors • Tribunal of Honor
2.	On-going	Make 'best efforts' to identify opportunities to support the implementation of the Code of Ethics. This includes a revision of current activities and updates to the work plan to include planned activities.	On-going (Each year in December)	Board of Directors Tribunal of Honor	<ul style="list-style-type: none"> • CCPACR • Board of Directors • Tribunal of Honor
3.	On-going	A Committee has been set up to review the updates to the IESBA Ethics Code, that will come into force in June 2019. The Commission is awaiting the publication of the Spanish version of the final version.	Pending publication of Spanish version	Board of Directors Designated Commission	<ul style="list-style-type: none"> • CCPACR • Board of Directors • Designated Commission

Action Plan Subject: SMO 5 - Public Sector Accounting
Action Plan Objective: Raise Awareness of IPSAS with Government Counterparts

Background:

The Government of Costa Rica adopted the International Public Sector Accounting Standards (IPSAS) in the entities that form part of the General Government Sector through Decree N°35616-H.

The Ministry of Finance decreed the following transition provisions for the following standards:

- IPSAS N° 6 “Consolidated and Separate Financial Statements”
- IPSAS N° 8 “Participation in Joint Ventures”
- IPSAS N° 13 “Leasing”
- IPSAS N° 17 “Property, Plant, and Equipment”
- IPSAS N° 23: “Revenue from non-exchange Transactions – Taxes”
- IPSAS N° 23 “Revenue from non-exchange Transactions – other non-exchange transactions including social contributions”

In line with the adoption by the Government of Costa Rica of the International Public Sector Accounting Standards (IPSAS), the Professional Organization of Public Accountants of Costa Rica includes, within its training programs for members and the public in general, topics and specific courses relating to the IPSAS. These topics have been included since the year 2009 in the courses offered at the Organization’s facilities.

2016 Update

The Professional Organization of Public Accountants of Costa Rica collaborates by offering courses on these standards, which may be attended by Professional Organization members as well as the public in general.

In meetings with the Government, the Executive Director of the Organization and members of the Board of Directors have given follow-up to the implementation of these standards in the public sector. They have been given information about the support available at the Professional Organization of Public Accountants of Costa Rica for the implementation process through training courses and talks on IPSAS subjects.

2017 Update

In December 2017, the Government of Costa Rica, through DFOE-DL-SGP-00004-2017 Follow-up Report on the Implementation and Application of International Public Sector Accounting Standards (IPSAS) in Local Governments, has identified some limitations along the process of implementation and application of the standards. The main weakness was found to be at the local government level where municipalities do not have an accounting department, they advance at different paces and rhythms and do not have an accounting system that complies with the requirements of applicable standards. Consequently, the implementation process of IPSAS at the municipal level does not show significant advance. This is not the case in other institutions of the public sector.

As of March of 2018, the Professional Organization of Public Accountants has held meetings with the Ministry of Finance and the National Accounting Office to inquire about the implementation of these standards in the Public Sector.

The Government has taken the decision to implement the international accounting standards starting in January 2020.					
See attached Annex and links to references.					
DFOE-DL-SGP-00004-2017 Follow-up Report on the Status of Implementation and Application of International Public Sector Accounting Standards in local governments.					
#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Maintain Ongoing Processes</i>					
1.	On-going	<p>Make best efforts to identify opportunities to support the adoption of IPSAS. This includes a revision of current activities and updates to the work plan to take into account future planned activities.</p> <p>The Plan of Action takes into account the design of training programs for public sector professionals, and visits to entities such as the National Accounting Office.</p>	<p>On-going</p> <p>(Each year in December)</p>	Standards Commission	<ul style="list-style-type: none"> • CCPACR • Standards Commission
2.	On-going	<p>Maintain the Standards Commission active. The Tax Reform Director of the Ministry of Finance is a part of this Commission and its objective is to promote discussions on issues of concern to CCPACR and its members.</p> <p>The Commission met several times during 2016 and 2017, however, progress has been slow. Meetings will continue to be maintained during the next year in the hope that the tax office will give more participation to the CCPACR as an adviser or resource on technical matters when necessary.</p>	On-going	Standards Commission	<ul style="list-style-type: none"> • Board of Directors • Standards Commission

Action Plan Subject: SMO 6 - Investigation and Discipline
Action Plan Objective: *Strengthening of Investigation and Disciplinary (I&D) Processes*

Background:

The Professional Organization of Public Accountants of Costa Rica has implemented an investigation and disciplinary procedure (I&D) for its members, according to the requirements of SMO-6, which is available online.

The Professional Organization of Public Accountants of Costa Rica has created the following instances to undertake investigations and implement disciplinary measures:

- Overseer of the Board of Directors
- Oversight Commission
- Oversight Department
- Quality Control Commission
- Tribunal of Honor
- Board of Directors

Through its webpage, social media, YouTube Channel, and e-mail news service, the Professional Organization of Public Accountants of Costa Rica maintains its members and public in general informed about the I&D Procedures.

The Oversight Department of the Professional Organization of Public Accountants of Costa Rica is responsible for handling complaints or taking ex officio action, in order to monitor that the profession is being exercised by its members in adherence to existing technical, ethical and moral guidelines.

2016 Update:

During 2016 the Oversight Department handled 138 cases, cases relating to reports, complaints, and others.

Additionally, the Oversight Department maintains close contacts with ministries, banking institutions, universities and entities of the public and private sector, among others, to provide advisory services, clarify doubts and questions on subjects relating to the professional practice of Authorized Public Accountants (CPA).

2017 Update:

During 2017 the Oversight Department handled 50 cases.

The Board of Directors of the Professional Organization of Public Accountants of Costa Rica approved during Ordinary Session N°24-2017, held on December 6, 2017. the "Guidelines for the Oversight Department". The Guidelines were published in February of 2018, and define the steps to follow to process the cases received through complaints or initiated ex officio, in addition to those that require some modification requested by the Tribunal of Honor or the Procedural Governing Body.

See attached Annex and links to references.					
Guidelines for the Oversight Department					
http://www.ccpa.or.cr/lineamientos-del-departamento-de-fiscalia/					
#	Start Date	Actions	Completion Date	Responsibility	Resources
Maintain Ongoing Processes					
1.	On-going	Ensure through annual revisions, that the quality level of the Investigation and Discipline system is in compliance with SMO-6.	On-going (Each year in December)	Tribunal of Honor Oversight Commission	<ul style="list-style-type: none"> • CCPACR • Tribunal of Honor

Action Plan Subject: SMO 7 - International Financial Reporting Standards and IASB Pronouncements
Action Plan Objective: Enhance Implementation of IFRS

Background:

Law 1038 of 1947 creating the Professional Organization of Public Accountants of Costa Rica establishes that the Professional Organization of Public Accountants of Costa Rica is responsible for establishing the accountancy standards for non-regulated companies in Costa Rica.

The Professional Organization of Public Accountants of Costa Rica adopted the International Financial Reporting Standards (IFRS) in their entirety since 2005 and the IFRS-SME for Small and Medium Enterprises since 2009.

In addition, the National Financial System Supervision Council (CONASSIF), which is in charge of regulated entities in Costa Rica, also adopted the IFRS through its regulation No. 34-2002, establishing that regulated entities must use the accounting standards issued by the Professional Organization of Public Accountants of Costa Rica.

Additionally, the General Tax Administration adopted the IFRS through Resolution N ° 52-01 and Decree N ° 18455-H, requiring that accounting systems used to generate tax information apply the accounting standards issued by the Professional Organization of Public Accountants of Costa Rica.

2016 Update

In view of the adoption of the IFRS, the Professional Organization of Public Accountants of Costa Rica is focusing on creating awareness among its members and the public in general about the implementation of these standards. To disseminate related information, it organizes annual seminars, professional development programs, such as training events and publications in electronic media.

Once a year, the Organization organizes a book sale offering the official standards published by the IFRS, in their most recent version, and in Spanish.

In addition, the webpage (www.ccpa.or.cr) provides access to its members to the link to the standards in Spanish, the official language of Costa Rica.

With respect to modifications and updates of the standards, the Organization informs its members about changes made to the standards. This information is also conveyed in all training programs.

2017 Update

CONASSIF is working on the adoption of the IFRS by the entities of the financial, securities, insurance and pension sectors, which in this country are regulated entities. The Professional Organization of Public Accountants of Costa Rica has been holding meetings with CONASSIF officers to review the advances in the implementation process of IFRS in the financial sector of the country.

On March 8, 2018 the Professional Organization of Public Accountants of Costa Rica sent a document with the “Criteria for Interpreting the implementation of the International Financial Reporting Standards with respect to the Tax Standards” which points out the main differences that exist between the standards established by the Ministry of Finance and the IFRS, and the Organization underlines that it only recognizes the IASB as the primary source for the issuance of accounting practices.

On its part, the SUGEF published the Financial Information Regulations, with the objective of updating the regulatory accounting basis being applied by supervised entities for the implementation of the International Financial Reporting Standards (IFRS) in its most recent version, as well as to maintain a prudential set of regulations aligned to those standards. The SUGEF also took steps to transfer the entry into force to January 2020 for the full project, except account registers and 14 custody control, which maintain the entry in force date of January 2019. It is expected that the final proposal will be submitted in June 2018 for approval of CONASSIF.

See attached Annex and links to references.

DE0016-2018 Communication sent to the Ministry of Finance

DE0017-2018 Communication sent to CONASSIF and SUGEF

#	Start Date	Actions	Completion Date	Responsibility	Resources
Maintain Ongoing Processes					
1.	On-going	<p>Continue efforts to ensure coverage of full IFRS and IFRS-SME in training and dissemination activities.</p> <p>The content of modular programs on IFRS being offered by the Professional Organization of Public Accountants are being constantly adjusted by the Professional Development Department.</p>	<p>On-going (Each year in December)</p>	<p>Standards Commission</p> <p>Professional Development Department</p> <p>Technical Consulting Department</p>	<ul style="list-style-type: none"> • CCPACR
2.	On-going	<p>Monitor changes made to IASB standards and ensure such changes are communicated to CCPACR members and that training courses are revised accordingly to reflect those changes.</p> <p>Changes are communicated through e-mails, as well as during group discussions, also through activities during the month of the Public Accountant, the IFRS</p>	<p>On-going (Each year in December)</p>	<p>Standards Commission</p> <p>Professional Development Department</p> <p>Technical Consulting Department</p>	<ul style="list-style-type: none"> • CCPACR

		and ISA International Congress, the YouTube Channel and social networks.			
3.	On-going	Make “best efforts” to identify opportunities to support the full implementation of IFRS and IFRS-SME. This includes a revision of current activities and updating the work plan to take into account planned activities.	On-going (Each year in December)	Technical Consulting Department Standards Commission	<ul style="list-style-type: none"> • CCPACR

March 21, 2019

Name: Ronald Artavia Chavarria

Title: President of Board of Directors

Company: Colegio de Contadores Públicos de Costa Rica

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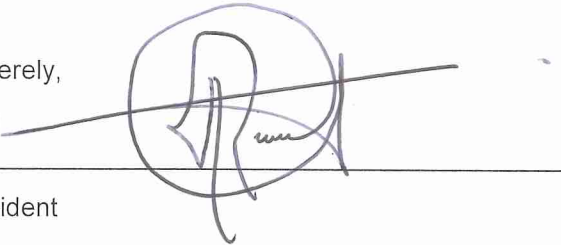
Dear Mr. Bryson,

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

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

On behalf of the leadership of the COLEGIO DE CONTADORES PÚBLICOS DE COSTA RICA, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,



A handwritten signature in blue ink, consisting of a stylized 'R' and 'A' followed by a flourish, is written over a horizontal line. The signature is enclosed within a circular blue ink scribble.

President

Colegio de Contadores Públicos de Costa Rica



March 21, 2019