

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:	Bahrain Accountants Association
Approved by Governing Body:	BAA Board
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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

BAA	Bahrain Accountants Association
CBB	Central Bank of Bahrain
CPD	Continuous Professional Development
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISAE	International Standards on Assurance Engagements
ISQC	International Standards on Quality Control
ISRE	International Standards on Review Engagements
ISRS	International Standards on Related Services
MOIC	Ministry of Industry and Commerce
QMS	Quality Management System
SMI	Small and Medium Industry

General Information

The Bahrain Accountants Association (BAA) has developed an internal strategic plan which will focus on the following key areas to achieve its objectives as an organization. These key areas are identified and elaborated throughout this Action Plan:

1. Formation of a Technical Committee comprising of the following representatives as stated in Statement of Membership Obligation (SMO) 1 which will include:

- a. Ministry of Industry and Commerce representative;
- b. BAA Chairman;
- c. One member of the profession.

The committee formation process shall start in December 2014 and shall be completed by July 2015. This will include setting up the terms of reference, objectives, composition of members, reporting and follow up. Technical Committee shall plan and organize various seminars including Quality Assurance & Control Program which shall be based on International Standard of Quality Control (ISQC) 1, seminars for Continuing Professional Development, seminars regarding the implementation of International Financial Reporting Standards (IFRSs) and International Auditing and Assurance Standards Board (IAASB) pronouncements for members of BAA as an ongoing activity as required by SMO 1, SMO 2, SMO 3 and SMO 7. The aforementioned seminars will help members to:

- a. To earn the credit hours of education as required by BAA in SMO 1.
- b. To have continuing Professional Development (CPD) as required by SMO 2.
- c. To implement IFRS and IAASB pronouncements as required by SMO 7 and 3.
2. Starting the process of development of a High Level Strategic Plan to introduce a final assessment of professional capabilities and competence of members of BAA as required by SMO 2. This process shall start in October 2014 and shall be completed by August 2015.
3. Starting having semi-annual presentations to Universities in the Kingdom of Bahrain and other Educational Institutions to raise their awareness of International Education Standards, as required by SMO 2, to popularize the accounting / auditing profession.
4. Forming a Peer Review Committee from among the BAA members or their affiliate associations comprising of senior members who shall hold meetings at least quarterly as required by SMO 2. The terms of reference and modalities of operations of this committee shall be initiated in November 2014 and shall be fully functional from October 2015.
5. Disseminating new/modified IAASB pronouncements and other news related to the activities of the IAASB to update BAA members as an ongoing activity as required by SMO 3.
6. Planning, amending and including ethical requirement of the revised Code of Ethics of the International Ethics Standards Board for Accountants (IESBA) in BAA's own ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) with a process to eliminate differences between its ethical requirements and the IESBA Code as required by SMO 4. This process will be

started in December 2014 and will be completed by December 2015.BAA will also try and incorporate the requirements of the most recent version of IESBA Code of Ethics.

7. Holding periodic internal meetings to come up with the suggestions to be recommended to relevant regulatory authorities in the meeting with these authorities to promote investigation and discipline obligations as required by SMO 6.
8. In the above process, to provide any requested support to the activities of the Auditors Disciplinary Board and the Auditors Affairs Committee in their efforts to conduct investigations and discipline members on timely and regular basis.
9. Performance/carry out of periodical reviews of BAA's response to the IFAC Compliance Self-Assessment questionnaires and update the sections of relevant SMOs as and when necessary. Once updated, inform IFAC compliance staff in order for the compliance staff to republish updated information.
10. Carrying out any other activities/actions as required by IFAC for its members on ongoing basis.
11. It is BAA's endeavour to complete the projects within the target dates but due to various economic challenges the target dated for completing the projects could not be met.
12. Becoming more active in ensuring that members are complying with all rules and guidelines with a process of testing randomly selected members against their self-assessment forms submitted – i.e. selected members will have to provide compliance.
13. Designing and implementing a web based portal – this will be used for decimating technical information, standards and updates, keeping members public records and allowing on-line submission of various self-assessment forms.

Action Plan Subject:	SMO 1-Quality Assurance
Action Plan Objective:	Development of Bahrain's Quality Assurance program through supporting MOIC & CBB

Background:

In Bahrain, a mandatory Quality Assurance (QA) review program is in place for members of Bahrain Accountants Association (BAA), performing audits of financial statements of listed companies. The Ministry of Industry and Commerce (MOIC) and Central Bank of Bahrain (CBB) are responsible for conducting these quality assurance reviews and certifying those in compliance. The relevant MOIC Law is the Commercial Companies Law of 2018 and the relevant CBB Law is the CBB Law of 2006 and the CBB rulebooks.

The Quality Assurance Department of the Ministry of Industry and Commerce (MOIC) started its Quality Management System (QMS) in 1996 with the initiative of assisting Small and Medium Industry (SMI's) to upgrade their performance and enhance their competitiveness. The department aimed to enhance awareness and improve the level of quality of services provided by the SMI sector. This has had the impact of helping them develop their QMS with close monitoring to assure proper implementation. The services provided under the scheme cover advisory, consultancy, training and auditing to assist local SMI's to meet QMS requirements and achieve certification.

The aim of this program is to ensure that members comply with the provisions of MOIC & CBB Regulations, accounting and auditing standards, professional rules and other professional instructions issued by competent authorities for the purpose of improving professional practices of member firms, maintain continuous quality professional practice and maximize efficiency and reliability of professional services.

BAA supports the implementation of the system of Quality Assurance through two key activities:

- 1) Raising awareness of the QA system, International Standard of Quality Control (ISQC) 1 and best practices in the area of quality control with a view to adopt ISQC 1 as the standard at the national level. The BAA raises awareness through periodic meetings and conferences.
- 2) Providing assistance to oversight bodies which undertake QA reviews such as CBB and MOIC (including the Auditors Disciplinary Board and Auditors Affairs Committee).
 - The 'Auditors Disciplinary Board' formed at MOIC gives its opinion and advice on the ethics of the profession and has the authority to impose sanctions. The 'Auditors Affairs Committee' prescribes professional ethics, accountancy standards, and other rules and regulations. These two bodies are often referred cases which have been uncovered through the system of QA by the MOIC and are required to resolve them during its sessions convened at the office of the MOIC. The Auditors Law provides the structure for disciplinary action which includes a disciplinary committee and appropriate processes. There is no current requirement that audit firms be reviewed on a regular basis.

<http://www.moic.gov.bh/en/RegulationsAndAgreements/Regulations/Regulations/Auditor%20Law-%20Legislative%20decree%20no.%2026%20of%201996.pdf>

For more information about the Quality Assurance System in Bahrain, please visit the MOIC & CBB websites (<http://www.moic.gov.bh/>) & (www.cbb.gov.bh/).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Awareness Building Regarding the System of Quality Assurance and Quality Control</i>					
1.	June 2014	<p>Formation of a Technical Committee comprised of the following representatives:</p> <ul style="list-style-type: none"> • Ministry of Industry and Commerce; • BAA Chairman; • One member of the profession. <p>This committee shall plan and organize seminars on Quality Assurance & Control Program for members of BAA which draw upon International Standard of Quality Control (ISQC) 1, and embody SMO 1. The BAA has presented the MOIC with a paper proposing regular quality reviews of audit firms.</p>	July, 2015 Completed	BAA	BAA
2.	Ongoing	Require members engaged in statutory audit engagements to earn at least 90 hours of credit education in 3 years on Quality Assurance and Quality Control and other subjects through participation in BAA seminars including seminars held by other affiliates of BAA such as The Institute of Chartered Accountants of India, The Institute of Cost and Works Accountants of India, The Association of Chartered Certified Accountants of UK, Certified Public Accountants etc.	By September 2018	BAA	BAA members
3.	Ongoing	Provide members with opportunities to earn CPE credits. Work with other interested parties (CBB, MOIC, BIBF, Universities and large Public Accounting Firms) to encourage them to offer courses/seminars that would allow BAA members to get CPE credits. Gradually increase the requirement for CPE to 40 hours per year and have the hours recorded over a yearly period rather than three years. This will be phased in by 2020.	By December 2018 to develop plan for 2019	BAA	BAA Members
4.	Ongoing	<p>Continue to ensure that MOIC & CBB and also Auditors Disciplinary Board & The Auditors Affairs Committee effectively implement the system of quality assurance by:</p> <ul style="list-style-type: none"> • Using best endeavors to encourage the abovementioned authorities/regulators to follow SMO 1; and • Assisting them in implementation where appropriate and necessary. 	Ongoing	BAA	<p>BAA staff engaged by:</p> <ul style="list-style-type: none"> • MOIC <ul style="list-style-type: none"> ◦ Auditors ◦ Disciplinary Board ◦ The Auditors Affairs Committee • CBB

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Identify a number of Members/Firms that will be subject to review for compliance purposes. The rule of thumb should be that each member and firm will be reviewed one every three years.	Ongoing	BAA	<ul style="list-style-type: none"> • BAA Members who are trained and designated as reviewers
6.	Ongoing	The Bahrain Accountants Association will continue to oversee the adoption and implementation of quality standards as required by SMO 1 and pronounced through ISQC 1. MOIC will work with BAA to ensure that the Quality Assurance program is followed and performed by the Technical Committee.	Ongoing	BAA	<p>The staff engaged by:</p> <ul style="list-style-type: none"> • BAA • MOIC <ul style="list-style-type: none"> ○ Auditors Disciplinary Board ○ The Auditors Affairs Committee • CBB
7.	Ongoing	The current plans involve assistance to oversight bodies such as CBB, MOIC, The Auditors Disciplinary Board and the Auditors Affairs Committee. The latter two bodies are often referred cases by the MOIC and are required to resolve them during its sessions convened at the office of the MOIC. Establish a mechanism for logging each matter submitted by the MOIC and its status.	Ongoing	BAA	<p>BAA staff engaged by:</p> <ul style="list-style-type: none"> • MOIC <ul style="list-style-type: none"> ○ Auditors Disciplinary Board ○ The Auditors Affairs Committee • CBB

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the system 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.			√	All audits are reviewed by an audit partner. For more complex and larger audits, general practice is that a quality assurance partner is involved.
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	√			Many firms have their internal quality control procedures. All firms are required to have quality control procedures per the Auditors Law.
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	√			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.			√	The BAA provides a forum for discussion of important areas such as quality control. If any firm requests assistance, this is provided.
Review cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.		√		Although this has been proposed to the MOIC, the proposal has not been accepted as yet.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).		√		Many firms have their own internal quality control processes. However, such reviews are not mandated by law but are strongly encouraged by the BAA.

Action Plan Subject:	SMO 2-International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB
Action Plan Objective:	Use best endeavors to ensure that all IESs requirements are implemented appropriately

Background:

The BAA has an inclusive approach to membership. Although the BAA does not issue its own qualifications, its members have a diverse range including CPA and ACCA plus others. The CPA is the most popular qualification. Accountants are not regulated by law, however individuals may become accountants by acquiring Bachelor's degrees from Universities. They may also apply as student members of BAA if they are studying accounting in a University. Once students acquire university degrees, they may apply to become members of BAA and be subject to the organization's rules and regulations. Candidates for BAA membership must (i) be at least twenty-one (21) years old; (ii) be a resident of Bahrain; (iii) be of good repute; (iv) be a member of an internationally recognized organization or have a university degree in accounting or at least four (4) years' experience in accounting. To remain members, individuals are required to attend 20 hours of CPD annually and adhere to the ethical requirements which are based on the 2004 IESBA Code of Ethics.

According to Legislative Decree No. 26 of 1996 with respect to auditors, in Bahrain, no person may practice as an auditor for his own accounts or at audit firms; unless his name is registered in the auditors register which is maintained for this purpose at the MOIC (Article-1).*

**Excluded from the provision in the preceding paragraph shall be the persons under training at auditors firms as provided for in Article 13 of this law.*

Article 13 reads as; The Minister for Commerce shall issue an order organizing the affairs of trainee auditors who are being trained in audit firms, training period and other conditions and procedures with respect to training. The training period shall be included in calculating the period of experience in accordance with the other provisions of this law.

In order to become an auditor, candidates need to obtain an appropriate qualification such as CPA or ACCA. In order to obtain these qualifications, there is also a work experience requirement. The BAA accepts any accountants or auditors as members but does not offer any qualifications or certifications in its own right.

As per Article 2 & 3, to be registered in Auditors Register at the MOIC, the person shall fulfill the following conditions:

1. He shall be a Bahraini National. An exemption from this clause is enjoyed by Non-Bahrainis who are members of the internationally recognized chartered accountants.
2. He shall be of full legal and civil qualifications.
3. He shall be of good repute and shall not have been finally convicted for a penalty for a breach of trust or crime affecting his honor or integrity or if he has been convicted for a crime involving a breach of professional ethics, unless he has been reinstated, or if three years pass since the date of final judgment for the disciplinary offence.
4. He shall be a holder of a B.Sc. degree in accounting or business administration with specialization in accounting from one of the universities or high institutes recognized by the relevant authority or any equivalent certificate recognized by such authority. In this case, the period of study shall not be less than three years. An exemption from this clause is enjoyed by Non-Bahrainis who are members of the internationally recognized chartered accountants. Also, an exemption is given to everyone who practices as an auditor on the effective date of this law, provided that he shall have engaged in this profession for ten consecutive years, either for his own account or in an auditing firm in the State of Bahrain.

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| 5. | He shall have a period of practical experience of no less than seven years in one of the audit firms in the State of Bahrain or outside it shall be involved in audit work. An exemption from this clause is enjoyed by Non-Bahrainis who are members of the internationally recognized chartered accountants. |
| 6. | He shall be working on a full time basis employment in this practice and may neither carry on any business activity nor get work in the government or private sector. |
| 7. | Auditors who audit accounts of banks, insurance companies and public shareholding companies shall be required to be members of one of the internationally recognized societies of chartered accountants. |

For more information about accountancy certification and education requirements in Bahrain, please refer Legislative Decree No. 26 of 1996 with respect to auditors. A person who is registered in the Auditors Register shall fulfill the following conditions. 1. he shall be a Bahraini national. 1. He shall be of full legal and civil qualifications. 2. he shall be of good repute and shall not have been finally convicted for a penalty of a breach of trust or a crime affecting his honor or integrity or if he has been convicted for a crime involving a breach of professional ethics, unless he has been reinstated, or if three years pass since the final judgment for the disciplinary offense. 3. he shall be a holder of B.Sc. degree in accounting or business administration with specialization in accounting from one of the universities or high institutes recognized by the relevant authority or any equivalent certificate recognized by such authority . In this case, the period of study shall not be less than three years. 4. he shall have a period of practical experience of no less than seven years in one of the audit firms in the State of Bahrain or outside it involved in audit work. 5. he shall be working on a full-time basis employment in this practice and may not carry on any business activity nor work in the government or the private sector. This registration shall be renewed on annual basis upon payment of the prescribed fee, unless there is any reason barring such renewal.

#	Start Date	Actions	Completion Date	Responsibility	Resource
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Continuing to Use Best Endeavors to Ensure Contribution to Activities of the IAESB

8.	November 2014	Development of a High Level Strategic Plan to introduce a final assessment of professional capabilities and competence of members.	August 2015 Completed	BAA	BAA
9.	Ongoing	Design and development of various seminars and programs of Continuing Professional Development (CPD) to ensure the Regular update of professional knowledge of the members. Design a program for 2019 which will include identified seminars, providers of the seminars and confirmed dates.	December 2018/Ongoing thereafter	BAA	BAA
10.	Ongoing	Provision of various seminars and programs of Continuing Professional Development (CPD) to ensure the Regular update of professional knowledge of the members. Members to attend a minimum of 20 hours of CPD courses per year. BAA will formalize the system for monitoring the attendance records of members which will include a portal based system for submission of training records. Members may attend external training and are encouraged to do so.	Completed in 2019 and ongoing thereafter	BAA	BAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
11.	Ongoing	Semi-annual presentation to Universities in the Kingdom of Bahrain and other Educational Institutions. The presentation is given to all important universities including the University of Bahrain and private universities such as Ahlia.	December 2018	BAA	BAA
12.	Ongoing	Almost all the audit firms in Bahrain are affiliated to one of the International audit firms, who comply with their own internal disciplines in conformity with the IFAC standards.	Ongoing	BAA	BAA
<i>Maintaining Ongoing Processes</i>					
13.	Ongoing	Support the review of individual auditor achievement of requirements for practice and the process of registration of the individual as requested by the MOIC/CBB.	Ongoing	Auditor Members of BAA	The staff engaged by MOIC
14.	Ongoing	Support the review of audit firm achievement of requirements for practice and the process of registration of the firm as requested by the MOIC/CBB.	Ongoing	Auditor Members of BAA	The staff engaged by MOIC Committee
15.	Immediate	Prepare a rolling three year plan which will involve review of every firm in Bahrain, one every three years. A standardized review approach will be used by qualified reviewers. The reviews will be performed on a surprise basis. The results will be reported to the firm and the relevant authorities. The results will also be made available on the BAA portal to allow members to learn and avoid common missteps – this will be on an anonymous basis	December 2018	BAA Leadership	<ul style="list-style-type: none"> • Trained reviewers who are members of the BAA. • Regulators if they wish to participate.
<i>Participation in International Standard-Setting</i>					
16.	Ongoing	Reviewing and commenting on new and revised Exposure Drafts issued by the International Accounting Education Standards Board (IAESB)	Ongoing	Chair person of BAA	BAA Staff

Action Plan Subject: SMO 3-International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Promote ongoing convergence with IAASB Pronouncements.

Background:

According to Article 14 of the Legislative Decree No. 26 of 1996 with respect to auditors, in Bahrain, auditors shall comply with and adhere to the internationally recognized auditing practices, principles and standards. From this it can be interpreted that the auditors in Bahrain shall have to comply with International Standards, related Practice Statements and other papers issued by the International Auditing and Assurance Standards Board (IAASB), an independent standard setting board operating under the auspices of IFAC. In turn the auditors in Bahrain shall have to comply with International Standards on Quality Control (ISQCs), International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), and International Standards on Related Services (ISRSs) as these are issued by IAASB. However, it should be noted that the law/regulation simply refers to IAASB pronouncements as the auditing standards without bringing in the full or partial text of individual IAASB pronouncements. All companies are subject to audit.

The MOIC has responsibility for implementing the International Auditing Standards with the help of Auditor Affairs Committee and Auditors Disciplinary Board appointed by Ministry of Industry and Commerce.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Activities to Promote IAASB Pronouncements</i>					
17.	Ongoing	Continue the design and development of seminars regarding IAASB pronouncements and activities to promote and assist in the implementation of standards.	Ongoing	BAA	BAA
18.	Ongoing	Continue the delivery of periodic seminars regarding IAASB pronouncements and activities to promote and assist in the implementation of standards.	Ongoing	BAA	BAA
19.	Ongoing	Development of guidance to assist members with the implementation of IAASB pronouncements	Sept 2019	BAA	BAA
20.	Ongoing	Translation of IAASB pronouncements into Arabic as per IFAC translation policy	Ongoing	BAA	BAA
21.	Ongoing	Provide seminars to members every 6 months to discuss updates. Provide updates to all members via the BAA portal.	Ongoing	BAA	BAA
<i>Maintaining Ongoing Processes</i>					
22.	Ongoing	Delivery of exposures/drafts/documents by IAASB to BAA to update its members.	Ongoing	BAA	BAA
23.	Ongoing	Disseminate new/modified IAASB pronouncements and other news related to the activities to update BAA members. Perform this via the new BAA portal or via emails	Ongoing	BAA	BAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	Ongoing	BAA to participate in providing feedback/comment to IAASB exposure/drafts.	Ongoing	BAA	BAA
<i>Review of BAA's Compliance Information</i>					
25.	Ongoing	Select IFAC Compliance Self-Assessments and perform a test based verification	Ongoing	BAA	BAA Staff

Action Plan Subject: SMO 4-IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Ensure ongoing compliance of BAA Code of Ethics with IESBA Code

Background:

BAA has implemented convergence with the IESBA Code of Ethics as an objective. Although it currently maintains its own ethical requirements, BAA has developed a process for eliminating the differences between its ethical requirements and the IESBA Code.

Currently, the BAA Code of Ethics is based on a version of the IESBA Code of Ethics effective June 2019. BAA is in the process of amending or has included a plan to amend its ethical requirements for the revised IESBA Code, effective June 30, 2009

Also, laws/regulations which require/set out BAA members to comply with code of ethics are as follows:

- Bahrain Commercial Companies Law of 2001,
- Bahrain Audit Law of 1996,
- Rule Books/Disclosure Standards as issued by the Central Bank of Bahrain,
- Bahrain Stock Exchange Law of 1987.
- The Bankruptcy & Composition Law (11 of 1987).

BAA members are mandated to comply with the above laws/regulations and the compliance is monitored by MOIC and CBB.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Compliance with IESBA Code</i>					
26.	December, 2014	<p>BAA adopted the IESBA Code as base to develop its own ethical requirements with a process to eliminate differences between its ethical requirements and the IESBA Code.</p> <p>Members who are part of the global network adopt the codes.</p> <p>Currently, The IESBA Code, June 2004 is adopted for the purpose of development of BAA's code of ethics and it is under review and to plan to amend and include ethical requirements for the revised IESBA Code, effective June 30, 2009. Further updates will be performed when the new IESBA code is released in June 2019.</p>	December, 2015 Completed	BAA	BAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	Ongoing	Continue the formal review process used to adopt the IESBA Code of Ethics (2016 version) and to eliminate differences between BAA ethical requirements and the IESBA Code in the following manner: <ul style="list-style-type: none"> • To review the IESBA code of ethics and compare with BAA ethical requirements. • To add requirements if BAA ethical requirements if felt necessary. 	December 2018 and then ongoing	BAA to review its code periodically	BAA Staff
28.	Ongoing	Continue to provide recommendations to relevant government/regulatory bodies to promote adoption of the contents of the IESBA Code of Ethics in law (specifically in laws/regulations outlined above which provide ethical guidelines to auditors/accountants).	Ongoing	BAA	BAA Staff
<i>Maintaining Ongoing Processes</i>					
29.	Ongoing	Continue to monitor member compliance with BAA established ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.). Provide the code of ethics and other relevant information to IFAC, Enforcement activities takes place in line with the Auditors Law of 2006.	October 2018	BAA to establish, Members to follow	BAA Staff, Members
30.	Ongoing	Test member compliance annually for a selection of members chosen at random. For members who are not in compliance, allow a time barred opportunity to achieve compliance.	December 2018 onwards	BAA members	BAA members
31.	Ongoing	BAA introduce the threats and safeguard concept with the help of the areas covered and monitored by Auditors Disciplinary Board and Auditors Affairs Committee of MOIC. Provide guidelines on this to members. If considered appropriate, provide training to members in identifying threats to independence and building safeguards. Periodically update members on new ethics requirements.	Ongoing	Auditors Disciplinary Board and Auditors Affairs Committee of MOIC	<ul style="list-style-type: none"> • Auditors Disciplinary Board; and • Auditors Affairs Committee of MOIC
32.	Ongoing	Assist BAA members with the implementation of the BAA's Code of Ethics by developing seminars and training, CPD courses on ethics implementation guidance etc. Schedule seminars for members.	December 2018	BAA	BAA

Action Plan Subject:

SMO 5-International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

Action Plan Objective:

Use best endeavors for incorporation of IPSAS requirements into national public sector accounting requirements

Background:

BAA will continue to use its best endeavors to encourage the regulator/government to adopt International Public Sector Accounting Standards (IPSASs). An objective of convergence with IPSASs in Bahrain is yet to be established. BAA does not have regulatory powers to issue standards and pronouncements issued by IPSASB. Therefore, the role of BAA in regard to this SMO is to promote awareness and to maintain discussions with regulatory authorities regarding the nature of IPSAS and the potential for benefitting from adoption and implementation of these standards. BAA will also plan to develop training on public sector accounting for the benefit of its members. Public sector accounting requirements are established by the Ministry of Finance.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing Promotion of IPSASB Pronouncements with Regulatory Authorities</i>					
33.	Ongoing	Continue promoting awareness and maintaining discussions with regulatory authorities regarding the nature of IPSAS and the potential for benefitting from adoption and implementation of these standards.	Ongoing	BAA	BAA
34.	Ongoing	Hold a seminar exclusively focused at each regulator to explain the IPSAs and work with them during this seminar on a way for them to implement the IPSAs.	Ongoing	BAA	BAA
35.	Ongoing	Reviewing and providing comments on new Exposure Drafts issued by the International Public Sector Accounting Standards Board (IPSASB)	Ongoing	BAA	BAA

Action Plan Subject: SMO 6-Investigation and Discipline
Action Plan Objective: Improve and ensure ongoing maintenance of BAA Investigation and Discipline System

Background:

According to Article 26 of Legislative Decree No. 26 of 1996 with respect to auditors, there shall be formed at MOIC a board to be called "Auditors Disciplinary Board." This Board will be presided over by the Undersecretary of the MOIC or whoever acts on his behalf during his absence and will include representation from the MOIC, Ministry of Finance and National Economy, Central Bank of Bahrain, Bahrain Chamber of Commerce and Industry and the BAA. The Minister of MOIC shall issue an order with respect to the membership of the aforesaid Board and the appointment of its Secretary. The Board shall give its opinion on issues related to potential non-compliance in relation to professional ethics, the accounting standards and principles and the auditing criteria to be followed. The BAA does not have a formal I&D process but fully cooperates with the MOIC in these areas.

For more information about the Investigation and Disciplinary function with respect to auditors in Bahrain, please refer Legislative Decree No. 26 of 1996 (Article numbers 27 to 34).

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Activities to Promote Obligations of this SMO</i>					
36.		<p>Provide education to members on disciplinary offences and the penalty for each offense. Create a "whistle blowing" facility where member can report potential offences with protected disclosure guaranteed. Publish disciplinary penalties that have been levied in a register (perhaps online).</p> <p>Provide the person/firm subject to disciplinary proceedings with the opportunity to present an action plan. Should the offense not be severe, allow the member/firm subject to sanction with the opportunity to correct the offense in a limited timeframe and subject to later inspection at their cost.</p>	Ongoing	BAA	BAA
37.	Ongoing	<p>Recommendations are made by BAA representatives in their meeting with relevant regulatory authorities to promote Investigation and Discipline obligations.</p> <p>BAA comes up with the recommendations on the basis of their internal meetings on regular basis.</p>	Ongoing	BAA	BAA staff
38.	Ongoing	BAA is planning to raise the members' and the public's awareness of the functioning of Investigation and Disiplinary mechanism so that possible complaints the public wishes to raise can be forwarded to the responsible authorities	Ongoing	BAA	BAA

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
39.	Ongoing	Provide any requested support to the activities of the Auditors Disciplinary Board and the Auditors Affairs Committee in their efforts to conduct investigations and discipline members on timely and regular basis.	Ongoing	Auditors Disciplinary Board And Auditors Affairs Committee	Auditors Disciplinary Board; and The Auditors Affairs Committee

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the system				This is provided for in the Auditors Law of 1996 and is overseen by the MOIC.
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	√			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.			√	The Auditors Law of 1996 does contain references to types of misconduct which involve breaches of the rules.
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	√			
4. Link with the results of QA reviews has been established.		√		QAR process not formally implemented as yet.
Investigative process				
5. A committee or similar body exists for performing investigations.	√			Such a committee is established under the Auditors Law of 1996.
6. Members of a committee are independent of the subject of the investigation and other related parties.	√			See Auditors Law of 1996
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.		√		See Auditors Law of 1996
8. Members of the committee/entity include professional accountants as well as non-accountants.	√			See auditors law of 1996

Requirements	Y	N	Partially	Comments
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	√			See auditors law of 1996
Sanctions				See auditors law of 1996
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.	√			
Rights of representation and appeal	√			See auditors law of 1996
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.		√		
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.		√		
14. Records of investigations and disciplinary processes are established.	√			
Public Interest Considerations	√			
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	√			
16. A process for the independent review of		√		

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

Action Plan Subject: SMO 7-International Financial Reporting Standards and Other Pronouncements Issued by the IASB
Action Plan Objective: Use Best Endeavors to Support Adoption and implementation of IFRS

Background

BAA members have responsibility for ensuring that audited financial statements are prepared in accordance with IFRS, issued by the International Accounting Standards Board (IASB).. This is mandated by the Audit Law (Legislative decree no. 26 of 1996 with respect to auditors) of Bahrain. The information about the status of IFRSs and other IASB pronouncements that have been established in law is available in Arabic with the Arabic version holding the force of law. The Commercial Companies Law of 2018 also mandates that financial statements should be prepared using IFRS as the standard.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintain Activities to Promote IFRS Adoption and Implementation</i>					
40.	Ongoing	Design and develop seminars regarding the implementation of IFRS and other IASB pronouncements and activities – placing special emphasis on new/modified standards.	Ongoing	BAA	BAA staff
41.	Ongoing	Deliver seminars regarding the implementation of IFRS and other IASB pronouncements and activities – placing special emphasis on new/modified standards.	Ongoing	BAA	BAA staff
42.	Ongoing	Publish new standards and pronouncements on the BAA Portal/Website. Also look at providing training via presentations/videos on the portal which members can take advantage of at their convenience.	Ongoing	BAA	BAA Staff
43.	Ongoing	For each new IFRS or other IASB pronouncement, identify an individual from the broader BAA community who will become the expert on this topic – duties will include delivering seminars, dealing with technical queries and providing guidance to members.	Ongoing	BAA	BAA Staff
44.	Ongoing	Maintain discussions with regulatory authorities to undertake the promotion and support the implementation of IFRS and other IASB pronouncements and activities.	Ongoing	BAA	BAA staff
45.	Ongoing	Develop and conduct IFRS courses to assist its members with the implementation of the standards	Ongoing	BA	BAA

Bahrain Accountants Association

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جمعية المحاسبين البحرينية

ص.ب: ١١١٩
المنامة - مملكة البحرين
هاتف: ١٧٧٢٩٨٤٢ - فاكس: ١٧٧٢٧٢٠١
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April 1, 2019

Alta Prinsloo,
Executive Director,
International Federation Of Accountants,
529 5th Avenue,
New York, New York 10017.

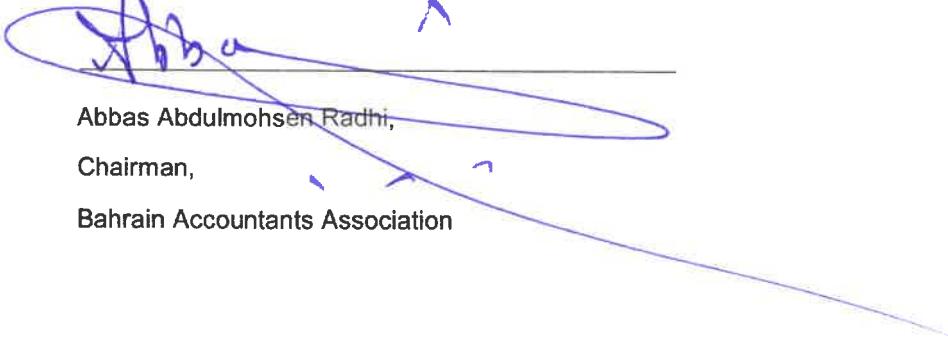
Dear Ms. Prinsloo,

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

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

On behalf of the leadership of the Bahrain Accountants Association, 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,


Abbas Abdulmohsen Radhi,
Chairman,
Bahrain Accountants Association