

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

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| IFAC Member: | Certified Practising Accountants Papua New Guinea (CPA PNG) |
| Approved by Governing Body: | National Council, CPA PNG |
| Original Publish Date: | July 2011 |
| Last Updated: | August 2019 |
| Next Update: | August 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

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| ARB | Accountants Registration Board |
| ASB | Accounting Standards Board |
| ASC | Accountants Statutory Committee |
| CPAPNG | Certified Practicing Accountants, Papua New Guinea |
| CPE | Continuing Professional Education |
| GAAP | Generally Accepted Accounting Principles |
| I&D | Investigation and Discipline |
| IAASB | International Auditing and Assurance Standards Board |
| IAESB | International Accounting Education Standards Board |
| IASB | International Accounting Standards Board |
| IES | International Education Standard |
| IESBA | International Ethics Standards Board for Accountants |
| IFAC | International Federation of Accountants |
| IFRS | International Financial Reporting Standards |
| IPSAS | International Public Sector Accounting Standards |
| IPSASB | International Public Sector Accounting Standards Board |
| ISA | International Standard on Auditing |
| ISQC1 | International Standard on Quality Control 1 |
| MoA | Memorandum of Agreement |
| QA | Quality Assurance |
| SME | Small and Medium Enterprises |
| SMO | Statement of Membership Obligation |

Action Plan Subject: SMO 1: Quality Assurance (QA)
Action Plan Objective: Continue to Use Best Endeavors to Promote the Need for the Introduction of a QA Process as a Means to Monitor Members' Compliance with Auditing Standards

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>In Papua New Guinea, the responsibility for quality assurance of all accountants, auditors and liquidators rests with the Accountants Registration Board (ARB) in accordance with the Accountants Act, 1996. The ARB is an independent body constituted by the government through the Accountants Act.</p> <p>The ARB controls the registration of all accountants in business, the public sector, audit and liquidators; regulates the practice of accountancy; and sets the procedures to be adopted by the various categories of accountants. The ARB makes the rules:</p> <ul style="list-style-type: none"> A prescribing the minimum qualifications (academic and practical experience) for registration in each of the categories of registration; B. determining a recommended scale or scales of fees, costs and charges in relation to accounting practice; and C setting out the code of professional ethics by which all accountants outlined above are bound. <p>In making these rules, the Board is required to consider any recommendations made to it by CPA PNG or any association recognized by the Board as representing accountants, auditors and liquidators in PNG.</p> <p>On 13 December 2013 the Accountants Act review was outsourced, and an amended Act that assigns responsibilities in line with SMO areas is expected by 2016. One of the key areas to be legislated will be the need for adoption of International Standard on Quality Control 1 (ISQC1) and the establishment of a quality review program for public practitioners.</p> <p>It is in the interest of CPAPNG to ensure this program is established and implemented. During the CAPA/CPAPNG August 2015 meeting in Port Moresby, the QA review program was discussed at length. Many of the international participants gave an overview of how a QA program operates in their countries and how it can be initially started within CPAPNG.</p> <p>Going forward, in early 2016, we will develop a plan on how to address SMO 1 requirements and how our members can be educated on the requirements of ISQC1. Provisions have been inserted in our new Accountants' Act to implement SMO1 and this will be one of our priority projects going forward. We intend to start the awareness program in June 2016.</p> <p>Updates May 2016 – March 2018</p> <p><u>As part of the overall IFAC SMO Compliance Program, CPAPNG intends to fully adopt ISQC1. Work done towards fulfilling these requirements include the following:</u></p> <ol style="list-style-type: none"> 1. <u>Attendance at Fiji PAODC meeting (17-19 August 2017) in which CPAPNG representative put forward the case for funding in complying with the IFAC SMO 1- Quality Assurance. The response from CAPA was that they had developed a "good practice guide for QA" which would be shared with the participants. The Pacific PAOs were also encouraged to seek advice from CAPA should they need further</u> | | | | | |

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| <p><u>assistance in this area. The ADB representative responded and emphasized that regional approaches to funding are seen more positively than individual funding requests. Hence the 4 Pacific Island PAOs (Fiji Institute of accountants, Samoa Institute of Accountants, Solomon Islands Institute of Accountants, CPA PNG) were encouraged to come up with a regional collaborative effort. Further discussions were held at the CAPA 60th anniversary in Kuala Lumpur, Malaysia in which the Pacific PAOs agreed to draft an MOU to facilitate knowledge sharing. Emphasis in the MOU has been placed on compliance with the IFAC SMO 1- Quality Assurance and knowledge and resource sharing on this SMO.</u></p> <p>2. <u>The Pacific MOU has been drafted by CPAPNG which has been circulated to the Pacific PAOs who have agreed in principle on the contents and will sign the MOU during the Fiji Institute of Accountants (FIA) Annual Congress in Nadi, Fiji from the 18 – 19 April 2018.</u></p> <p>3. <u>Following on from the above work, CPAPNG has had discussions with Bruce Sutton, QA reviewer for Fiji Institute of Accountants (FIA) to assist CPAPNG establish a QA review system. At this juncture, the discussions are ongoing.</u></p> <p>Review Point Update 2016 – 2018</p> <p>1.1 Overview of Bill for new Act is attached. File named overview of Bill.</p> <p>1.2 This is captured in the Bill as stated in sections 48 to 50 (refer attached copy of Bill).</p> <p>1.3 The efforts with FIA Quality Assurance study has been finalized, will be tabled for CPA PNG Council in the end of May Council. Refer attachment on the report for consideration.</p> <p>1.4 Act has been put on hold, pending review and finalization of Quality Assurance per review points by CPA Council. We will give further update by end of 2019.</p> | | | | | |
| <p><i>Use of Best Endeavors to Promote the Need for Quality Assurance in Line with SMO1 in Papua New Guinea</i></p> | | | | | |
| 1. | Ongoing | <p>Raise awareness of SMO1 by using best endeavors to promote to the Accountants Registration Board the implementation of the ISQC1 and International Standard on Auditing (ISA) 220 and the need for the establishment of a quality review program for public practitioners. On 11th April 2014, the Current ARB board was sworn in by the Prime Minister, Peter O’Neil at the office of the Auditor General in Port Moresby. The current ARB had its first meeting for the year on 23 May 2014 at the Auditor General’s Office. In that meeting it was unanimously agreed to create the Joint CPAPNG & ARB Constitution and Legislative committee. That committee met in the first week of March 2015 to finalize the review of the Accountants Act. That Act creates comprehensive provisions for establishing a quality review program.</p> | Ongoing | Joint ARB & CPAPNG Committee | <p>Joint funding arrangement or seek Government funding. A submission is now being done to have ARB fully funded for them to have the resource capacity to undertake SMO1 obligations.</p> |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| 2. | Q3 2015 | Engage in dialogue with the Fiji Institute of Accountants and other Pacific Island nations around effective advocacy in the area of SMO1 as well as a potential regional approach to adoption and implementation of QA. Discussions with Fiji are ongoing. We organized a PAO development outreach workshop in August 2015 in PNG in partnership with CAPA. In that meeting regional PAOs shared their experiences in fulfilling SMO 1 requirements. | August 2015 Completed | Director , Academic | CPAPNG in-house staff and resources |
| 3. | 2016 | Use best endeavors to influence changes to the Accountants Act seeking to include requirements for certification as a Public Practitioner and the establishment of a Quality Assurance Program in line with SMO 1. As per above, quality assurance review will now become mandatory and will have statutory backing in the revised Accountants Act. Division 3, Part V of the revised Accountants Act creates provisions to cover the requirements of public practice. | Ongoing | JCPAPNG & ARB Committee | CPAPNG in-house staff and resources |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 4. | 2016 | Perform periodic review of CPA PNG's SMO Action Plan and update any sections relevant to SMO1 as necessary, informing IFAC compliance staff, in order for them to publish updated information. | Ongoing | CPA PNG National Council and Executive Director | CPAPNG in-house staff and resources/CPA PNG Council |
| 5. | 2017 | Discussions held with Bruce Sutton- QA reviewer for FIA to assist CPAPNG establish a QA review system. | Ongoing | CPAPNG Council | CPAPNG and QA good practice guide from CAPA. Possible Funding from ADB/World Bank. |
| 6. | 2018 | MOU to be signed in Fiji during the Congress, from 18-19 April 2018 with Pacific PAOs for collaboration and knowledge sharing on IFAC SMO 1-Auality Assurance. Thereafter, a possible reviewer to be engaged to implement QA system for CPAPNG. | 18 April 2018 for MOU and October 2018 for Reviewer engagement | CPAPNG Management & Council | CPAPNG in house and Pacific PAOs QA Resources and Knowledge. |

Action Plan Subject: SMO 2: International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Continue to Work towards Full Compliance with SMO2

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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Background:

CPA PNG is fully responsible for implementing and monitoring IPDs and CPDs. However, we do work with several key stakeholders to maintain the quality of our IPDs and CPDs. In terms of our Initial Professional Development (IPD), four of our CAT program books and examinations are written by UK based BPP Learning Media. We have a memorandum of understanding (MOU) in place that covers this arrangement. In addition, 5 CPA exam modules are adopted from the Australian CPA program. These subjects are (1) Financial Reporting (2) Financial Risk Management (3) Advanced Audit and Assurance and (4) Strategic Management Accounting and Ethics & Governance. We also have a MOU in place to cover this arrangement.

Section 67 of the Accountants Act requires firms to register prospective employees with CPA PNG prior to commencement of work assignments. To register with CPA PNG, the aspiring applicant (whether local or expatriate) must have completed a diploma or degree from an approved tertiary institution, listed on the CPA PNG website. Fresh graduates are registered as Registered Graduates and can become either Accounting Technicians or Certified Practising Accountants upon completion of the relevant modules of the CPAPNG Professional Program, which are outlined in the table below. A Memorandum of Agreement (MoA) with CPA Australia will introduce a new syllabus in PNG, with papers based on those of CPA Australia, from 2014. CPAPNG will continue to offer its own PNG-specific tax and business law modules.

| Current syllabus papers | New syllabus papers (to be available concurrently until replace current syllabus in 2014) |
|---|---|
| Accounting Technician Competency (pre-requisite to all following modules) | Foundations of Accounting |
| Financial Accounting, I | |
| Financial Accounting II | Financial Reporting |
| Management Accounting | Strategic Management Accounting |
| Knowledge Management | |
| Auditing | Advanced Audit & Assurance |
| Taxation Law and Practice | PNG Taxation Law and Practice |
| Business Law | PNG Business Law |
| Professionalism and Professional Ethics | |
| | Financial Risk Management |

The practical experience requirement is 3 years, which can be completed during or post qualification.

After three years of joining CPAPNG, an incumbent of an approved position who has not completed the CPA examinations may also elect to become an Accounting Technician by passing the Accounting Technician Competency Examination.

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| <p>CPAs and Accounting Technicians are required to complete a minimum of 20 structured hours (in-house training) and 20 unstructured hours of Continuing Professional Education annually to maintain membership of CPA PNG. Major improvements have been done in our CPD program, and CPAPNG is partnering with subject area specialists to deliver CPD trainings. We have identified CPD needs and classified them into 3 different areas after questionnaires were forwarded to our members on their CPD needs and requirements. The 3 requirements areas are:</p> <ol style="list-style-type: none"> 1. The lower end graduate/CAT requirements 2. Senior accountants and middle managers requirements 3. CFOs, CEO and top-level managers' requirements. <p>The CPA PNG council made a decision during its meeting on December 2013 tasking the secretariat to hold discussions with the four major universities in PNG to develop a comprehensive accounting education program/syllabus that meets CPA PNG requirements.</p> <p>This task is ongoing. Discussions have been held with the head of accounting education at the University of Papua New Guinea. We have initially agreed to work together and identify key areas that need improvement in terms of syllabus coverage and delivery. We will hold similar discussions with other accounting education providers in the country. A collaborate effort will ensure we lift the standard of accounting education in the country in line with IAESB requirements. IFAC will be continuously updated on the actions taken to cover SMO2.</p> <p>CPA PNG's continuing professional education (CPE) program is to be extended to public sector accountants in 2014. This will continue into 2015. We have engaged a public-sector specialist to write up a CPD training module on Public Sector Finance Management system in the country in terms of revenue inflow into the government budget and the distribution of these funds (find attach an email to that effect).</p> <p>Updates May 2016 – March 2018</p> <p>CPAPNG has a very comprehensive education and education system in place and we endeavour to continuously improve and model our program with the requirements of IAESB's IES standards. Currently, we comply with some aspects of IES. We Intend to fully comply with all the requirements of IES going forward.</p> <p>We also have a very comprehensive annual CPD training calendar in place with an excellent pool of subject matter specialist who are sourced from the Practice, Industry and Academia.</p> <p>Further Updates per Review Points – 2016-2018</p> <p>CPA PNG engagement and connectivity with educational institutions are very active and robust. This is evidenced by the following:</p> <ol style="list-style-type: none"> 1. Junior Accountancy Societies set up in the following universities: University of Papua New Guinea, PNG University of Technology, Pacific Adventist University, IBS University, University of Goroka. 2. Students sitting for CPA examinations (increased) for the following subjects: Foundations of Accounting, Business Law, Taxation Law & Practice, Ethics & Governance, Advanced Audit & Assurance, Financial Risk Management, Financial Accounting, Management Accounting, Business Finance, Accounting Concepts and Principles | | | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| 3. | | <p>Students membership has increased to 800 from 120 in the last two years.</p> <p>CAPA/Pacific Collaboration initiative working at achieving a mutually beneficial outcome. Achieving a unified education curriculum for universities in the Pacific to adopt/adapt that is reflective of the IES. (Refer attached documents) reflecting outcomes of CAPA activities towards finding sustained solution to Pacific needs.</p> <p>CPA PNG has been connecting and engaging with the universities and colleges by providing educational teaching materials, namely: Taxation Law and Practice, Business Law, Foundation of Accounting, IFRS, Auditing standards, Ethics / By Laws. CPA PNG participates in the Career Expos organised by the universities. CPA PNG also provide awards for the best accounting student in each institution every year. Sponsorship of K500 as prize award to each top accounting student to the 6 universities and 8 colleges. The institutions are listed below:</p> <ul style="list-style-type: none"> ● Universities <ol style="list-style-type: none"> 1. University of Papua New Guinea 2. PNG University of Technology 3. University of Goroka 4. Pacific Adventist University 5. Divine Word University 6. IBS University ● Colleges <ol style="list-style-type: none"> 1. Port Moresby Business College 2. Goroka Business College 3. Kokopo Business College 4. PNG National Polytech 5. IEA College of Tafe 6. PNG Institute of Public Administration 7. Sonoma Adventist College 8. International Training Institute <p>CPA PNG does conduct school/institution visits during the year. It also engages lecturers from the universities to conduct review classes in the professional examination. Ethical requirements promulgated through career expos, including guest lectures at universities and presentations at conferences.</p> <p><i>Continue to Review and Assess Educational Entry Requirements to Ensure Compliance with IES</i></p> | | | |
| 7. | Q1 2014 | Secretariat to hold discussions with the four major universities in PNG to develop a comprehensive accounting education program/syllabus that meets CPAPNG requirements. | Ongoing | CPAP PNG secretariat | CPAPNG in-house resources |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| | Q1 & 2 2015 | Discussions have been held with the University of Papua New Guinea on this. Similar discussions are planned for the 3 major accounting education providers in the country being Divine Word University, Pacific Adventist University and University of Technology in 2015. Updates will be provided as we progress with this task. | Ongoing | | |
| <i>Professional Education Program Structure</i> | | | | | |
| 8. | Q1 2014 | Fully launch new professional education program aligned with that of CPA Australia and including PNG-specific law and tax papers. The 4 new Australian CPA modules are now incorporated into our exam program. Our corporate tax and corporate law exam papers are also available in our examination programs and candidates are currently sitting for all these exams. | Ongoing | CPA PNG Council | CPA PNG resources |
| <i>Continuing Professional Education</i> | | | | | |
| 9. | Ongoing | Continue to provide an annual CPE program to assist members to fulfill their CPE obligations. This is done on an ongoing basis. The CPD workshops for IFRSs, auditing standards and Tax are not currently scheduled since dates are yet to be confirmed. These will be included onto the program when dates and speakers are confirmed. | Ongoing | Executive Director | CPA PNG Resources & Volunteers from practicing firms |
| 10. | Ongoing | Maintain system of evaluation to ensure that CPE program remains effective. We have a system of evaluation in place. A questionnaire is emailed to all members asking for preferred CPD training topics. The feedback is then collated and the most preferred topics/subjects are given priority and CPAPNG engages subject matter specialist to deliver the CPD workshops. CAPA have also developed a CPD toolkit which we will utilize once it become available. | Ongoing | CPA PNG Council | CPA PNG Council |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 11. | Q3 - 2011 | Perform periodic review of CPA PNG's SMO Action Plan and update sections relevant to SMO2 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. | Ongoing | CPA PNG National Council and Executive Director | CPAPNG in-house staff and resources/CPA PNG Council |
| 12. | From 2016 to March 2018 | Continuous improvement to model CPAPNG exams with IAESB's IES standards and in particular IES 1-8. Full yearly calendar developed on CPD training. | Ongoing | CPA PNG National Council and Executive Director | CPAPNG in-house staff and resources/CPA PNG Council and IES materials |

Action Plan Subject: SMO 3: International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to be Use Best Endeavors to assist with the Adoption and Implementation of IAASB Pronouncements in Papua New Guinea

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>The Accounting Standards Board (“ASB”) of Papua New Guinea is a regulatory body corporate established under the Companies Act 1997 (Part IX, Division 5) with the functions:</p> <ul style="list-style-type: none"> ▪ to develop, approve, amend and revoke financial reporting standards for the purpose of the Act; ▪ to make determinations on the application of any approved financial reporting standards; ▪ to give directions as to the accounting policies that has authoritative support within the accounting profession in Papua New Guinea; and ▪ to approve and accept the latest international standards on auditing (ISAs). <p>All financial statements in Papua New Guinea must be audited in accordance with the clarity ISAs, which are developed without modification.</p> <p>CPAPNG has a limited number of members in audit. The training of auditors employed in the public sector and large firms is undertaken by their employers. In order to make training available to all auditors in PNG (including those in Small and Medium Enterprises (SMEs)) CPAPNG is looking into ways of developing auditor training.</p> <p>The ASB is responsible for Standard setting and pronouncements on adoption of ISAs. The ASB has written a letter to CPAPNG dated 15 January 2015 inviting nominations to the ASB. We have nominated our current president Daniel Biti and council member Steven Beach to represent CPAPNG on that board. We understand the ASB will meet shortly to formally approve the latest IFRS and ISAs pronouncements that are currently being used in PNG to ensure they have the statutory backing. All listed companies on the POM stock exchange are required through the securities Act to fully comply with ISAs/IFRS reporting requirements. All other companies registered through the Register of Companies are required to use IFRSs or Generally Accepted Accounting Principles (GAAP).</p> <p>Updates May 2016 – March 2018</p> <p>Fully complying with IAASB standards and in particular the 2016-2017 Edition of the Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services pronouncements. Compliance with the International Auditing Standards is a Statutory requirement under the Companies Act 1997 and the Companies (Amendment) Act 2014. Audits of financial statements are done in accordance with 2016-2017 revised ISA.</p> <p>Further Updates per Review Points – 2016-2018</p> <p>CPA PNG’s involvement with CAPA adds value to its maturity journey. Members are provided good practice guide from CAPA Maturity Model Guidance. (Refer copy attached).</p> | | | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| Funding from National government is pending. CPA PNG is still following up with concerned authorities in the Treasury and Prime Minister's department.. | | | | | |
| <i>Maintaining Ongoing Processes</i> | | | | | |
| 13. | Ongoing | Continue to notify members of IAASB Standards and Pronouncements. Every year we have a CPD course on ISAs updates. | Ongoing | Exec Director CPAPNG & stakeholders | CPAPNG Council |
| 14. | Ongoing | Influence the ASB to issue interpretations and guidance on relevant standards in the PNG context. The ASB is now acting on our letter of request to convene the ASB. Once the full board members are confirmed, the first meeting will be held in which it is expected the latest ISAs pronouncements will be formally adopted. | Ongoing | Exec Director CPAPNG | CPAPNG Council / Secretary ASB Secretariat |
| 15. | Q1 2015 | Conduct CPE training for Auditors on ISAs, including clarified ISAs. A former CPAPNG council member and former Deputy Auditor General has agreed to facilitate some training on this. We hope to run some CPE courses in April/May 2014. | April/May 2014 <i>Completed</i> | Exec Director CPAPNG | CPAPNG Council, Auditor General & Practitioners |
| 16. | Ongoing | Run seminars on the practical application of selected auditing standards. We continue to do this as part of our CPD training. | Ongoing | Ex Director | Dir Academic & User-pay |
| 17. | Q1 - 2015 | Publicize in the website a list of auditing standards and regulations to ensure that members have access to information that assist them to keep abreast of the latest compliance requirements. We are currently planning on liaising with the IAASB to allow our members to access the soft copies of the ISA through our website. We are not sure if this is possible but we will communicate with them and see the outcome. Currently we order and sell hard copies of the ISAs to our members. | Ongoing | Joint CPAPNG/ ARB Committee | IFAC website and CPAPNG in-house IT facilities |
| 18. | Q1 - 2015 | Work in collaboration with the ASB to issue an Audit Manual and Toolkit for auditors in Papua New Guinea. This task is ongoing. We will fully implement this once the ASB is fully functional and once the Accountants Act is vetted by parliament. | Ongoing | JCPAPNG & ARB Comm | CPAPNG & ARB staff and in-house resources |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| 19. | Q1 - 2015 | Seek funding from Government to develop and issue guidelines to members on auditing in collaboration with ASB. Funding submissions have been drafted by the lawyer who is reviewing the Accountants Act. The CPAPNG President has indicated submission will be delivered to the finance department in the first week of March 2015 to fund the review of the accountants Act and funding of the ASB operations. | Ongoing | JCPAPNG & ARB Comm | JCPAPNG & ARB Comm |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 20. | Ongoing | Perform periodic review of CPA PNG's SMO Action Plan and update sections relevant to SMO3 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. | Ongoing | CPA PNG Executive Director | CPA PNG Council |
| 21. | 2016 – 2018 and ongoing | Statutory requirement under the companies Act 1997 for Public Companies/Reporting Entities to comply with International Auditing Standards. CPA PNG members performing Audit functions fully comply with the IAS. | Ongoing | CPAPNG & ARB | CPA PNG Council |

Action Plan Subject: SMO 4: IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Adopt the Revised Version of the IESBA Code of Ethics and Support its Implementation

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
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| <p><i>Background:</i></p> <p>Under the Accountants Act 1996, CPA PNG has fully adopted the 2006 version of the IESBA Code of Ethics for Professional Accountants as the standard to guide the conduct of accountants in Papua New Guinea. In areas not covered by the IESBA Code of Ethics, the Council of CPA PNG may if it deems necessary, develop additional ethical requirements on matters of relevance in Papua New Guinea. This act requires all accountants to comply with the CPAPNG Code of Ethics.</p> <p>CPAPNG will focus on using its best endeavours to incorporate adoption of the 2015 IESBA Code of Ethics in the revised Accountants Act. Once completed, it will become a mandatory requirement for CPAPNG members to comply with the IESBA Code. Compliance and adherence to the Code of Ethics for Professional Accountants is an important part of membership obligations within CPAPNG. New members on registration are issued with a Code of Ethics for professional accountants' booklet. In addition, CPDs are conducted in this area to educate and create awareness of the conduct, behaviors and standards required of our members. In our annual conferences, at least two sessions are given on this area which we believe is very important to CPAPNG. One of our examination modules is on Ethics. In 2016, we will be giving a new CPA Australia examination module to our candidates which is "Ethics and Governance". In our new Act, we have created provisions to fully adopt the latest version of the Code of Ethics for Professional Accountants issued by the IESBA and any amendments thereafter. CPAPNG will ensure that failures to abide by the Code result in investigation and, where necessary, disciplinary actions in compliance with SMO 6.</p> <p>Updates May 2016 – March 2018</p> <p>CPA PNG has a Code of Ethics that is compliant with International Ethics Standards Board for Accountants (IESBA). Current task is to fully adopt the IESBA into the revised CPA PNG Accountants Act. We are looking at incorporating the upcoming Code of Ethics that will become available in June 2019.</p> <p>Further Updates per Review Points – 2016-2018</p> <p>Actively promulgated through distribution of Ethics booklet and by laws upon admission. Also have copies available at conference events. This is now incorporated in the revised Accountants Act from sections 65(1).f - g: The 2016 IESBA handbook with the new sections 225 and 360 regarding NOCLAR has been put on CPA PNG website in pdf format for members to access. (Refer link: www.cpapng.org.pg)</p> | | | | | |
| <p><i>Maintain Ongoing Processes</i></p> | | | | | |
| 22. | Q1 2015 | Use best endeavors to incorporate the requirements of the IESBA Code into the Accountants Act, which is currently in review. The Accountant's Act review is now undertaken by CPAPNG. In the revised Act, a sub section will refer to the adoption of the IESBA Code of Ethics in terms of adoption, | Ongoing | CPAPNG & ARB | CPAPNG to fund the Act Review |

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| | | implementation, monitoring and review of the Code. We intend to fully adopt and comply with the 2015 IESBA Code of Ethics. The Act once vetted by parliament will be forwarded to IFAC to confirm the statutory backing of the Code of Ethics for accountants as we feel this is an important area of compliance. Please refer to copy of an email on this matter forwarded to the Accountants Act Reviewer. | | | |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 23. | Ongoing | Perform periodic review of CPA PNG's SMO Action Plan and update sections relevant to SMO4 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. | Ongoing | CPA PNG Executive Director | CPA PNG Council |
| 24. | 2016 – 2018 and ongoing | The amended CPAPNG Act contains a provision to fully adopt the IESBA Code of Ethics. This means that once the Act is passed by parliament and gazetted, any pronouncements on the IESBA Code of Ethics for Professional Accountants will be deemed to be the Code of Ethics for CPAPNG members. | Ongoing | CPA PNG Executive Director | CPA PNG Council |

Action Plan Subject: SMO 5: International Public-Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Promote Ongoing Adoption of IPSAS and Other Guidance Issued by the IPSASB

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>The government of Papua New Guinea holds responsibility for adoption of public sector accounting standards and has adopted the Cash Basis accounting standards. At this point in time there are no specific plans to adopt full accrual budgeting and accounting in the PNG Public Sector. CPA PNG is using best endeavours to promote IPSAS and cooperate with government.</p> <p>Through the Finance Secretary CPAPNG is establishing good working relationship with public sector accountants. All provincial and districts treasurers have become members of CPAPNG and CPE training is due to begin in 2014. In addition, based on a request from the government, the creation of a tailored public-sector training program run by CPAPNG is under discussion. These opportunities are expected to pave the way for more formal discussion on the adoption of IPSAS.</p> <p>By inviting a speaker from CIPFA to its annual conference 2013, CPAPNG has significantly increased awareness regarding good public finance management practices. The benefits of adopting IPSAS have been highlighted to a range of decision-makers and influential government dignitaries that were in attendance. The Finance Secretary has instructed all provincial and district treasurers to register as CPAPNG members. That is a total of approximately 150 new CPAPNG members. A separate division called the public-sector accounting stream will be created within CPAPNG to accommodate this. This is a first step towards creating a strategic alliance and partnership with the Public Sector. Should the government decide to adopt IPSASs, then the finance department and its employees will be tasked with the implementation part. These employees are CPAPNG members, therefore inroads are now being made where we will have the basis/opportunity to push for/recommend IPSASs as a means of strengthening public sector financial management.</p> <p>The Finance Department of the Government of Papua New Guinea has established connections with the Chartered Institute of Public Finance and Accountancy (CIPFA) UK to strengthen the public finance management in the country as well as seeking their assistance in adopting IPSASs. A CIPFA PNG branch has been created with the purpose of organizing all public-sector accountants with a key objective being the adoption of IPSAS – Accrual Accounting. PNG finance department’s representatives attended a CIPFA conference meeting in London last year (2014) and expressed 3 priority areas of interest they wanted assistance of which the second point was IPSAS accrual basis of accounting. The adoption of SMO 5 lies within the jurisdiction of the government of PNG, however, CPAPNG is using best endeavours to encourage the finance department to advise the government to adopt and implement requirements. We will continue to liaise with key government departments to encourage the move towards accrual basis of government accounting and in particular the adoption of IPSAS.</p> <p>Updates May 2016 – March 2018</p> <p>SMO 5 falls within the responsibilities of the National Government. CPA PNG continues to work with the National Government to enhance and improve Public Sector Accounting.</p> <p>Further Updates per Review Points – 2016-2018</p> | | | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|--------------|---|-----------------|----------------------------|---|
| <p>President Richard Kuna is a member of CAPA - PSFMC since 2016. Richard is also Deputy chair of Accounting Standards Board where he influences positively on issues concerning Public Sector Finance Management.</p> <div style="text-align: center;"> <p>Public Sector Financial Management Committee Members</p>  <p><i>Sitting, left to right:</i></p> <ol style="list-style-type: none"> 1. Gillian Fawcett, CIPFA, United Kingdom 2. Md. Abdur Rahman Khan, ICMA, Bangladesh 3. Manoj Fadnis, Chair, ICAI, India 4. Anwaruddin Chowdhury, ICAB, Bangladesh 5. Richard L. Kuna, CPA Papua New Guinea <p><i>Standing, left to right:</i></p> <ol style="list-style-type: none"> 6. Nadeem Y. Adil, ICAP, Pakistan 7. Md. Iqbal Ghori, ICMA, Pakistan <p><i>Not in photo:</i></p> <ol style="list-style-type: none"> 1. Jagath Perera, CA Sri Lanka 2. Ross Campbell, ICAEW, United Kingdom </div> <p>Refer captioned extract on page 17 of CAPA 2017 Annual Report</p> <p>In August 2020 CPA PNG plan to convene Public Sector Finance Management conference in Lae, PNG.</p> | | | | | |
| Best Endeavors to Raise Awareness of the Importance of Good Public Sector Financial Management and IPSAS Adoption | | | | | |
| 25. | January 2015 | Introduction of CPE training for public sector accountants. A former Deputy Auditor is currently assisting CPAPNG to develop CPD courses in Public Sector Accounting. | Ongoing | CPAPNG | CPAPNG staff |
| 26. | Ongoing | Recommend to the Minister of Finance adherence to timely and accurate reporting in accordance with Mandatory Part 1 of IPSAS on Financial Reporting Under Cash Basis of | Ongoing | CPA PNG Executive Director | CPAPNG Council & Finance Department, Donors |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|-----------------------|--|----------------------------|----------------------------|---|
| | | Accounting. This is currently being done by the finance department. | | | |
| 27. | Ongoing | Use best endeavors to initiate dialogue with Policy makers to create awareness of the activities of IPSASB, including and promotion of the IPSAS Standards. We are currently doing this through the finance department. Also our intentions were expressed to the world bank ROSC team that are currently complying a report on accounting and auditing standards in the country. The ROSC team is supportive of the government adopting IPSAS. | Ongoing | CPA PNG Executive Director | CPAPNG Council & Finance Department, Donors |
| 28. | November 2013 | In order to promote the adoption of International Public Sector Accounting Standards, Dr Adrian Pulham from the Chartered Institute of Public Finance and Accountancy (CIPFA) UK was invited to speak at the CPAPNG conference on <i>Public Finance Management: Fixing the Foundations for a Better Future</i> . He also spoke in a CPD/CPE organized jointly by CPAPNG and the Finance Department in which more than 100 public sector accountants attended. This has led to the setting up of CIPFA and the ongoing work to adopt IPSAS accrual basis of accounting. | November 2013 Completed | CPAPNG | CPAPNG staff |
| | 2016-2018 and Ongoing | Perform periodic review of CPA PNG's SMO Action Plan and update sections relevant to SMO5 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. | Ongoing | CPA PNG Executive Director | |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 29. | 2016-2018 and Ongoing | IFAC SMO 5 falls within the Jurisdiction of the National Government of PNG. It is their prerogative to adopt and implement IFAC SMO 5. However, CPAPNG will use its best endeavours to encourage the National Government to implement IFAC SMO 5 and assist them where appropriate. | Ongoing | CPAPNG | CPAPNG staff |

Action Plan Subject: SMO 6: Investigations and Discipline (I&D)
Action Plan Objective: Use Best Endeavors to Establish Compliance with SMO 6 and Maintenance of an Effective Investigation and Discipline System

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>The Accountants Act 1996 delegates the functions of investigation and discipline of accountants to the Accountants Statutory Committee (ASC) comprising the Chair of CPA PNG's Membership, Ethics and Discipline Committee, no fewer than three practicing Accountants with qualifications specified in the Accountants Registration and Practice Rules, an academic and a lawyer in private practice. All members are appointed by the ARB.</p> <p>CPA PNG maintains a Membership, Ethics and Disciplinary Committee. The role of which is to:</p> <ul style="list-style-type: none"> • approve membership applications; • deal with membership issues; and • Recommend to the ASC any ethical and disciplinary actions. <p>Failure to comply with ethical requirements or inability to justify behavior which is not in alignment with the Code of Ethics may constitute professional misconduct that could result in disciplinary action.</p> <p>Members in breach of CPAPNG rules that are brought to the attention of the ASC are asked to respond to allegations within 14 days. After their response, or where there is no response, the ASC evaluates the matter and in severe cases the member is referred to the ASC, which commences the disciplinary process. Disciplinary matters involving members that are before the Courts of Law are not deliberated until the outcome of the legal proceedings are known.</p> <p>The ASC is responsible for investigating and deliberating on individuals found guilty of misconduct in office. CPAPNG's jurisdiction only extends to members in employment. Those in public practice are investigated and handled separately by the ARB. If there is a case against a member, ASC makes recommendations to the council who have the final authority to impose sanctions.</p> <p>CPAPNG is currently engaged in activities to ensure the new Accountants Act clearly defines Investigation and Discipline procedures and processes. In addition, efforts are focused on a comprehensive review that will ensure each member is aware of all provisions of the code of ethics and other applicable professional standards, rules, and requirements issued by the IESBA and our own supporting standards.</p> <p>The revised Accountants act covers legislation regarding the functions of the ARB and CPAPNG. Therefore, separate provisions have been made for I&D with respect to ARB and CPAPNG. Part V, Division 3 deals with ARBs (I&D) for accountants in public practice and this has fully incorporated the requirements of SMO 6. Part V1, Division 4 deals with I&D regarding accountants in employment which falls under CPAPNG responsibility. This has also fully incorporated the requirements of SMO 6. The separate responsibilities of ARB and CPAPNG regarding I&D are clearly spelled out in the new accountants' act.</p> <p>Updates May 2016 – March 2018 CPA PNG fully complies with IFAC SMO 6. The CPAPNG Act provides clear provisions for Investigations and Discipline.</p> | | | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---|-----------------|---|---|
| Further Updates per Review Points – 2016-2018 | | | | | |
| Potential changes would include active participation of members and business community to report any disciplinary matters. To achieve this, Council has recently approved for whistle blower resources to be in place so that whistle blowers can report and be protected. | | | | | |
| Complaints are initially made to CPA PNG through letter or email. CPA PNG Council then registers the complaint(s) and sends the complaints to ASC to deal with the complaints. This is ASC statutory function. | | | | | |
| <i>Best Endeavors Around the Establishment of an I&D System Aligned with SMO 6</i> | | | | | |
| 30. | Q1 2014 | Incorporate SMO 6 elements into Accountants Act and develop a comprehensive awareness program for CPAPNG members. The revised Accountants Act will comprehensively cover SMO 6 as we feel this is a very important area for CPAPNG. To that effect separate sections have been devoted to dealing with investigation and disciplinary matters for accountants in employment and public practitioners. Division 4, part VI deals with disciplinary procedures for CPAPNG members in employment. Division 3, part V deals with disciplinary procedures for public practitioners which will fall under the jurisdiction of the ARB. Find attached the contents page of the Act that deals with these two important areas. | Ongoing | Act review person and Director Academic – CPAPNG. | CPAPNG & ARB |
| 31. | Ongoing | Use best endeavors to guide members in respect to their membership obligations in upholding ethical and professional conduct at all times. We have a code of ethics book let that is given to all our accountants on registration. We also have CPD workshops all year around in which the latest updates to the IESBA are conveyed to members. | Ongoing | Executive Director of CPAPNG | CPAPNG Membership Ethics & Disciplinary Committee |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 32. | Ongoing | Perform periodic review of CPA PNG's response to the IFAC SMO Action Plan and update sections relevant to SMO6 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. Currently undertaking this now. | Ongoing | CPA PNG Executive Director | CPA PNG Council |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|-----|----------------------|---|-----------------|-------------------------------|-----------------|
| 33. | 2016-2018 Ongoing | CPAPNG endeavors to continuously improve and model its I&D area to be compliant with IFAC SMO 6. CPAPNG will be reviewing its procedures and processes in this area by way of incorporating amendments to the Act and the drafting of new rules reflecting the changes in the Amended Act. Our current I & D processes and systems are not fully compliant with SMO 6. Once a review is done, we are planning to fully comply with the requirements of SMO 6. | Ongoing | CPA PNG Executive Director | CPA PNG Council |

Action Plan Subject: SMO 7: International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Use Best Endeavors around Adoption and Implementation of IFRS

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>The Companies' Act 1997 gives responsibility for setting accounting standards to the Accounting Standards Board (ASB). The full suite of IFRS has been adopted in PNG. In line with this the latest issue of IFRS is normally used in PNG. We are now using IFRS issued in January 2015 with no modifications.</p> <p>Section 180 of the PNG companies Act states that "The Financial Statements of a company shall comply with generally Accepted Accounting Practice" (GAAP). This implies that they comply with IAS/IFRS reporting requirements. Therefore, we already have the statutory backing to comply with IFRS/IAS requirements in our financial reporting and presentation. Division 5, Section 204 and 205 of the companies Act mandates the Accounting Standards Board (ARB) to develop, approve, amend and revoke financial reporting standards in accordance with the Companies Act. Whilst the IFRS/IAS reporting requirements are currently being implemented by relevant companies, what is required is the formal approval from ARB of these standards. The statutory backing is already given through the Companies Act. This is a high priority task for CPAPNG; therefore, we will exhaust all avenues to ensure ASB meets and subsequently approves the current IFRS/IAS that are being complied by.</p> <p>CPAPNG is represented on the ASB and has adopted IFRS as standards required to be followed by its members in conducting audits of financial statements. Ongoing progress in this area has been delayed due to the fact that the ASB, which makes the final decision on adoption, has not convened for a number of years. CPAPNG is using its best endeavors to advance the matter in 2014.</p> <p>The ASB is responsible for Standard setting and pronouncements on adoption of IFRS. The ASB has written a letter to CPAPNG dated 15 January 2015 inviting nominations to the ASB. We have nominated our current president Daniel Biti (ex officio) and council member Steven Beach to represent CPAPNG on that board. We understand the ASB will meet shortly to formally approve the latest IFRS that are currently being used in PNG to ensure they have the statutory backing. All listed companies on the POM stock exchange are required to fully comply with IFRS reporting requirements. All other companies registered through the Register of Companies are required to use Generally Accepted Accounting Principles (GAAP) which is deemed to refer to the IFRS.</p> <p>CPAPNG does not have direct responsibility in addressing SMO7. However, we are using our best endeavors to encourage ASB who is responsible for this function to comply and implement this SMO7. Where appropriate we will continue to assist them to ensure SMO 7 is continuously complied with on an ongoing basis.</p> <p>Updates May 2016 – March 2018</p> <p>The Accounting Standards Board of PNG (ASBPNG) held its first meeting on 31 May 2017 after almost 10 years. At that meeting, the ASBPNG re-confirmed the existing policy of the Board that PNG GAAP for reporting companies would comprise International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The ASBPNG would approve each new IFRS as an approved financial reporting</p> | | | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|--|-----------------|------------------------------|--------------------|
| <p>standard under Section 206 of the Companies Act without modification and with the same effective implementation dates. The ASBPNG formally approved the following IFRS that had been issued since the last meeting in 2007, with effectives dates as shown: IFRS 9 Financial instruments, effective 1.1.2018. IFRS 10 Consolidates Financial Statements, effective 1.1.2013. IFRS 11 Joint arrangements, effective 2013. IFRS 12, Disclosure of Interests in Other Entities, effective 1.1.2013. IFRS 14 regulatory deferral accounts, effective 1.1.2016. IFRS 15 revenues from Contracts with customers, effective 1.1.2018. IFRS 16 Leases, effective 1.1.2019. IFRS 17 Insurance Contracts, effective 1.1.2021. The Board also noted that the following previously approved IAS or IFRS have been withdrawn, or will be superseded, IAS 31 Interest in Joint Ventures effective, 1.1.2013. IAS 11 Construction Contracts, effective 1.1.2018. IAS 18 Revenues, effective 1.1.2018. IAS 17 Leases, effective 1.1.2019. IFRS 4 Insurance Contracts, effective 1.1.2021. The ASBPNG considered the adoption of IFRS for SMEs as a standard that would be of significant benefit to most small and medium sized entities in PNG. Subsequently the Board approved IFRS for SMEs as an approved financial reporting standard for use in PNG with an effective date for accounting periods beginning on or after 1 January 2018. The use of IFRS for SMEs will be optional for exempt companies. For PIEs, the full IFRS is applicable.</p> <p>Further Updates per Review Points – 2016-2018</p> <p>The IFRS updates are presented by PricewaterhouseCoopers twice annually. Last two years we had the support of big firms (PricewaterhouseCoopers, KPMP, and Ernst & Young). (Refer to CPD schedule attached).</p> | | | | | |
| <p><i>Awareness-raising and Training Activities</i></p> | | | | | |
| 34. | Ongoing | Continuously inform members of developments in IFRS through mail and via the CPAPNG website. This is done on a regular basis. We have CPD training on IFRS updates each year. Our key stakeholders from PWC will run it this year September/October. | Ongoing | Executive Director of CPAPNG | CPAPNG Council/ASB |
| 35. | Ongoing | Continue to support ongoing adoption and implementation of IFRS by highlighting their relevance and the importance of their application in financial reporting through a range of training activity, including seminars, workshops and CPD sessions. This is ongoing and we continue to promote the use of IFRS through these means. Continue to purchase and distribute the IFRSs annually from IASB for inclusion in the financial reporting papers. We purchase the latest IFRS from IASB and make it available at CPAPNG for our members to purchase/use. The | Ongoing | Executive Director of CPAPNG | CPAPNG Council/ASB |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|-------------|---|--------------------------|-------------------------------|-------------------------------------|
| | | examination students/candidates are especially encouraged to purchase a copy to study along with their examination modules. | | | |
| 36. | August 2014 | Deliver two-day CPE workshop highlighting and explaining recent changes to IFRS in two major cities - Port Moresby and Lae. All members are encouraged to buy a copy of the IFRS. This has been completed. The next update training will be in September 2015. | August 2014 Completed | CPAPNG | CPAPNG staff and financial resource |
| <i>Review of CPA PNG's Compliance Information</i> | | | | | |
| 37. | Ongoing | Perform periodic review of CPA PNG's SMO Action Plan and update sections relevant to SMO7 as necessary. Once updated inform IFAC Compliance Staff to republish updated information. | Ongoing | CPA PNG Executive Director | CPA PNG Council |
| 38. | Ongoing | The Accounting Standards Board of Papua New Guinea (ASBPNG) met on 31 May 2017 and approved all accounting standards issued since 2007 with retrospective effect. The approved standards have been given legal effect with the gazettal notice dated 26.10.2017. Copy attached. | Ongoing | CPA PNG Executive Director | CPA PNG Council |



Certified Practising Accountants Papua New Guinea

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Dear IFAC,

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

This letter is to confirm that the leadership of the Certified Practising Accountants Papua New Guinea (CPA PNG) has reviewed the information contained in the SMO Action Plan prepared by CPA PNG as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the CPA PNG, 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,

Certified Practising Accountants PNG

Yuwak Tau

Executive Director

1 July 2019