BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption[1] and implementation[2] of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

Please refer to the *Disclaimer* published on the Compliance Program website.

ACTION PLAN

IFAC Member: Institute of Chartered Accountants of Scotland (ICAS)
Approved by Governing Body: Executive Team
Original Publish Date: February 2010
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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

AADB	**Accountancy and Actuarial Discipline Board**
AQRT	**Audit Quality Review Team**
ARGA	**Audit, Reporting and Governance Authority (new Regulator to replace the FRC)**
BEIS	**Department for Business, Energy and Industrial Strategy**
CAI	**Chartered Accountants Ireland**
CCAB	**Consultative Committee of Accountancy Bodies**
CIPFA	**Chartered Institute of Public Finance and Accountancy**
FRC	**Financial Reporting Council**
FReM	**Government Financial Reporting Manual**
GAAP	**General Accepted Accounting Practice**
IAASA	**Irish Auditing & Accounting Supervisory Authority**
IAASB	**International Auditing and Assurance Standards Board**
IAESB	**International Accounting Education Standards Board**
IASB	**International Accounting Standards Board**
ICAEW	**Institute of Chartered Accountants in England and Wales**
ICAS	**Institute of Chartered Accountants of Scotland**
IESBA	**International Ethics Standards Board for Accountants**
IES	**International Education Standards**
IFRS	**International Financial Reporting Standards**
IPSAS	**International Public Sector Accounting Standards**
IPSASB	**International Public Sector Accounting Standards Board**
ISA	**International Standards on Auditing**
ISQC	**International Standard on Quality Control**
PIE	**Public Interest Entity**
PSC	**Public Sector Committee**
RSB	**Recognised Supervisory Body**
SATCAR	**The Statutory Auditors and Third Country Auditors Regulations 2016**

Action Plan Subject: SMO 1 and Quality Assurance
Action Plan Objective: Maintain and continue to use best endeavors to further develop ICAS' quality assurance programme

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					

The EU Audit Regulation and revised Statutory Audit Directive (collectively "the EU Regulation and Directive"), which came into force on 17 June 2014 and took effect on 17 June 2016, changed the basis of audit regulation in the United Kingdom (UK) and the Republic of Ireland (ROI) . The overall responsibility for all matters relating to audit regulation is reserved to a 'Competent Authority'. In the UK that is the Financial Reporting Council (FRC), and in the ROI, the Irish Auditing and Accounting Supervisory Authority (IAASA). There are proposals for a new regulator – the Audit, Reporting and Governance Authority (ARGA) - to replace the FRC within the next few years.

The EU Audit Regulation automatically took effect on 17 June 2016. The Statutory Audit Directive was implemented separately into UK legislation by way of amendments to Parts 16 and 42, and Schedule 10, of the Companies Act 2006. Designation of the FRC as the Competent Authority for the UK was implemented by way of secondary legislation (Statutory Auditor and Third Country Regulations 2016 (SATCAR)).

The EU Regulation and Directive allows the Competent Authority to delegate audit regulation functions to other bodies recognised in law. These are called Recognised Supervisory Bodies (RSBs) in the UK and Recognised Accountancy Bodies (RABs) in ROI. The Competent Authorities are able to delegate certain functions to the RSBs/RABs, with the exception of the monitoring of Public Interest Entity (PIE) audits, and any investigation & discipline which relate to such audits. In the UK, the FRC and the RSBs have determined that all investigations and disciplinary cases relating to the audit of a PIE will fall within the scope of the FRC. .

The delegated activities include:
- the approval of firms as Registered Auditors;
- the approval of individuals as Responsible Individuals;
- setting procedures for maintaining the competence of Responsible Individuals;
- monitoring the conduct of non-retained audit work ("retained" work refers to the audit of PIEs);
- investigating possible breaches of these regulations in relation to non-retained audit work; and
- disciplining and sanctioning breaches of these regulations in relation to non-retained audit work.

In the UK, the FRC sets conditions on how the delegated functions are carried out and this has been done by way of a delegation order issued under the Statutory Auditors and Third Country Auditors Regulations 2016.

The Competent Authority has the power to call-back, on a case by case basis, or in respect of categories of Registered Auditors or audits, previously delegated tasks. If this occurs, the Competent Authority may elect to conduct the matter under its own procedures, or it can exercise any of the powers under our Audit Regulations, as if it were the RSB and may vary the regulations that it applies. Alternatively, the Competent Authority may delegate those functions to another RSB/RAB who can also apply these regulations. It can also claim the costs from the RSB/RAB for any claimed back tasks or tasks re-allocated to another RSB/RAB.

The three Chartered Institute bodies (ICAS, ICAEW and CAI) have joint "Audit Regulations" which set out in detail the scope and powers of the

#	Start Date	Actions	Completion Date	Responsibility	Resource
		bodies' audit monitoring functions and regulatory committees and also sets out the detailed requirements against which each firm is monitored. Firms licensed by ICAS not only agree to be bound by these Audit Regulations but the rules and procedures of the Competent Authority and place themselves within the jurisdiction of its enforcement procedure.			

These Audit Regulations are written to ensure that our monitoring function complies with SMO1, as well as the EU Regulation and Directive and Companies Act and other statutory requirements. The Audit Regulations also ensure that each audit registered firm not only complies with the Companies Act requirements, but also International Standard on Quality Control (ISQC)1, the International Standards on Auditing (ISA), the FRC's Ethical Standards (based on the IFAC Code of Ethics), International Financial Reporting Standards (IFRS) or UK General Accepted Accounting Principles (GAAP) requirements and International Education Standards (IES) 8.

ICAS audit registered firms have been monitored under Companies Act requirements since the early 1990s therefore ICAS has significant quality assurance experience and each firm has been visited many times. ICAS SMO1 requirements are therefore written with the aim to maintain and further develop the quality assurance programme.

In relation to the FRC's oversight function, we are required to:
- conduct all our activities in accordance with the delegation order;
- submit a regular regulatory plan and update the FRC regularly on our progress against this plan;
- complete an annual return;
- meet regularly with the FRC and attend meetings as required; and
- submit to a regular inspection visit (currently annually) and action any recommendations made.

In addition, ICAS is also regulated by the Irish Auditing & Accounting Supervisory Authority (IAASA) as ICAS registers a number of firms who conduct company audit work in the Republic of Ireland (ROI) or for ROI companies.

The Audit Quality Review Team (AQRT) of the FRC is responsible for monitoring PIEs. ICAS works alongside the AQRT in visiting firms which audit PIEs. Since 17 June 2016, the AQRT now take responsibility for the firm-wide ISQC1 monitoring of firms with PIEs, and ICAS is only involved in monitoring a sample of engagements in the non-PIE population.

The ICAS Authorisation Committee, deals with all regulatory licensing, monitoring requirements and CPD issues. This Committee reports to the ICAS Regulation Board which makes all policy decisions in relation to regulation.

Given that ICAS has a mature quality assurance programme and has significant experience, ICAS has, in recent years, helped various other international professional bodies in training, developing or enhancing their quality assurance programmes and has also conducted quality assurance work for other bodies.

To continue to retain RSB status and to maintain ongoing processes

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	01.05.16	Effective implementation of the EU Audit Regulation and Directive and amendment of our policies and procedures to accommodate new regulatory requirements. Including: • Active engagement with FRC. • Forward planning changes where possible. • Developing with the other Chartered bodies, and with FRC approval, the new Audit Regulations. • Implementing new Audit Regulations. • Conducting a detailed benchmarking exercise of our monitoring policies and procedures against the EU Regulation, Companies Act 2006, SATCAR 2016, the Delegation Order and the revised Audit Regulations, to identify changes needed to monitoring policies and procedures as a result of the EU Regulation & Directive. This benchmarking exercise will be provided to the FRC.	Completed before 17 June 2016	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
2.	01.05.16	ICAS will continue to monitor the effectiveness of the audit quality assurance programme in compliance with the changes brought into effect by the EU Regulation & Directive and ensure that compliance with the FRC's delegation order will be kept under review.	Review ongoing Monitoring ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
3.	01.05.16	ICAS will provide the FRC with a regulatory plan, at least annually, which will set out our monitoring objectives for the year. ICAS will also provide a detailed annual return to FRC and IAASA annually which provides details on the monitoring outcomes for each calendar year.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
4.	2008	ICAS will maintain the public Joint Audit Register under the new SATCAR legislation, which reflects the EU audit directive requirements, and to continue to host the public register for all other UK RSBs.	Ongoing	Executive Director, Standards	Assistant Director, Regulatory Authorisations: IT Department of ICAS

#	Start Date	Actions	Completion Date	Responsibility	Resource
5.	01.10.15	We will deliver the effective implementation of the ICAS Governance Review including the effective implementation of the new Authorisation Committee.	Completed 19.04.16	Executive Director, Standards	Director of Regulatory Monitoring, Monitoring Teams
6.	19.04.16	The Regulation Board will keep under review the effectiveness of the new Authorisation Committee.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Monitoring Teams, Regulatory Authorisations
7.	01.01.05	ICAS will continue to operate, and seek continuous improvement of, its well-established risk based quality assurance schemes in the UK and Ireland, in accordance with the requirements of the Revised SMO 1. The timing and frequency of monitoring visits will continue to be conducted in line with EU Regulation and Directive.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
8.	01.01.08	ICAS will ensure that reviewers maintain their technical knowledge, and keep up to date with changing regulatory requirements. Feedback will be provided on a regular basis to ensure any training needs are identified.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
9.	Ongoing	ICAS will be continue to be active in consultations and seek to influence developments in audit policy and regulatory reform.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
To respond effectively to regulator recommendations					
10.	01.05.16	ICAS will submit to Competent Authority inspections and respond effectively to recommendations made.	Ongoing	Executive Director, Standards	Director of Regulatory Monitoring, Audit Monitoring Team
11.	01.01.05	ICAS will continue to cooperate with the FRC's Audit Quality Review team in relation to visits to firms auditing PIEs.	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
12.	01.05.09	ICAS will develop audit quality initiatives. To include education and training (see education and training below) and to continue to operate a risk based/more frequent visit approach to firms with audit quality/compliance issues	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team

#	Start Date	Actions	Completion Date	Responsibility	Resource
To develop the monitoring programme in line with regulatory changes and to continue to improve the quality control programme					
13.	01.01.05	ICAS will continue to update the risk-based monitoring methodology to reflect regulatory changes within the UK and Republic of Ireland (RoI), including changes to specialist entity audit requirements.	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
14.	01.01.17	ICAS will work on a large digital project to digitalise and make efficiencies in quality assurance related procedures, including the firms' annual return.	Partly completed by 31 December 2018, however some aspects will be completed by 31 December 2019	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring team, IT Department and external contractors
To continue to provide feedback to audit registered firms on the outcome of the quality assurance programme					
15.	01.01.05	ICAS will deliver feedback to firms on monitoring results via a quarterly publication of Audit News, and publication of an annual monitoring report.	Quarterly	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
16.	01.01.16	ICAS will continue to monitor and track the audit quality performance of firms and identify the causes of and attempt to resolve underperformance. Specifically, we will continue to: • Implement visit follow up action for underperforming firms • Shorten the time to next visit for such firms • We will regularly monitor the traffic light 'risk tracker' to flag & monitor underperformance • Identifying underlying causes on monitoring visits and ensure the follow up action and any audit initiatives tackle these. We have enhanced our approach to firms and RIs with zero audits.	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team

#	Start Date	Actions	Completion Date	Responsibility	Resource
Other					
17.	Various	ICAS provides assistance, consultancy and education to other bodies internationally and domestically– to help those bodies implement/operate/develop/improve their quality assurance functions.	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
Improve education and training to ICAS authorised firms					
18.	01.01.10	ICAS has ensured that all Audit Compliance Partners have attended, or viewed a video of, our mandatory course (Keeping Audit on the Right Track) by the end of the second cycle ending in 2018. Mandatory attendance has changed since the first cycle, with ACPs required to attend once in a three year cycle, and RIs to attend once in a 5 year cycle. ICAS will further review the content and delivery methods for this course.	Completed December 2015 – all firms attended	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
19.	01.01.16	ICAS will implement the next phase of the audit mandatory course and will continue to mandate and track attendance. The requirements for attendance have been extended. • Each Audit Compliance Principal will be required to attend the course once in a three year period; and • Each Responsible Individual (RI) will be required to attend the course once in a five year period – with new RIs attending in their first years.	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
20.	01.09.10	ICAS will continue to: (1) Publish and keep up to date the Audit Compliance Principal Helpsheet which provides Audit Compliance Principals with a guide as to how to ensure audit quality and good compliance;	Published September 2010 but update on ongoing basis	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		(2) Publish, and keep up to date, a range of helpsheets on regulated and specialist industries to provide audit firms with useful guidance on the unique aspects of these audits.	Ongoing		
21.	01.06.09	ICAS will seek to enhance the range of communication of technical and regulatory developments to ICAS authorised firms via quarterly Audit News	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
22.	01.01.16	Continue to communicate issues identified on monitoring visits via Audit News and other means	Ongoing	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team
Review of ICAS Compliance Information					
23.	Annually	ICAS undertakes periodic review of our response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information	Annually	Executive Director Standards	Director of Regulatory Monitoring, Audit Monitoring Team

Action Plan Subject: SMO 2 and International Education Standards
Action Plan Objective: Continue to ensure that all IES requirements are incorporated into ICAS' education programmes

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
		ICAS designs, delivers and examines the Chartered Accountants (CA) qualification. This encompasses everything from developing and setting the syllabus on an annual basis to preparing course materials, designing and delivering the education models, setting and marking certain of the examinations. With an annual syllabus review and focus on assessments which, where possible, replicate the working environment the CA qualification focuses on relevance and consistency. ICAS also authorises the Training Offices where CA student members undertake the required relevant practical experience. Related to this, it develops the competency requirements in technical and non-technical areas and the critical reflection activities required as part of the Relevant Practical Experience elements of the qualification. It also reviews and monitors the achievement of these competencies.			
		The CA qualification is structured with 11 exam components, Business Ethics requirements and Relevant Practical Experience requirements. This structure is designed to ensure that on completion, the newly-qualified CA has developed the necessary technical knowledge and skills combined with professional skills in judgment, analysis, communication and presentation to deal with a wide variety of complex and often unpredictable issues and situations. The development of these technical and professional skills also enables the newly-qualified CA to formulate and communicate professional solutions which are appropriate to the circumstances. In addition, the newly qualified CA will have developed the necessary professional and ethical values to deal with and make informed judgments on complex, ethical and professional issues.			
		ICAS is recognised by the Scottish Credit and Qualifications Framework (SCQF) Partnership as a Credit Rating Body. The CA qualification has been credit rated at the same level as a Masters Degree. The SCQF Partnership undertake annual monitoring reviews to ensure that ICAS and the CA qualification continue to meet the relevant requirements.			
		In the UK the oversight body is called the "Financial Reporting Council" and the regulator arm is called The Professional Oversight Team. ICAS is recognised by the UK regulator as a Recognised Qualifying Body (RQB). The Professional Oversight Team conducts annual regulatory visits to ICAS to ensure that the CA qualification meets the requisite regulatory and legal requirements and is fit for purpose.			
		ICAS has a mature education programme and has significant experience in this area, and, has continued in recent years, to help other international professional bodies in training, developing or enhancing their education and training programmes.			
International Education Standards (IES) 1 – 7					
24.	Ongoing	**IES 1-6** As indicated above, ICAS continues to review all aspects of the CA qualification annually taking into account market demand and changes in regulatory requirements.	Ongoing	Executive Director, Education	Executive Director, Education Director, Policy Director, Courses Director, Development

#	Start Date	Actions	Completion Date	Responsibility	Resource
		In addition, ICAS undertakes regular benchmarking activities with sister Institutes to ensure that all aspects of the CA qualification reflect the knowledge, skills and values required by newly-qualified accountants. These reviews also consider the processes and procedures adopted by ICAS in all aspects of its education activities. As changes and improvements are made, ICAS ensures that these have not resulted in ICAS falling below the bar set by the IESs. Where appropriate, ICAS provides comments on IAESB exposure drafts, strategy documents and is engaged with the IAESB's activities to actively ensure that any changes required to the ICAS programme are identified and implemented. ICAS, through the Common Content representation on the IAESB CAG, is a member of the CAG and actively participates in all CAG activities. ICAS continues to use IES 1 – 6 as a benchmark for reviews on an ongoing basis and meets all current requirements of IES1- 6. Consideration is already being given to any changes that may be required in relation to changes to arising IES2, 3 and 4 revisions in relation to ICT.			
25.	Ongoing	**IES 7 relating to CPD** On the issue of IES7, ICAS reviewed its approach to Continuous Professional Development (CPD). As a result, ICAS made significant changes to its approach to CPD to ensure the standard was met. ICAS has approached CPD as an area for continuous improvement. As various initiatives are introduced to members the previous system has been improved upon. When ICAS makes changes and improvements it ensures that these changes have not resulted in ICAS falling below the bar set by IES 7. ICAS continues to use IES 7 as a benchmark on an ongoing	Ongoing	Executive Director, Standards	Executive Director, Standards Assistant Director, Regulatory Authorisations

#	Start Date	Actions	Completion Date	Responsibility	Resource
		basis.			
26.	October 2013	ICAS has conducted a further benchmarking exercise against the revised IES 7 to ensure fit for purpose in advance of implementation date of 1 Jan 2014.	Completed	Executive Director, Standards	Executive Director, Standards Director, Regulatory Monitoring
27.	March 2014	Provide more CPD support to members:	Ongoing	Executive Director, Standards	Executive Director, Standards Assistant Director, Regulatory Authorisations
28.	March 2014	CPD case-studies	Ongoing	Executive Director, Standards	Executive Director, Standards Assistant Director, Regulatory Authorisations
29.	Ongoing	**IES 1 – 7 Conclusion** ICAS has concluded that the continual improvements and enhancements to its processes have ensured that ICAS continues to meet or exceed the standard set by IES 1 – 7. ICAS has used the external review and oversight by its relevant Boards and Committees of the interpretations of IES 1 -7 by ICAS staff to ensure that the IFAC requirements are fully satisfied. In addition, the Common Content project included IES requirements as one of its criteria for assessment. The review of ICAS confirmed that ICAS met the IFAC standards. The IFAC requirements were also used by the various Chartered Accountants bodies in renewing reciprocal membership agreements with ICAS. Again ICAS compliance was confirmed. ICAS continues to use IES1-7 as a benchmark on an ongoing basis.	Ongoing	Executive Director, Education and Executive Director, Standards	Executive Director, Education and Executive Director, Standards
IES 8					
30.	Ongoing	ICAS will continue to use IES 8 in the future as a benchmark against which to monitor CPD compliance for auditors.	Ongoing	Executive Director, Standards	Director, Regulatory Monitoring

#	Start Date	Actions	Completion Date	Responsibility	Resource
31.	01.01.16	ICAS will produce guidance to firms and members on the revised IES 8 requirements which will be web-based.	Completed June 2016	Executive Director, Standards	Director, Regulatory Monitoring
32.	01.01.16	ICAS will continue to communicate feedback on IES8 from monitoring visits and reinforce the importance of soft skills and succession planning, performance appraisals, training and mentoring.	Ongoing	Executive Director, Standards	Director, Regulatory Monitoring

Action Plan Subject: SMO 3 and International Auditing and Assurance Board Pronouncements
Action Plan Objective: Raising awareness of International Standards issued by the IAASB and supporting their adoption in the UK

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
In the United Kingdom, the responsibility for setting auditing standards rests with the Financial Reporting Council (FRC). The FRC adopted the International Standards on Auditing (ISAs) in 2005 and then subsequently adopted the revised ISAs which resulted from the International Auditing and Assurance Standards Board's (IAASB) clarity project for accounting periods ending on or after 15 December 2010. In 2016 the FRC issued a revised suite of ISAs (UK) which apply to audits of entities with years commencing on or after 17 June 2016. These revised ISAs take on board the revised standards issued by IAASB in relation to its auditors' reporting project. The FRC had already made its own initial revisions in this area which were applicable for the audits of certain listed entities for accounting periods commencing on or after 1 October 2012. The FRC also had to make revisions to the ISAs to introduce requirements in relation to the coming into force of the 2014 EU Audit legislation. As previously, the FRC has augmented the international standards with supplementary requirements to address specific UK regulatory requirements, and additional guidance that is deemed appropriate in the UK national legislative, cultural and business context. The supplementary material is clearly distinguished from the original text of the international standards by the use of grey shading. It should be highlighted that there have been a number of recent developments in the UK auditing environment. These include Sir John Kingman's review of the FRC; the Competition and Market Authority's (CMA) review of the statutory audit market; and the Brydon Review of the Future of Audit. The first of these has recommended that the FRC be replaced by a new regulatory body (the Audit, Reporting and Governance Authority, ARGA) with greater powers and the UK Government is currently consulting on this. It is envisaged that this new body would retain the authority to set auditing standards in the UK. The Brydon Review could have wide reaching implications for auditing standards in the UK and one of the matters which it is considering is whether auditors should have an expanded role in assessing the internal controls of an audited entity. The FRC has also issued a position paper which sets out its planned timetable to make revisions to Auditing and Ethical Standards. Indeed the FRC has already issued a consultation paper on a proposed revised ISA (UK) 570 covering Going Concern and further consultation papers are expected later this year. *Notifying members of International Standards issued by the IAASB*				
33.	Ongoing	Ensure that details of new or revised IAASB standards and other documents are made available on the ICAS website and via 'The CA' magazine, including details of how interested members can comment.	Ongoing	Executive Director, Standards	Audit and Assurance Panel, Head of Sustainability and Assurance
34.	Ongoing	Ensure that the ICAS Audit and Assurance Panel responds to all major IAASB Exposure Drafts and	Ongoing	Executive Director,	Audit and Assurance Panel, Head of Sustainability and

#	Start Date	Actions	Completion Date	Responsibility	Resource
		other consultations, seeking the views of the wider ICAS membership where appropriate.		Standards	Assurance
35.	Ongoing	Informing and educating members on how revisions to the ISAs will impact their roles through articles in 'The CA magazine, the IACS website and the ICAS Technical Bulletin.	Ongoing	Executive Director, Standards	Audit and Assurance Panel, Head of Sustainability & Assurance
Supporting adoption of ISAs in the UK					
36.	Ongoing	As mentioned above ISAs have been in use for a number of years in the UK. European legislation empowers the European Commission to adopt the ISAs (subject to certain criteria being met). However there still appears to be considerable inertia amongst the EC to move forward quickly on this issue.	Ongoing	Executive Director, Standards	Audit and Assurance Panel, Head of Sustainability and Assurance
Assisting with implementation of ISAs in the UK					
37.	Ongoing	Ensure training courses are available in the market place highlighting changes to ISAs and focusing on the most common problem areas found by audit monitoring for ICAS members.	Ongoing	Executive Director,	
38.	Ongoing	Provide access to members to guidance and literature on applying ISAs.	Ongoing	Executive Director, Standards	Technical Queries Team- Accounting and Auditing department
Review of ICAS compliance information					
39.	Annual	Periodic review of ICAS's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annual	Executive Director, Standards	Head of Sustainability and Assurance

Action Plan Subject: SMO 4 and the International Ethics Standards Board for Accountants Code of Ethics
Action Plan Objective: *Ensure alignment of ICAS Code of Ethics with the clarified IESBA Code if Ethics and continue to use best endeavours for convergence of auditor ethical requirements for auditors*

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
Although the ICAS Code of Ethics includes all of the material contained in section 290 of the IESBA Code, none of the ethical provisions in relation to audit (and certain other assurance engagements) content is applicable in the UK as the FRC is responsible for setting ethical standards for auditors in the UK which ICAS members undertaking audits in the UK are required to comply with. The ICAS Code of Ethics was revised in 2017 to encompass the recent NOCLAR changes (and some other auditor independence revisions) or to delay the introduction of these changes until the restructured Code is published by IESBA (likely to take effect in 2019). ICAS also actively supports helping members to apply the Code of Ethics in practice and has published a series of ethical dilemmas, and other ethics related papers, for professional accountants which can be downloaded via: https://www.icas.com/ethics/ethics-and-the-power-of-one ICAS also launched its 'The Power of One' motif in 2015 and this focusses on highlighting the need for CAs to take personal responsibility and show ethical leadership. Events have been held around the world to promote this motif and this will continue in 2017. Additionally, various ethics theme related papers have also been published. ICAS also proposed in a discussion paper that changes should be made to the fundamental ethics principles in the IESBA Code, particularly the introduction of a new principle - 'moral courage'. On the basis of the feedback received, ICAS has decided not to unilaterally make revisions to the fundamental ethics principles, but it is envisaged that the concept of 'moral courage' will be introduced into the ICAS Code of Ethics with the specific location of the text to be determined. ICAS also elevated the status of ethics within its Committee structure and established an Ethics Board as of 1 January 2016. This Board reports direct to ICAS Council.					
Updating the ICAS Code of Ethics					
40.	Ongoing	Ensure that the ICAS Ethics Board responds to all major IESBA Exposure Drafts and other consultations including those of the FRC on ethical matters, seeking the views of the wider ICAS membership where appropriate.	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
41.	January 2017 to March 2017	Planning now taking place along with the other CCAB bodies as to the most effective means of implementing recent changes to the IESBA Code of Ethics (notably the NOCLAR requirements).	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
Notifying Members					

#	Start Date	Actions	Completion Date	Responsibility	Resource
42.	Ongoing	Host events/webinars etc. for members to highlight key ethical issues including the ICAS 'The Power of One' motif focusing on lessons from corporate scandals. Various events were held around the globe in 2016 and this will continue in 2017.	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
43.	Ongoing	Issue further guidance as necessary e.g. case studies to assist members to appreciate how the Code should be applied in practice. Various papers have been published since November 2015 on the subject of 'The Power of One', and others are planned for publication in the future.	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
44.	Ongoing	Publish regular articles in member magazine and on ICAS website, including blogs.	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
45.	Ongoing	Seek to promote ethical business behaviour in the wider global business community. In particular, providing other IFAC member bodies with access to the ICAS case study material. Events have been held with other IFAC member bodies and permission given for some to use ICAS ethics content.	Ongoing	Executive Director, Policy Leadership	Director, Policy Leadership, and Secretary to the Ethics Board
Review of ICAS compliance information					
46.	Annual	Periodic review of ICAS's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO4 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Annual	Executive Director, Policy Leadership	Executive Director, Policy Leadership, Director, Policy Leadership, and Secretary to the Board

Action Plan Subject: SMO 5 and International Public Sector Accounting Standards Board Pronouncements
Action Plan Objective: *Raise awareness of the work of the International Public Sector Accounting Standards Board*

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
In the UK, HM Treasury issues accounting guidance for central government bodies within each UK jurisdiction. The guidance is set out in the Government Financial Reporting Manual (the FReM) which is based on EU adopted IFRSs. Local authorities across the UK implemented EU adopted IFRSs on 1 April 2010. Accounting guidance for local authorities based on EU adopted IFRS is contained in the Code of Practice on Local Authority Accounting which is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)/LASAAC (Local Authority (Scotland) Accounts Advisory Committee) Code Board.					
To notify members of all IPSASs, guidelines, studies and occasional papers developed by IPSASB					
47.	Ongoing	Where appropriate, IPSASB publications relevant to accruals accounting are reported in the Institute's monthly magazine 'The CA' which is circulated to all members.	Ongoing	Executive Director, Standards	Head of Business Policy and Public Sector, 'The CA' Magazine editorial staff
To consider notifying members off all exposure drafts issued by the IPSASB and to consider responding on behalf of those members that have an interest in public sector accounting standards.					
48.	Ongoing	The ICAS Public Sector Panel (PSP) selectively comments on IPSASB consultations.	Ongoing	Executive Director, Standards	Senior Policy Director, Policy Leadership; Head of Business Policy and Public Sector, Public Sector Panel
49.	Start 2005	Responses to IPSASB consultations are placed on the ICAS website.	Ongoing	Executive Director, Standards	Senior Policy Director, Policy Leadership; Head of Business Policy and Public Sector, Public Sector Panel
To use our best endeavours to encourage standard setters to adopt IPSASBs and to assist with the implementation of IPSASs, or national public sector accounting standards which incorporate IPSASs.					
50.	Ongoing	Continue to support the UK public sector accounts framework, which is based on EU adopted IFRS, through a policy position which supports robust accounting regulations for all public benefit entities.	Ongoing	Executive Director, Standards	Senior Policy Director, Policy Leadership; Head of Business Policy and Public Sector; Public Sector Panel

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	Jan 2014 onwards - Ongoing	Seek to prevent the introduction of EPSASs in the EU unless these specifically allow for Member States to use a more rigorous financial reporting framework i.e. IFRS.	Ongoing	Executive Director, Standards	Director, Policy Leadership Head of Business Policy and Public Sector; Public Sector Panel
Maintaining Ongoing Processes					
52.	Ongoing	All activities will be ongoing. In particular, the Public Sector Panel will continue to comment directly on consultations undertaken by IPSASB in relation to accruals accounting (on a prioritised basis) and provide input on developments in public sector accounting within the UK.	Ongoing	Executive Director, Standards	Senior Policy Director, Policy Leadership; Head of Business Policy and Public Sector; Public Sector Panel
Review of ICAS compliance information					
53.	Annual	Periodic review of ICAS's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information	Annual	Executive Director, Standards	Head of Business Policy and Public Sector; Senior Policy Director, Policy Leadership

Action Plan Subject: SMO 6 and Investigation and Discipline
Action Plan Objective: Continue to use our best endeavors to have an investigation and disciplinary process that meets the SMO 6 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background					
ICAS upholds professional standards in the public interest. ICAS's investigation and disciplinary procedures comply fully with the main requirements of SMO 6. The FRC Conduct Committee, the Insolvency Service, IAASA and OPBAS have the authority to monitor ICAS's complaints function and these bodies undertake regular inspection visits. Complaints which raise issues of public concern in the UK are remitted to the FRC's Accountancy Scheme. There are proposals for a new regulator – the Audit, Reporting and Governance Authority (ARGA) - to replace the FRC within the next few years. ICAS operates a robust investigation regime which is Public Interest Member orientated, with the Investigation Committee comprising 50% lay member representation. ICAS also operates a robust case review procedure whereby all cases which are closed without reference to the Investigation Committee are reviewed by three members of the Investigations Committee, including two Public Interest Members to ensure compliance with the principles of fairness and transparency. ICAS is committed to a programme of improvement and continues to monitor and review its investigation process to ensure complaints are handled in as fair and efficient manner as possible.					
To undertake an ongoing review of Investigation and Discipline Processes					
54.	01.01.17	Maintain under review all aspects of the investigation and disciplinary processes to ascertain whether changes should be made to increase efficiency and user-experience.	Ongoing	Director of Investigations	Investigation Committee. Investigations Team
55.	01.01.15	Maintain an ongoing programme of customer experience testing and feedback, with particular emphasis on enhanced public perception and Member awareness of the Investigation and Disciplinary function (e.g. through post-investigation feedback questionnaires).	Ongoing	Director of Investigations	Investigation Committee, Investigations Team
To participate in the review of the Scheme for investigating Public Interest Cases					
56.	01.01.17	To work with the Financial Reporting Council and the other Recognised Supervisory Bodies to review and amend the public interest Disciplinary Scheme.	Ongoing	Executive Director, Standards	Executive Director, Standards, Director of Investigations

#	Start Date	Actions	Completion Date	Responsibility	Resource
To improve Communication and Information Sharing (internally and externally)					
57.	01.04.10	To publish a report on behalf of the Investigation Committee, detailing relevant complaints statistics and common areas of complaint, utilising enhanced management reporting.	Annually	Director of Investigations	Investigations Team, Investigations Committee
58.	01.01.15	Deliver improved content across all digital platforms communicating the work of the Investigation and Disciplinary functions.	Ongoing	Director of Investigations	Investigations Committee, Investigations Team
To issue guidance to the Members and members of the public in respect of investigations and discipline					
59.	01.01. 14	Keep under review all correspondence, publications, website content, help sheets and guidance provided to Members and the public in respect of the complaints process, to ensure that they remain fit for purpose, with particular focus on accessibility (e.g. use of plain English).	Ongoing	Director of Investigations	Director of Investigations, Investigations Team
Maintaining Ongoing Processes					
60.	Ongoing	Monitor complaints on a regular basis to ensure timeframe targets for disposal of all cases are met and regular contact maintained with Members and complainers.	Ongoing	Director of Investigations	Director of Investigations, Investigations Team
61.	Ongoing	Monitor complaints caseload and ensure availability of appropriate expertise and adequate financial and other resources to enable a timely Investigation and Disciplinary function.	Ongoing	Director of Investigations	Director of Investigations
62.	Annual	Monitor Investigation Committee membership to ensure terms of office are adhered to and that appropriate levels and range of skills are maintained.	Ongoing	Director of Investigations	Investigations Committee Investigation Team
63.	Ongoing	Ensure complaints documents retained in accordance with prescribed retention policy and in accordance with data protection requirements.	Ongoing	Director of Investigations	Director of Investigations, Investigations Team

#	Start Date	Actions	Completion Date	Responsibility	Resource
Review of ICAS's Compliance information					
64.	Annual	Periodic review of ICAS's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information about the updates in order for the Compliance staff to republish updated information	Annual	Executive Director, Standards	Executive Director, Standards and Director of Investigations

Action Plan Subject: SMO 7 and International Financial Reporting Standards and International Accounting Standards Board Pronouncements

Action Plan Objective: Raising awareness of IFRS and supporting the use of IFRS in the UK

#	Start Date	Actions	Completion Date	Responsibility	Resource
Background ICAS students have been trained in IFRS for several years. ICAS supports the use of IFRS and successfully lobbied for the Financial Reporting Council (FRC) to introduce a new UK GAAP (Financial Reporting Standard (FRS) 102) primarily for non-listed companies which is substantively based on the IFRS for SMEs (albeit with certain key differences to reflect the UK business environment). Application of FRS 102 became mandatory for accounting periods commencing on or after 1 January 2015 for all but small entities. Smaller entities (other than those which satisfy the EU micro entity conditions) have been mandated to apply FRS 102 (with certain disclosure and presentation exemptions available via a new section, 1A, of FRS 102) for accounting periods commencing on or after 1 January 2016.					
Notifying members of IFRSs and Exposure Drafts					
65.	Ongoing	Ensure that details of new IFRS, IASB Exposure Drafts and Discussion Papers, and changes to UK GAAP are made available on the ICAS website and via 'The CA' magazine, including details of how interested members can comment.	Ongoing	Director, Policy Leadership	Senior Policy Director, Policy Leadership Head of Corporate and Financial Reporting
66.	Ongoing	Ensure that the ICAS Corporate and Financial Reporting Panel responds to all major Exposure Drafts and Discussion Papers, seeking the views of the wider ICAS membership where appropriate. This includes papers issued by the IASB and the FRC.	Ongoing	Director, Policy Leadership	Senior Policy Director, Policy Leadership; Head of Corporate and Financial Reporting; Corporate and Financial Reporting Panel
Assisting with implementation of IFRS in the UK					
67.	Ongoing	ICAS members have been made aware and are reminded via the ICAS website of the free access to the main text of the IFRS on the IASB website.	Ongoing	Director, Policy Leadership	Senior Policy Director, Policy Leadership; Head of Corporate and Financial Reporting
68.	Ongoing	Ensure that IFRS training courses for ICAS members are available in the market place.	Ongoing	Executive Director, Member Engagement and Communications	Director of People

#	Start Date	Actions	Completion Date	Responsibility	Resource
69.	Ongoing	Ensure training courses on the revised UK GAAP (based on the IFRS for SMEs) are available for ICAS members via external training providers	Ongoing	Executive Director, Member Engagement and Communications	Director of People
70.	Ongoing	Provide access to members to IFRS guidance and literature	Ongoing	Director, Policy Leadership	Senior Policy Director, Policy Leadership; Technical Queries Team, Accounting and Auditing Department
71.	Ongoing	Provide access to members to UK GAAP accounting standards (issued by the FRC) and supporting literature.	Ongoing	Director, Policy Leadership	Director, Policy Leadership; Technical Queries Team, Accounting and Auditing Department
72.	2018	Engage with Government and Regulatory bodies to ensure appropriate mechanisms for adoption / endorsement of IFRS in the UK, post-Brexit.	2019?	Senior Policy Director, Policy Leadership	Director, Policy Leadership Head of Corporate and Financial Reporting
Review of ICAS compliance information					
73.	Annual	Periodic review of ICAS's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO7 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information	Annual	Senior Policy Director, Policy Leadership and Executive Director, Standards	Head of Corporate and Financial Reporting; Director, Policy Leadership; Senior Policy Director, Policy Leadership

Ms Alta Prinsloo
Executive Director, Quality & Development
IFAC
529 5th Avenue
New York
USA

29 May 2019

Dear Alta

Letter to Confirm Institutional Support for the SMO Action Plan

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

On behalf of the leadership of ICAS, 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.

Yours sincerely

J BRUCE CARTWRIGHT CA
Chief Executive

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