

## **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<sup>1</sup> and implementation<sup>2</sup> 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**

<b>IFAC Member:</b>	The Egyptian Society of Accountants & Auditors (ESAA)
<b>Approved by Governing Body:</b>	ESAA Board of Directors
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<sup>1</sup> *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.

<sup>2</sup> *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**

<b>AAPAD</b>	Accountant and Auditors Free Practitioners Division
<b>ASA</b>	Accountability State Authority
<b>AOUB</b>	Auditors Oversight Unit's Board of Directors
<b>CAC</b>	Cultural Activities Committee
<b>CDC</b>	Curriculum Development Committee
<b>CE</b>	Committee of Examinations
<b>CMA</b>	Capital Market Authority
<b>CPD</b>	Continuing Professional Development
<b>CCPE</b>	Committee of Continuing Professional Education
<b>CPE</b>	Continuing Professional Education
<b>ECE</b>	Egyptian Code of Ethics
<b>ESA</b>	Egyptian Accounting Standards
<b>ESAROAS</b>	Egyptian Standards on Auditing Review and Other Assurance Services
<b>FRA</b>	Financial Regulatory Authority (previously EFSA)
<b>EM</b>	ESAA Executive Manager
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IEIPS</b>	Information Papers from the International Accounting Education Standards Board
<b>IEPS</b>	International Education Practice Statements
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC1</b>	International Standards on Quality Control 1
<b>FAC</b>	Foreign Affair Committee
<b>OU</b>	Oversight Unit
<b>QA</b>	Quality Assurance
<b>SCU</b>	Supreme Council of Universities
<b>SG</b>	ESAA Secretary General
<b>SMO</b>	Statement of Membership Obligation
<b>SQC</b>	FRA Standard on Quality Control
<b>TC</b>	Training Committee

## **General Information:**

### **The Egyptian Society of Accountants and Auditors (ESAA)**

ESAA was established in 1946 and is managed by an elected Board of Directors. ESAA is responsible for developing educational and professional standards for its members. As of December 2019, the total number of ESAA members was 2030.

Membership of ESAA is voluntary and most of the accountants who are practicing accountancy in Egypt are not members of ESAA.

Members are admitted when they satisfy one or more of the following conditions:

- (i) Membership in the Institute of Chartered Accountants in England and Wales, or another acceptable foreign professional body (provided they pass ESAA's examinations on Egyptian tax law and Corporate Governance);
- (ii) Doctoral degree in accounting or auditing with three years of full-time work experience (Provided he/she pass ESAA's Final Exam) At least three years of full-time work experience in the office of a practicing ESAA member or equivalent and successful completion of the two-part examination (The first examination is performed after one and one-half years and the second at the end of three years).

ESAA Board of Directors successfully achieved the dream of its members by establishing a Three story building on a 3000 m<sup>2</sup> plot at the 6th of October City on the outskirts of Cairo.

The building consists of the Following:

- Training Center, which can accommodate 500 students at any given point of time, to be the society arm for professional training
- Library
- Administrative offices
- Meeting Rooms for the Committees
- Board of Directors Hall

The training center has achieved remarkable success since it launched its activities on the 3 of October 2015, whereas it provided training programs for more than 4000 professional accountants and students.

ESAA's Training Center- as part of its leading role- has provided training courses to explain the revised Egyptian Accounting Standard (Updated Edition) for ESAA Members and non-members and has organized training courses in the following subjects:

- Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS)
- Intermediate Financial Accounting

- Intermediate Auditing & Assurance Services
- Taxation
- Cost Accounting & Managerial Accounting
- Advanced Financial Accounting
- Advanced Auditing & Assurance Services
- Advanced Taxation
- Finance
- Corporate Governance & Risk Management

ESAA believe that the pursuit of knowledge, understanding, and personal and professional development should continue throughout one's lifetime.

In September 2016, the ESAA and the ACCA signed a strategic partnership agreement to strengthen the accountancy and finance profession in Egypt. The areas of focus will include: information and knowledge sharing, continuous professional development for ESAA members, and offering local qualification developments, such as papers in International Financial Reporting Standards.

During 2017, many meetings were held with representatives and leaders of ACCA, with the aim of building close cooperation between the two societies. A joint committee was formed between the two societies to:

- Review the curriculum in association with ACCA. (ESAA members are exempted from 9 papers out of 14 paper to pass ACCA exams )
- Studying the possibility of cooperating with ACCA to prepare the IFRS Diploma in Arabic to be issued and accredited by ESAA.

During 2019, many meetings were held with representatives and leaders of ACCA, with the aim of Following up the implementation of the mechanisms and policies that have been put in place to build close cooperation between ACCA and ESAA.

The discussions covered all areas of cooperation and there was approval of some meetings between ACCA representatives and ESAA members and student.

Since the signing of a cooperation protocol between ESAA and FRA with the aim of raising the scientific and practical level of employees in FRA to perform the work of examination and control of companies subject to FRA's control in the field of non-banking financial activities at a level equivalent to practicing the accounting and auditing profession Internationally.

The signing of this protocol comes to embody the cooperation between FRA and ESAA, and the belief of FRA in the professional role of ESAA in raising the issue of the accounting and auditing profession in Egypt. ESAA also provides all its professional capabilities to contribute in raising the efficiency of the FRA's employees. The protocol provides access to ESAA's services by participating in courses, training programs, conferences and exchanging experiences and discuss all matters related to practicing the profession of accounting and auditing and access to research and scientific studies

ESAA cooperated with FRA which issued an application guide for the purpose of facilitating the preparers and users of the financial statements to clarify how the initial application and switching to accounting treatment for financial leasing contracts in accordance with EAS No. 49 leasing contracts that replaced EAS No. 20.

A cooperation protocol has been signed between ESAA and the Arab Contractors Company ( one of the biggest contractors companies at Middle east ) to train its employees and spread professional accounting awareness of the company through specialized training courses in the field of EAS and **ESAROAS** as well as other specialized programs in the company field.

A cooperation agreement was signed during 2019 between ESAA and the Egyptian Center for Directors which is affiliated to FRA with the aim of joint cooperation between the two sides in the areas of training and development and the establishment of seminars and conferences that would raise the level of the business community and the public of accountants and auditors in the areas of governance, oversight and auditing and other related topics.

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Establish a Mandatory Quality Assurance Review System

**Background:**

The decree establishing the Oversight Unit (OU) for quality control of auditors registered with the Egyptian Financial Supervisory Authority EFSA (currently Financial Regulatory Authority FRA) which replaced the Capital Market Authority(CMA) is based on Law No. 123 of 2008 on amendments to some provisions of the capital market law promulgated by Law No. 95 of 1992 of which Article (11) states: “A record shall be established at the Authority for registering auditors who are licensed to audit listed companies, public subscription companies, securities companies, and investment funds established by banks and insurance companies.

The Board of Directors of the Authority shall develop the terms and conditions for entering and striking auditors off the above record.”

The EFSA ( FRA) board of directors issued decree no. 84 of 2008 establishing the unit for quality control of auditors registered in the EFSA (FRA) record for registration of auditors and was amended by the EFSA's( FRA) decree no. 24 of 2009which states in article (1) the name of the unit as “Work Excellence Supervisory Unit for Auditors Registered at EFSA (FRA) Registers” and states in article (3) the structure of the board ,While the following shall attend the board meeting without the right to vote:

- Chairman of Free Accounting and Auditing profession in the Syndicate of Commercial Professions
- Chairman of the Egyptian Society of Accountants & Auditors (ESAA).
- Chairman of Egyptian Institute of Accountants & Auditors
- Representative of the Egyptian Capital Market Association
- Representative of Egyptian Insurance Federation

No member who have the right to vote within the board shall practice auditing or shall engage professionally at any way whatsoever with an auditor who is practicing the auditing profession during the membership term.

The board of directors for the unit of quality control of auditors listed in FRA record takes its decisions which are subject to approval of the FRA's board of directors.

**Functions of the unit according to its foundation decree:**

In pursuit of its objectives, the unit has the following power:

1. Propose rules for entering auditors in the record for auditors of listed companies, public subscription companies, securities companies, and investment funds established by banks and insurance companies, mortgage finance companies, insurance and re-insurance companies; and suggest measures and procedures for suspending listing or delisting from the record and secure approval of the board of directors of the FRA
2. Draft a mechanism for periodic examination of the quality of work of auditors listed in the record; develop executive procedures and measure to bring this about. It has the right to request auditors to supply it with what it deems proper to have access to and ensure their validity periodically or non-periodically. Companies, concerned entities and auditors listed in the record must facilitate its work.
3. Cooperate with professional associations to propose standards for auditing, code of professional conduct and independency.
4. Maintain record with sufficient data about auditors and update the same on a periodical basis with the findings of the periodic examination and remarks of the quality of work of auditors registered in the record.
5. Propose memos of cooperation with regulators of the profession as well as other supervisory entities for exchange of information regarding auditors.
6. Propose procedures that can be taken vis-à-vis auditors who do not comply with standards and rules in force.
7. Propose mechanisms for ongoing professional development in line with international rules as a prerequisite for continued registration in the record. FRA's OU has adopted the requirement of ISQC1 and ISA 220. And has started the application from 2008 FRA Chairman issued decree No. 140 of 2006 concerning a standard on quality control for firms that perform audits and review of financial statements. FRA standard on quality control (ESQC) matches in all important aspects with the ISQC1.

Article 2 of the above mentioned decree stated that all auditors who are listed on FRA register are required to comply with this standard and to establish and maintain a system of quality control which includes the policies and procedure that address each off the following elements:

- 1–Leadership responsibilities for quality within the firm
- 2–Relevant ethical requirements
- 3–Acceptance and continuance of client relationships and specific engagement
- 4–Human resource
- 5–Engagement performance
- 6–Monitoring

Article (3) of the decree No. 140 stated that all the registered auditors in FRA recorded are obliged to furnish and submit all the required documents which are necessary for FRA to ensure their compliance with ISQC1.

ESAA is not responsible for establishing a Quality Assurance (QA) review system as this is the responsibility of FRA as mentioned in ESAA response to the IFAC Part 2, SMO Self-Assessment Questionnaire published on November 2006.

The auditors who are assigned to perform audit engagement for banks are listed in FRA register and are subject to QA system. Both central bank and the Accountability State authority have QA systems for their regulated entities.

- Ministry of Finance has developed a draft of a new law On Accounting and Auditing Practice which states in chapter 6 "Oversight" the following:

Article 52

- 1- The Supreme Council of Accounting and Auditing shall assume full responsibility for overseeing auditing activities.
- 2- The Council may delegate any of the tasks except public interest entities auditors and audit firms oversight of:
  - Quality assurance systems
  - Investigation
  - Sanctions
- 3- Executive regulations will regulate the delegation of functions, except those mentioned above, on professional entities or other bodies.

Article 53

1. A Control Committee shall be established in the Supreme Council in accordance with the aforementioned regulations of the Law. Executive regulation will determinate the functions and formation of this committee.
2. The Control committee shall prepare and submit its annual plan to the Supreme Council of Accounting and Auditing for approval.
3. The control plan and investigation plans shall include:
  - The examination of certain engagement files of audit works or aspects of the audit activity in order to determine the events or circumstances which could be relevant.
  - Inspection consists of periodically inspecting or reviewing the work of auditors or audit firms in order to improve the quality of the audit work.
  - Quality control will include verifying the internal control systems of auditors and audit firms and reviewing the procedures documented in the audit files in order to evaluate the efficiency of the control systems.

Article 54

All the chartered accountants and audit firms shall make all the data, reports, documents, information, and files accessible to the control committee at the Supreme Council.

**Updates:**

- Extensive meetings were held by the Ministry of Finance to discuss the draft of mentioned law with the civil society institutions and entities associated with the profession of accounting and audit to make its observations on the law and its effects on the profession in preparation for submission to Parliament
- During 2018,2019an agreement has been signed between FRA and ESAA so that ESAA provides technical support to the OU through the training of its staff and to the audit firms to achieve a high level of quality assurance

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of the Quality Assurance Requirements</i>					
1.	Ongoing	ESAA continue to work with FRA to consider/ enhance the activities—if any—which are not currently performed by FRA's OU.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
2.	Ongoing	Studying the possible of applying a quality control system on both the accredited firms and ESAA members who are not listed on FRA register and performing audits of financial statements until the issuance of the new law On Accounting and Auditing Practice	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
<i>Supporting ESAA Members in Implementation of the Control Standards</i>					
3.	Ongoing	ESAA published articles in its magazine about the requirements of quality assurance.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
4.	May 2017 April 2018 May 2019	ESAA held workshop in cooperation with FRA related to ISCQ1 and quality control requirements.	May 2017 April 2018 May 2019	CAC Chairman	CAC (Chairman and 6 members)
5.	February 2014 June 2017 June 2018 Sep 2019	Discuss the Implementation of voluntary programs that enable accredited audit firms to obtain an independent, confidential assessment of their quality control policies and procedures, apart from quality assurance review system. Chapter 6 "oversight" of the above mentioned law will consider this aspect.	May 2014 June 2017 June 2018 Sep 2019  Ongoing	CAC Chairman	CAC (Chairman and 6 members)
6.	November 2016 April 2017 September 2018 December 2019	Organize training sessions for members of ESAA on the requirements of ISCQ1 to enhance the awareness of QC.	November 2016 April 2017 September 2018 December 2019	TC Chairman	TC (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Process</i>					
7.	Ongoing	Continue to ensure that the FRA QA is in line with the revised SMO1 requirements and covers the requirements of the revised ISQC1.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
8.	Ongoing	ESAA is continuing to encourage the Accountant and Auditors Free Practitioners Division (AAFPD) of the Commercial Syndicate to develop and adopt a system of Quality Control, and take the necessary steps to be mandated on the Auditors listed, to cover all audits of financial statements. Chapter 6 "oversight" of the above mentioned law will cover this issue.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
9.	Ongoing	ESAA is going to encourage the Minister of Finance to expedite the issuance of law On Accounting and Auditing Practice which will make all auditors apply quality assurance requirements The draft of the new law regulating the audit profession currently being discussed includes provisions for QA reviews for auditors.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
<i>Review of ESAA's Compliance Information</i>					
10.	Ongoing	Perform periodic review of ESAA's response to SMO 1, Section of the IFAC Compliance Self-Assessment Questionnaires and update the response as necessary. Once updated inform IFAC compliance Staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Secretary General	ESAA Executive Manager

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Develop and implement a continuing professional program based on IES7

**Background:**

Law No. 133 of 1951 concerning practicing the profession of accounting and auditing (article 6) and law No.4 of 1972 concerning the establishment of the commercial syndicate (Article 5) require candidates aspiring to become certified accountant to be a graduate of a faculty of commerce of one of the Egyptian universities or hold a similar degree from any other local or foreign university or institute considered by the Supreme Council of Universities equivalent.

Both of the above mentioned laws do not establish continuing professional development requirements.

Chapter four article 48 of the new law - which is under discussion – mentioned that:

“All accountants enrolled in the lists of trainee accountants and practicing chartered accountants are subject to professional training and continuous education programs, auditors cannot get their licenses to practice the profession or transfer from one list to another without fulfilling professional courses and the set hours of continuous education as defined by the executive regulations of this Law.”

Any person who seeks the membership of ESAA must be a graduate of a Faculty of Commerce of one of the Egyptian Universities, or holds a similar degree from any other local or foreign University or Institute considered by the Board of Directors equivalent thereto, provided that he/she have three years of training at one of the accounting and auditing firm of a member of the society or audit firm accredited by ESAA's board of directors and passes both intermediate and final examinations.

ESAA's Board of Directors has approved the updated curriculum and the subjects which are necessary to permit candidates to gain the professional knowledge required for professional competence.

The Intermediate Examination includes 5 subjects as follow:

- Intermediate Financial Accounting
- Intermediate Auditing
- Taxation
- Cost Accounting & Managerial Accounting
- Law & Ethics

The Final Examination includes 5 subjects as follow:

- Advanced Financial Accounting
- Advanced Auditing
- Advanced Taxation
- Finance
- Corporate Governance & Risk Management

Most of the requirements prescribed in IESs are included in the education curriculum and the training programs provided by ESAA for students admitted for the Examinations.

ESAA's Board of Directors has approved a CPD program in its meeting held on July 2008. ESAA's members were notified of the adoption of the CPD, the requirements and commencement date of the first CPD courses which commenced on January 2009. ESAA's member are required to complete 120 hours of relevant professional development activity in each rolling three year period, of which 84 hours are verifiable, and to complete 25 hours—at least—in each year.

ESAA's members are required to provide evidence that competence was developed or maintained. The professional accountant is responsible for providing the evidence to the administrative unit in ESAA upon request and for ensuring the evidence filed is sufficient and reliable.

The administrative unit monitors whether professional accountants meet the CPD requirements and provide for appropriate sanctions for failure in meeting any of the requirements, including failure to report or failure to develop and maintain competence.

The Committee of Continuing Professional Education (CCPE)-which is part of ESAA-,supervises the work of the administrative unit.

To assist ESAA's members in meeting their responsibility for lifelong learning, ESAA Provided many courses, training, forums & workshops to facilitate access to CPD opportunities and resources.

ESAA is in an ongoing process of reviewing its education programs requirements to ensure that they comply with IESs, and of improving the delivery of accountancy education and CPD training to fulfill the IESsrequirements.

ESAA does not have the legal authority to change the educational standards or change the accounting education curriculum on universities therefore, its capacity to disseminate the adoption of international standards and to implement new education standards is limited to its students and members.

On October, 2018 ESAA has prepared a draft amendment to its by-laws in preparation for the approval by the Board of Directors and the competent authority, which contain :

- The members enhanced adherence requirements for continuing professional education as determined by the Board of Directors
- The board of directors enhanced ability to impose appropriate sanctions on members who do not abide by the rules of Continuing Professional Education.

During 2017,2018and 2019 the Training Center has held training courses especially for university students and fresh graduates.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Strengthening the Accountancy Education Program</i>					
11.	December 2013	Publish articles in ESAA magazine notifying all International Education Standard, International Education Practice Statements (IEPSs) and International Education Information Papers for professional accountants (IEIPs) issued by the International Accounting Education Standards Board (IAESB) to ESAA's members.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
12.	Ongoing	Continue to organize seminars and meetings with the representatives of the education institutes and universities to encourage them to update Accounting and Auditing Curricula to be in compliance with the requirements of IFRS, IAS and ISA. Also to take into consideration all the International Education Standards requirements. More than 100 members of ESAA are professors & instructors in the Egyptian universities such as Ein Shamas University, Cairo University.	Ongoing	CDC Chairman	CDC (Chairman and 6 members)
13.	July 2015 April 2018 June 2019	Organize with the participation of ESAA Experts a meeting with the professors from the leading commercial faculties to discuss the importance of compliance with international education standards (IES) and for strengthening the profession and overall economic environment.	Ongoing	CDC Chairman	CDC (Chairman and 6 members)
<i>Ensure the Compliance of CPD Requirements with IES 7</i>					
14.	Ongoing	Continue to identify the technical and financial resource requirements and perform an initial assessment of available resources and needed resources.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)
15.	Ongoing	Establish CPD administrative unit in ESAA, prepare and issue CPD program with details of courses and price list to members and other professional accountants.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
16.	October 2012	<p>Publish articles in ESAA magazine notifying ESAA's members of the adoption of the CPD, the requirement, and commencement date of the First CPD courses. Which covered the following topics:</p> <ul style="list-style-type: none"> <li>- the Egyptian Accounting Standards (EAS)&amp;IFRS ;</li> <li>- the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS);</li> <li>- Taxation;</li> <li>- The information regarding the Training courses are available on ESAA's website.</li> </ul>	Ongoing	CAC Chairman	(CAC Chairman and 6 members)
17.	October 2012	Publish articles in ESAA magazine to promote to ESAA's members, stakeholders and the public, the benefits of CPD highlighting the importance of continuous improvement of competence and a commencement to lifelong learning.	Ongoing	CAC Chairman	ESAA Staff
18.	January 2013	Publish articles in ESAA magazine inviting experienced members of ESAA to offer their services as CPD trainers.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
19.	January 2013	Establish a systematic process to monitor whether professional accountants meet the CPD requirements and provide for appropriate sanctions for failure to meet the requirement.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)
20.	October 2013	Notify ESAA's Members of learning activities that may be under taken as part of a planned program of CPD activity.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)
21.	November 2013	Develop and provide guidance on the evidence to be obtained or created to demonstrate that ESAA's members' competence was developed or maintained.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)
22.	January 2014	Submit to the board of directors for approval a draft of the types of sanctions to be imposed on ESAA's members for non-compliance.	January 2014	CCPE Chairman	CCPE Chairman
23.	March 2014	Start to implement sanctions against the members who do not fulfill CPD mandatory hours.	Ongoing	Investigation and Disciplinary committee Chairman	Investigation and Disciplinary committee (Chairman and 3 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	October 2018	ESAA has prepared a draft amendment to its by-laws in preparation for the approval by the Board of Directors and the competent authority contain provisions to enhance the board of directors ability to impose appropriate sanctions on members who do comply with the requirements of Continuing Professional Education.	Ongoing	ESAA Executive Manager	ESAA Board of directors
25.	Ongoing	Periodically review the CPD policies and the application of IES7.	Ongoing	CCPE Chairman	CCPE (Chairman and 6 members)
<i>Establishing an Training Center</i>					
26.	June 2012	ESAA has launched its Training Center on the first of October 2015.	Completed	The Board	ESSA Staff
27.	January 2016	Start delivering professional training courses.	Ongoing		
28.	July 2016	Organize Training Courses on the modified Egyptian Accounting Standard (2015) giving priority to ESAA members.	Completed	Training Committee Chairman	T&C (Chairman and 6 members)
29.	October 2016	Organize Training Courses on the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS).	October 2016, March 2017, October 2017, March 2018 and October 2018	Training Committee Chairman	T&C (Chairman and 6 members)
30.	Oct. 2016 May ,Nov. 2017 may ,Oct 2018 may ,Oct 2019	Organize Training Courses on the following subjects: - Cost Accounting & Managerial Accounting - Corporate Governance & Risk Management - Finance - Taxation	Nov. 2016 May, Nov. 2017 may ,Oct 2018 may ,Oct 2019	Training Committee Chairman	T&C (Chairman and 6 members)
31.	Oct. 2016 July 2017 Feb. 2018 Apr. 2019	Organize Training Courses on the contemporary concept of the Internal Auditing.	Oct. 2016 July 2017 Feb. 2018 Apr. 2019	Training Committee Chairman	T&C (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
32.	Ongoing	Holding protocols with some universities and training centers to participate in the training of all interested in the profession of accounting and auditing.	Ongoing	Training Committee Chairman	T&C (Chairman and 6 members)
33.	Nov.2016 Feb.2018 May 2019	Organize Training session on the Quality Assurance and the Quality Control to enhance ESAA's member of the importance of the subject.	Nov.2016 Feb.2018 May 2019	Training Committee Chairman	T&C (Chairman and 6 members)
34.	Sept. 2016 Jan. 2017 Jan. 2018 Jan. 2019	Provide Training session for the fresh graduate accountants in Accounting & Auditing.	Oct.2016 Jan. 2017 Jan. 2018 Jan. 2019	Training Committee Chairman	T&C (Chairman and 6 members)
35.	Jan. 2017 Jan. 2018 Feb. 2019	Organize Courses on IFRS for preparation to sit for IFRS Dip. Exam.	April2017 April 2018 May 2019	Training Committee Chairman	T&C (Chairman and 6 members)
<b>Maintaining Ongoing Processes–IES 1. 2. 3.</b>					
36.	Ongoing	Ensure on an ongoing basis that the students who passes ESAA's Examination has acquired enough advanced professional accountancy knowledge to enable them to function as competent professional accountants in an increasingly complex and changing environment.	Ongoing	Curriculum Development Committee Chairman	Curriculum Development Committee (Chairman and 6 members )
<b>Maintaining Ongoing Processes–IES 4. 5. 6. 8.</b>					
37.	Ongoing	Ensure on an ongoing basis That ESAA's practical experience requirements, its system of assessment of professional capabilities and competence prior to admission to ESAA and the knowledge content and skills requirements are kept in line with the relevant IES.	Ongoing	Curriculum Development Committee Chairman	Curriculum Development Committee (Chairman and 6 members )
<b>Maintaining Ongoing Processes–IES 7</b>					
38.	Ongoing	Ensure that ESAA's CPD program is in line with IES 7 requirements.	Ongoing	CCPE Chairman	CTCPE (Chairman and 7 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of ESAA's Compliance Information</i>					
39.	Ongoing	Perform periodic review of ESAA's responses to sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	CCPE Chairman	CTCPE (Chairman and 7 members)

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Ongoing convergence with IAASB Pronouncements

**Background:**

The Ministry of investment issued decision NO, 166 / 2008 to apply the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS) that are carried out when auditing, reviewing the annual financial statements or reviewing the interim financial statements of the shareholding companies subject to the provisions of Law No. 159 of 1981 by issuing the law of joint stock companies, Or the provisions of the Capital Market Law promulgated by Law No. 95 of 1992 and their amendments (Auditors listed at FRA register and auditors listed at general register are committed to applying those standards)

The president of Accountability State Authority (ASA) issued decision No.1300/2008 to impose the application of the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS) on all the assignments performed by the ASA.

The following companies and authorities must be audited with full compliance with ESAROAS:

- All companies that were established according to the provisions of both:
  - Act No.159 for the year 1981 of joint stock companies, partnerships limited by shares, and limited liability companies and its executive regulation.
  - Capital Market Act, issued by act No. 95 for the year 1992 and its executive regulations such as: listed companies, public subscription companies, securities companies, and investment funds established by banks and insurance companies, mortgage finance companies, insurance and re-insurance companies.
- Banks,
- Public sector companies,
- Public sector holding companies and affiliates,
- Economic bodies such as: Suez Canal Authority, National Telecommunication Regulatory Authority, Egyptian General Petroleum Company, General Authority for Investment & free Zone, New Urban Communities Authority Portal, Tourism Development Authority and Egypt Expo Convention Authority.

The Egyptian Standards on auditing review and other assurance services (ESAROAS) was matched with the translation of “IFAC Handbook of International Standards on Auditing and Quality Control” (2005 edition).

The updates of standards have not been yet issued by the competent authority.

ESAA Standards Committee continuously following-up the publication of the standards and their modifications issued by the IAASB, Identifying the differences and the amendments needed to keep the ESAROAS in line with the updated International Standards.

<p>ESAA's Chairman and the standardscommittee chairman communicate regularly the results with the concerned governmental bodies and encourage them to take the necessary steps to incorporate the amendments in the existing standards.</p> <p>Standard committee developed a modified version of the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS) in full compliance with the IAASB revised.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Development of the Ongoing Implementation of the IAASB Pronouncements</i>					
40.	November 2012	Reviewing new and revised standards issued by theIAASB.	March 2013 Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
41.	November 2012	Compare existing ESAROAS with the new and revised standards issued by the IAASB and disclose the differences between national Audit Standards and International Standards on Auditing (ISAs).	March 2013 Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
42.	April 2013	ESAA is going to use its best endeavors to encourageFRA and,minister of investment and the president of ASA to modify ESAROAS to comply with latest IAASB pronouncement. ESAA's Standard Committee held many meetings in 2014 and 2015 with the delegations from the ministry of investment and ASA.	June 2013 Ongoing	ESAA Chairman	ESAA (Chairman and 5 members)
43.	January 2014	Disseminate new Exposure Drafts to ESAA's members regard reporting and take into account relevant comments.	Ongoing	CAC Chairman and SC Chairman	CAC (Chairman and 6 members) andSC (Chairman and 6 members)
44.	February 2014	Develop a training seminar specifically for university professors to assist them in teaching the theory and practical application of the new updates of ISA in the classroom. The seminar has not been developed yet.	Ongoing	TC Chairman	TC (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
45.	February 2016	Developing a modified version of the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS) in full compliance with the IAASB revised (2014 edition).	March 2017	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
46.	Ongoing	Publish articles in ESAA Magazine to notify members of all new, proposed, revised international standards and other pronouncement issued by the IAASB, in order to enhance the awareness of the financial auditors , trainees and the public in general about the new and revised standards.	Ongoing	CAC Chairman	CAC (Chairman and 6members)
47.	Ongoing	Continue to provide training programs on (ESAROAS) for ESAA members, student and professional accountants. ESAA's Training Center provided training courses on (ESAROAS) during February 2016, April 2016 , April 2017 and April 2018.	Ongoing	TC&CCPE Chairmen	TC&CCPE (Chairman and 6 members)
48.	Ongoing	Provide comments on new Exposure Drafts to the IAASB.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
49.	Ongoing	Developing a modified version of the Egyptian Standards on Auditing Review and Other Assurance Services (ESAROAS) in full compliance with the IAASB revised (2016/2017 edition )	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
<i>Maintaining Ongoing Processes</i>					
50.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action plan for future activities as necessary.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
<i>Review of ESAA's Compliance Information</i>					
51.	Ongoing	Perform periodic review of ESAA's response to the IFAC Compliance Self-Assessment Questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Foreign Affair Committee Chairman	FAC (Chairman and 6members)

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Updating the Code of Ethics

<b>Background:</b>					
<p>EFSA (FRA) issued decision No.79/2007 regarding Code of Ethics. The EFSA (FRA) Code of Ethics which is applicable to accountants and auditors listed at EFSA (FRA) register is based on the 2006 version of the IESBA Code of Ethics, ESAA is still using its best endeavors to persuade the Ministry of Finance to issue the same EFSA (FRA) Code of Ethics to be applied to all auditors who are listed at the General Register. The president of the ASA issued decision No. 2102/ 2009 regarding the code of ethics which is applicable to auditors of the ASA &amp; auditors who are appointed by the ASA.</p> <p>ESAA's Standards Committee are continuously following–up on the publications of the standards and their modifications issued by IESBA, identifying the differences and the modifications needed to keep both EFSA (FRA) &amp; ASA code of ethics in line with the IESBA Code of Ethics for Professional Accountants (last Edition).</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Support Implementation of Ethical Standards</i>					
52.	January 2013	ESAA's is going to use its best endeavors to persuade the minister of finance to issue the ECE to be applied to all auditors who are listed at the General Register. A meeting was held with one of the minister consultant in 2014 and 2015 to discuss the topic.	May 2013 Ongoing	ESAA Chairman	ESAA Chairman and 5 members
53.	January 2013	Publish differences between the ECE and the revised IESBA code of ethics in ESAA's magazine "The Accountant."	May 2013 Ongoing	CAC Chairman	CAC (Chairman and 6 members)
54.	January 2014	ESAA going to use its best endeavors to encourage the Oversight Board and the Accountants and Auditors Free Practitioners Division of the Commercial Syndicate to take the necessary steps to ensure that the listed auditors adhere to the ECE.	Ongoing	ESAA Chairman	ESAA Chairman and 5 members
55.	February 2016	Submit the revised Code of Ethics to the concerned minister for approval and issuance.	April 2017	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
56.	November 2016	Submit the revised Code of Ethics to the concerned minister for approval and issuance.	April 2017	Standards Committee Chairman	Standards Committee (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	Ongoing	Prepare and publish articles and other promotional materials in ESAA Magazine (the Accountant) in order to enhance the awareness of the financial auditors, trainees in the financial audit and the public in general about the Egyptian Code of Ethics.	Ongoing	Cultural Committee Chairman	Cultural Committee (Chairman and 9 members)
58.	Ongoing	Continue to publish articles in ESAA magazine and holding workshops to notify ESAA's members of the provisions of the IESBA Code Of Ethics and other pronouncements developed by IESBA.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
59.	Ongoing	Continue to notify ESAA members of all exposure drafts issued by the IESBA and to encourage them to comment on those exposure drafts.	Ongoing	CAC Chairman	CAC (Chairman and 6members)
60.	Ongoing	Maintaining Web based resource on the ESAA website. ECE is available on the ESAA website <a href="http://esaaegypt.com">http://esaaegypt.com</a> .	Ongoing	IT Committee Chairman	IT Committee (Chairman and 6 members)
<i>Maintaining Ongoing Processes</i>					
61.	Ongoing	Ensure that the FRA code of ethics is in line with the IESBA Code of Ethics and other pronouncements developed by IESBA.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 7 members)
62.	Ongoing	ESAA is going to use its best endeavors to encourage FRA and, minister of finance and the president of ASA to ensure that code of ethics is in line with the IESBA Code of Ethics and other pronouncements developed by IESBA.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 7 members)
<i>Review of ESAA's Compliance Information</i>					
63.	Ongoing	Perform periodic review of ESAA's responses 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.	Ongoing	FAC Chairman	FAC (Chairman and 6 members)

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Promoting the use IPSASs.

**Background:**

The International Public Sector Accounting Standards (IPSASs) have not been adopted in Egypt in accordance with the Egyptian Laws & Regulations.

Up to date the public sector accounting, which is adopted in Egypt, are based on cash-based accounting and regulated by law, therefore, in regards to SMO5, the role of ESAA, is limited to the promotion of IPSAS and other pronouncements issued by IPSASB.

There isn't a timeline to adopt IPSAS in the near future owing to the political situation.

ESAA's role is to support the adoption and implementation process. Supporting this process usually includes actions such as:

- a) Producing seminars/training courses on the subject;
- b) Raising awareness of the subject through online and mail publications;
- c) Engaging regulators and parliamentarians in discussion on the topic in an effort to raise awareness of the benefits and to encourage alignment with international standards and best practices; and

ESAA plan to include IPSASsrelated materials into CPD courses and other training and educational activities once the ministry of finance adopts the IPSAS.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to Use Best Endeavors to Support Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements</i>					
64.	January 2014	Arrange a meeting and presentation with the Ministry of Finance to demonstrate the importance of IPSAS adoption in governmental departments.	January 2014	ESAA Chairman	ESAA Chairman and 5 members
65.	October 2016	Continue to provide information to the MOF on the latest activities of the IPSASB and the new IPSASs issued, and of the trends and developments occurring in the field of public sector accounting.	Ongoing	SC Chairman	SC Chairman and 6 members
66.	November 2016	Continue to engage the government in discussion on the benefits of adopting of IPSAS. A meeting was held with one of the minister consultant in 2014 and 2015 to discuss the topic.	Ongoing	SC Chairman	SC Chairman and 6 members

#	Start Date	Actions	Completion Date	Responsibility	Resource
67.	Ongoing	ESAA is going to use its best endeavors to promote use of IPSAS to the relevant Government authority.	Ongoing	ESAA Chairman	ESAA Chairman and 5 members
68.	Ongoing	Continue to encourage ESAA members and the experts from academia to prepare and publish articles and other promotional materials in ESAA magazine (the Accountant) in order to enhance the awareness of the financial auditors, trainees in the financial audit and the public in general about the IPSAS.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
69.	Ongoing	Publish articles in ESAA magazine notifying ESAA's members of all IPSAS, guidelines, studies and occasional papers developed by the IPSASB.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
70.	Ongoing	Continue to notify ESAA's members of all exposure drafts issued by the IPSASB and to encourage them to comment on behalf of those members that have an interest in public sector accounting standards.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
<i>Maintaining Ongoing Processes</i>					
71.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs.	Ongoing	ESAA Chairman	ESAA Chairman and 5 members
<i>Review of ESAA's Compliance Information</i>					
72.	Ongoing	Perform periodic review of ESAA's response to SMO5 section of the IFAC Compliance Self-Assessment Questionnaire and update the response as necessary once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	FAC Chairman	FAC (Chairman and 6 members)

**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Further Development of Investigation and Discipline process

**Background:**

**The Egyptian Society of Accountant & Auditors (ESAA):**

\* Presently ESAA does not maintain a system of investigation and discipline in line with the revised SMO 6, but ESAA has established a committee for investigating and disciplining its members for misconduct and failure to meet rules whereas, the committee's action is triggered by the receipt of a complaint from a client or a regulatory agency against one of ESAA's members.

\* ESAA's Board of Directors, according to ESAA's bye-Law "article 17," has the power to enforce and impose a range of penalties such as: reprimands, suspension of membership and exclusion from membership.

The Investigation and Disciplinary Committee is comparing ESAA's I&D system with the SMO6 requirements to identify the differences.

ESAA needs to modify its by-laws to be in compliance with the revised SMO6 requirements.

Law No. 70 of 2017 was issued concerning associations and private organizations which requires ESAA to amend its by-laws to be in line with mentioned law's requirements.

On October, 2018 ESAA has prepared a draft amendment to its by-laws in preparation for the approval by the Board of Directors and the competent authority.

ESAA has prepared A draft of sanctions regulation which is in line with SMO 6 requirements

**Financial Regulatory Authority (FRA):**

\* FRA's I&D system is in line – in most important aspects – with revised SMO 6 requirements.

\* FRA has general responsibility for investigating and disciplining the auditors who are authorized to perform financial audit services for listed companies.

\* The auditors oversight unit of FRA' is entitled to receive the complaints against the listed auditors and carry out all the necessary procedures to inspect the complaint and ask for a hearing from concerned auditors.

\* Articles No. 8,9,10 of decision No. 33/2009 demonstrate the mechanism adopted by FRA for Investigating and Disciplining:

Article (8):" The following events are considered violations that requires further investigation and undertaking enforcement actions on the auditor:

- A. Errors, omissions and misstatements, whether intentional or through oversight, in the submission of any application, data forms and/or reports filled by the auditor to either the auditors oversight unit and /or the FRA.

- B. Non-compliance with the standards and codes of audit practice including but not limited to;
  - Egyptian Auditing Standards inclusive of the quality control standards and independence standard.
  - The auditor did not verify the clients' compliance with the Egyptian accounting standards in the preparation of the financial statements being audited.
  - Noncompliance with the Code of Ethics promulgated by FRA.
- C. Non-compliance with the requirements of Continuing Professional Development (CPD) set forth in the Rules Regulations pertaining there to for auditor registration.
- D. Failure to furnish all information requested in connection with the registration or inspection registrants.
- E. Failure to cooperate with the reasonable requirements of a periodic inspection and / or special investigation of alleged violations.
- F. Material misstatement and /or inadequate disclosure in any financial report(s) issued by a regulated entity and audited and reported upon by a registrant and failure of the auditor to report on such violations /misstatements.
- G. Failure to abide by rulings of the OU and disciplinary proceeding levied there from.

Article (9): "The Auditors Oversight Unit's Board of Directors has the authority to enforce and levy disciplinary proceedings against auditors who violates any of the professional Code of Ethics, professional standards." Egyptian auditing standards or listing Criteria. Specifically, the OU's Board of Directors can suggest and enforce any one or more of the following sanctions:

- A. Issuing a notice of violation to the auditor indicating the period of time granted to him provide corrective action and indicate measures taken to prevent re-occurrence.
- B. Requiring the registrant to promote its professional capacity through increasing the number of its professional staff or promoting the staff professional capacity and provide additional professional training for some or all of designated professionals.
- C. Requiring a registrant to assign a reviewer or quality control supervisor on outstanding engagements.
- D. Prohibiting a registrant from accepting new audit clients from the listed companies until taking proper corrective action to address raised violations.
- E. Temporary suspension of registration for a period that does not exceed 12 month.
- F. De-listing of the registrant from the auditors' registry.

AOUB's decisions are issued with the approval of the majority of the attending votes except for the proceeding no. (D),(E),(F) mentioned above , where an affirmative vote from at least five voting members of the OU's Board of Directors is required to decide on initiating these specific disciplinary proceedings."

Article(10): "A notice with raised deficiency and the above mentioned disciplinary proceedings will be the registrant. The registrant shall have 30 days to respond to the matter(s) set out in the Notice before presented for approval by the FRA's Board of Directors."

The FRA's Board of Directors has the right to request further technical investigation on the mentioned deficiency/violation.

**The Accountants and Auditors Free Practitioners Division (AAPAD):**

The Accountants and Auditors free practitioners division of the commerce Syndicate is responsible for investigating and disciplining the Auditors who are listed on the division record according to law No.4 issued in 1972 some of the requirements set out in the law are not in line with the requirement of the revised SMO6. ESAA cooperates with AAPAD in Standard Setting and in the listing of the new practitioners in the registrar of accountants at the Syndicate. The AAPAD is a branch of the Commerce Syndicate which is responsible for investigating and disciplining the Auditors who are listed on the division record.

The developed draft of the new law On Accounting and Auditing Practice covered many aspects of the requirements of SMO 6

**The Accountability State Authority (ASA):**

The Accountability State Authority (ASA) is an independent governmental body that undertakes the audits and inspection of the public sector companies, Joint companies and the governmental bodies beside the evaluation of the performance of the mentioned entities. ASA has a very strict system for the investigation and discipline of its employees.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reviewing the Investigation and Disciplinary Mechanism and Incorporating SMO 6 Requirements</i>					
73.	November 2012	ESAA is going to use its best endeavors to persuade the Accountant and Auditors Free Practitioners Division to consider the application of SMO 6 in the investigation and discipline of misconduct of the auditors who are listed on the division register. Meeting was held in 2014 & 2015 with representatives of ESAA & AAPAD to promote the incorporation of SMO 6 requirements.	February 2013 Ongoing	ESAA Chairman	ESAA Chairman and 5 members
74.	October 2012	ESAA is going to use its best endeavors to persuade FRA to update its I&D system with the revised SMO6.	January 2013 Ongoing	ESAA Chairman	ESAA Chairman and 5 members
75.	June 2016	The investigation & complaints committee has reviewed all the requirements of SMO 6 (revised 2012).	August 2016	I&D Committee Chairman	I&D Committee Chairman and 5 members
76.	September 2016	The investigation & complaints committee developing a draft of a new system of I&D in accordance with ESAA by laws and the requirements of SMO 6.	November 2016	I&D Committee Chairman	I&D Committee Chairman and 5 members

#	Start Date	Actions	Completion Date	Responsibility	Resource
77.	December 2016	The committee submits the draft of I&D system to the Board of Directors for discussion and approval.	December 2016	I&D Committee Chairman	I&D Committee Chairman and 5 members
78.	January 2017	The committee do all the required modification and submit the new I&D system to the Board of Directors for approval.	January 2017	I&D Committee Chairman	I&D Committee Chairman and 5 members
79.	February 2017	Inform all ESAA members of the new I&D system by publishing the new system in ESAA magazine. The Accountant and through the web site.	February 2017	I&D Committee Chairman	I&D Committee Chairman and 5 members
80.	May 2017	ESAA Board of Directors decided to postpone the approval of the developed draft of a new system of I&D as a result of the issuance of associations and private organizations Law which require to amend ESAA's by-laws	May 2017	ESAA Board of Directors	I&D Committee Chairman and 5 members
	May 2018	The board asked The I&D committee to re-study its developed draft to be in line with the new requirements	ongoing	I&D Committee Chairman	
81.	Ongoing	ESAA is going to make each member fully aware of all provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments) issued by ESAA or FRA and the consequences of non-compliance. ESAA disseminates information to its members on ethical requirements through the following: - ESAA website - Training courses - Publishing articles in ESAA's magazine	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
82.	Ongoing	ESAA investigation and disciplinary committee is reviewing the elements in the revised SMO 6 that are not currently a part of the investigation and discipline mechanism and identify opportunities to further develop the investigation and discipline program. The gap in compliance of ESAA's I&D system is clarified in the table provided in page 30.	Ongoing	Investigation and Disciplinary Committee Chairman	Investigation and Disciplinary Committee (Chairman and 3 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
83.	Ongoing	Continue to ensure that ESAA's investigation and disciplinary mechanism comply with all SMO6 requirements this includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	Investigation and Disciplinary Committee Chairman	Investigation and Disciplinary Committee (Chairman and 3 members)
84.	Ongoing	Perform periodic review of ESAA's response to the IFAC Compliance Self-Assessment Questionnaire and update section relevant to SMO6 as necessary. Once updated inform IFAC compliance staff about the updated information.	Ongoing	Investigation and Disciplinary Committee Chairman	Investigation and Disciplinary Committee (Chairman and 3 members)

**Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.			√	
2. Information about the types of misconduct which may bring about investigative actions is publicly available.		√		
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	√			
4. Link with the results of QA reviews has been established.		√		
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.	√			
6. Members of a committee are independent of the subject of the investigation and other related parties.	√			
<b>Disciplinary process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	√			Any decision will be taken by the board while the proposal will come from the investigation and complaints committee.

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.		√		All members are professional accountants.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	√			
<b>Sanctions</b> 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.			√	ESAA is currently working on enhancing its ability to impose more extensive sanctions on non-compliant members.
<b>Rights of representation and appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.			√	
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.			√	
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.			√	
14. Records of investigations and disciplinary processes are established.			√	

Requirements	Y	N	Partially	Comments
<b>Public Interest Considerations</b>				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.		√		
16. A process for the independent review of complaints on which there was no follow-up is established.		√		
17. The results of the investigative and disciplinary proceedings are made available to the public.		√		
<b>Liaison with Outside Bodies</b>				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.		√		
<b>Regular review of implementation and effectiveness</b>				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.			√	

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Ongoing Convergence with IFRSs

**Background:**

The Minister of Investment issued decision No. 243/2006 to apply the Egyptian Accounting standards (EAS) on all corporations such as: listed companies, public subscription companies, securities companies, and investment funds established by banks and insurance companies, mortgage finance companies, insurance and re-insurance companies.

The president of the ASA issued decision No.1570/2006 to impose the application of the above mentioned standards on the corporation under its supervision.

The above mentioned standards comply with IFRS in most aspects.

The Types of companies which are required to apply the EAS:

- All Joint Stock companies;
- Banks;
- Public Sector Companies;
- Public Sector Holding Companies and Affiliates;
- Economic Bodies such as: National Telecommunication Regulatory Authority, Egyptian General Petroleum Company, General Authority for Investment & free Zone, New Urban Communities Authority Portal, Tourism Development Authority and Egypt Expo Convention Authority.

ESAA' Standards Committee is continuously following – up the publication of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), identifying the differences and amendments needed to keep the EAS in line with the IFRSs.

ESAA's Chairman and the Standard Committee chairman communicate regularly the results to the concerned governmental body to take the necessary steps to incorporate the amendments in the existing Standards.

The Standards Committee has drafted the EAS for SMEs, in line with IFRS one, and has submitted it to FRA for issuance from the minister concerned.

The Minister of Investment issued decision No.110 on 9, July 2015 to impose the application of the Egyptian Accounting Standard (EAS) in line with 2014 IFRSs version and to impose the application of SMEs standard in line with IFRS for SMEs.

Any entity that publishes general purpose financial statements for external users and does not have public accountability can use the (EAS) for SMEs.

During 2017 and 2018 ESAA' Standards Committee developed amended draft for EAS latest version and approved by ESAA Board of Directors and it has been submitted to FRA in preparation for issuance a resolution from the Minister of Investment.

The Minister of Investment issued decision No.69 on 18, March 2019 to impose the application of the Egyptian Accounting Standard (EAS) in line with 2018 IFRSs version .

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promote and Support Implementation of IFRS</i>					
85.	Ongoing	Continue to support implementation of IFRS in Egypt through preparing draft for the new IFRS to be issues by FRA and the minister of investment, and providing training and education in IFRS. ESAA Training Center has provided 6 courses in EAS in 2015 ,3 courses in EAS in 2016,3 courses in EAS in 2017 , 3 courses in EAS in 2018 and courses in EAS in 2019	Ongoing	Standards Committee Chairman  Training center	Standards Committee (Chairman and 6members)  TC Committee ( Chairman and members)
86.	Ongoing	Continue to identify opportunities to further assist in implementation of IFRS .This include review of the existing activities and updating the Action plan for the future activities where necessary.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
87.	Ongoing	Training Committee «Continuing Professional Education (CCPE) and Committee of Examination (CE) of ESAA maintain an ongoing process to monitor new and revised standards and incorporate them into education and examination requirements.	Ongoing	TC Committee· CCPE Chairman and CE Chairman	Concerned Committee
88.	October 2010	The standards committee drafted the EAS for SMES, in line with IFRS one, to be submitted to FRA for adopting.	Completed	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
89.	April 2014	Hold meetings with university professors to introduce the theory and practical application of the new updates of IFRS in the classroom.	Ongoing	CCPE Chairman and Standards Committee Chairman	CCPE Committee (Chairman and 6 members) and Standards Committee (Chairman and 6 members)
90.	June 2014	Deliver seminars regarding the implementation of IFRS and other IASB pronouncements and activities- placing special emphasis on new/ modified standards. Deliver preparation courses for IFRS Diploma (in English) in 2014,2015,2016,2017,2018 and 2019.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)

#	Start Date	Actions	Completion Date	Responsibility	Resource
91.	July 2014	The standards committee drafted the revised EAS in line with 2014 IFRSs version, to be submitted to FRA for issuance from the minister concerned.	Completed	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
92.	Ongoing	Continue to disclose and document differences between Egyptian Accounting Standards and IFRSs.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6members)
93.	Ongoing	Continue to notify ESAA's members of IFRSs and all the updates. Publishing the Egyptian Accounting Standard (EAS) and Articles about it in ESAA magazine The Accountant.	Ongoing	CCPE Chairman	CCPE Committee (Chairman and 6 members)
94.	Ongoing	Disseminate exposure drafts to ESAA's members and take into account their relevant comments.	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
95.	October 2018	The standards committee drafted the revised EAS in line with latest IFRSs version, to be submitted to FRA for issuance from the minister concerned.	Completed	Standards Committee Chairman	Standards Committee (Chairman and 6 members)
<i>Maintaining Ongoing Processes</i>					
96.	Ongoing	Continue to support ongoing adoption and implementation of IFRS. This includes review of the implementation of the Action plan to date and updating the Action plan for future activities as necessary.	Ongoing	Standards Committee Chairman	Standards Committee (Chairman and 6members)
97.	Ongoing	Hold workshops related to the implementation of IFRS	Ongoing	CAC Chairman	CAC (Chairman and 6 members)
<i>Review of ESAA's Compliance Information</i>					
98.	Ongoing	Perform periodic review of ESAA's responses 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.	Ongoing	FAC Chairman	FAC (Chairman and 6 members)