

ORGANIZATION'S LETTERHEAD

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December 17, 2020

Kevin Dancey C.M., FCPA, FCA
Chief Executive Officer
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017 USA

Dear Mr. Dancey,

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

This letter is to confirm that the leadership of the Self-regulating organization of auditors, Association "Sodruzhestvo" (SRO AAS) has reviewed the information contained in the SMO Action Plan prepared by SRO AAS as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

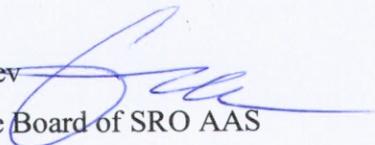
On behalf of the leadership of the SRO AAS, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely,

Olga Nosova
General Director of SRO AAS



Igor Kozyrev
Chair of the Board of SRO AAS



Self-regulating organization of auditors (SRO), Association "Sodruzhestvo" (SRO AAS)

(Name of Organization)

(Date)

December 17, 2020

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

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

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

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

Use of Information

Please refer to the [Disclaimer](#) published on the Compliance Program website.

ACTION PLAN

IFAC Associate:	Self Regulating Organization «Auditors' Association Sodruzhestvo»
Approved by Governing Body:	Decision of the Board of the SRO AAS № 415 of November 11, 2019
Initial publication date:	December 2014
Date of the last update:	January 2021
Date of the next update:	January 2024

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

IAASB	International Assurance and Auditing Standards Board
I&D	Investigation and Discipline
IES	International Education Standards
IESBA	International Ethics Standards for Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISQC 1	International Standard on Quality Control 1
ISA	International Standards on Auditing
CAA	Council on Auditing Activity under the Ministry Finance of Russian Federation
MF	Ministry of Finance of Russian Federation
QA	Quality Assurance
QM	Quality Management
SMEs	Small and Medium Sized Entities
SMOs	Statement of Membership Obligations
SMPs	Small and Medium Practitioners
SRO AAS	Self Regulating Organization Auditors' Association "Sodruzhestvo"
WB of CAA	Working Body under the Council on Auditing Activity

The recent developments in the area of the Regulation of the auditing activity in Russia Status of Association “Sodruzhestvo” (SRO AAS) as a single SRO of auditors in Russia

The year 2020 marked important event in the consolidation of the Russian audit profession: as of May 20, 2020, only auditors (both auditing firms and individual auditors), members of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” (SRO AAS), are eligible to render auditing activity in Russia (to conduct an audit and render related services, including servicing contracts, concluded prior to February 17, 2020). Thus, only the SRO AAS is recognized as an SRO of auditors in Russia.

As of December 2020, there are 20 841 SRO members, where 3 552 are audit firms, 17 289 auditors including 540 individual auditors.

The establishment of the single SRO dovetails with the *Key Directions of Development of the Auditing Activity in Russian Federation for the Period to 2024 (Key Directions)* approved by the Audit Council under the Ministry of Finance of the Russian Federation (Minfin RF) on November 20th, 2019, which set the objective of consolidating the profession in a single SRO of auditors.

The *Key Directions* are further detailed in the *Action Plan («Road Map») for Implementation of the Key Directions of Development of the Auditing Activity in Russian Federation for the Period to 2024* published on September 4, 2020 at <https://minfin.gov.ru/ru/performance/audit/basics/>

Regulatory responsibilities

SRO AAS will continue to work for the benefit of the Russian audit market, to improve quality assurance (QA) of the work of the audit firms and auditors, to continue coordinating efforts in the area of the QA conducted by the SRO and Federal Treasury in the framework of the Council on the Organization of the QA reviews of the audit firms by Federal Treasury, to improve the system of professional certification and continuous professional development, to develop international cooperation with professional organizations of auditors and accountants, to take an active part in the discussion of the Exposure Drafts of the international standards.

Action Plan Subject: SMO 1– Quality Assurance

Action Plan Objective: Contribute to continuous improvement of the Quality Assurance reviews of the SRO AAS, in Russia and Eurasian countries in line with the SMO 1 requirements

Background Information:

The auditing activity in Russian Federation is regulated by the Federal Law on Auditing Activity № 307-FZ of 2008 (Audit Activity Law) (as amended), Federal Law on «Self-regulating organizations » № 315-FZ of the year 2007 (as amended). The Ministry of Finance holds general responsibility for regulating the auditor's profession in Russian Federation in accordance with the Law on Auditing Activity. The Law defines the types of services, which can be rendered by the audit firms; requires from all auditors and audit firms to be a member of one Self-Regulatory Organization of Auditors in order to conduct auditing activity; defines responsibilities of the SROs; and establishes initial professional development (IPD) and Continuous Professional Development (CPD) requirements as well as auditing, ethical and other professional standards, which are required to be adopted by the given profession.

According to the Law on Auditing Activity, the Ministry of Finance is responsible for oversight over the SRO's Activity; accreditation of the SRO; maintaining the register of the SRO, as well as of auditors and audit firms, oversight of the IPD and CPD implementation, maintaining registers of the SROs, auditors and audit firms; oversight of the IPD and CPD and defining accounting, auditing and ethical norms and standards.

The Quality Assurance (QA) requirements of the auditing activity in Russian Federation are laid down in the Law on Auditing Activity. Presently, the QA of the audit services is performed jointly by the Self-Regulatory Organizations of Auditors and Federal Treasury of RF. According to para 4 of art. 10 Of the Law № 307-FZ «On Auditing Activity» the quality assurance of the audit firms, an individual auditor is performed by the SROs in relation to its members. The SROs and Federal Body entrusted with the oversight and control (as of 2016-Federal Treasury) hold joint responsibility for quality assurance of the auditing firms, performing statutory audits of the Accounting (financial) reporting as stated in the 5.3 of the Audit Law.

To coordinate the quality assurance activity, performed by the Federal Treasury and SROs, the QA Council of Federal Treasury was established, where SRO AAS's representatives participate in.

The principles of conducting QA reviews and requirements for organizing such controls are laid down in the Regulation on the principles of conducting QA reviews of the audit firms, individual auditors and requirements for organization of such control, enacted by the Minfin's of Russia Decree of December 18, 2015 г. № 203н. The Rules of organization and performing the QA reviews for the SRO members are defined by the SROs. The Rules of organization and performing the QA reviews of the Federal Treasury is regulated by the Administrative Statute of Executing the State Function on QA reviews of the audit firms activity, defined in the Audit Law, and enacted by the Minfin's Decree Of January 11 , 2013 г. № 3н.

To provide common approach for classification of possible breaches identified during the QA reviews of the Audit firms and individual auditors, the SRO of auditors jointly with the Federal Treasury have developed the Classifier of the misconduct (breaches and deficiencies identified during QA reviews of the work of the audit firms and individual auditors), which was approved by the Council on Audit Activity in December 2016 (last amended in September 2018). The Classifier is mandatory for conducting QA reviews both by the SROs, and Federal Treasury. Representatives of the SRO AAS took part in the development of this Classifier.

As per para. 6 of Article 10 of the Audit Law, the principle of conducting QA reviews of the audit firms, individual practitioners and requirements for organization of such reviews are set by authorized Federal Body.

Self-Regulating organization of auditors establishes its Rules of organization and conduct of QA reviews of its members in accordance with these principles. The Rules determine the types of QA reviews, dates and frequency of the reviews, including the reviews conducted by the members of the SRO, in relation to other members of this organization (Para. 7 of the Article 10 of the Audit Law).

The QA review system of SRO AAS, including principles and procedures, is regulated by the Rules of the organization and conduct of QA reviews of the Self-Regulating Organization of Auditors of the Association «Sodruzhestvo». The Rules are established with the purpose of providing a common systemic approach to the organization and conduct of the QA reviews as well as control over the fulfillment of the requirements of the Russian legislation as it pertains to auditors and audit firms by the SRO's members, as well as membership requirements of SRO AAS and other mandatory requirements. http://www.auditor-sro.org/activity/quality_control/

The system of the SRO's AAS QA reviews is in line with the SMO 1 requirements.

The specialized body, responsible for functioning of the QA reviews in the SRO AAS, is the 16-person Quality Assurance (QA) Commission. QA Commission of SRO AAS approves the annual plan for QA reviews of its members, develops programs for conducting QA reviews and application materials on QA reviews, approves results of the QA reviews.

During the years of 2018-2019, QA Commission of SRO AAS conducted activities, envisioned by the Work Plan of the QA Commission for the years 2018-2019, aimed at ensuring timeliness and quality of QA reviews of audit firms and individual auditors, members of the SRO AAS. The work on forming the database on QA reviews in the SRO AAS, in addition to the automated document processing is carried out.

In 2018, about 2,000 planned QA reviews were held, including 346 QAs reviews of the audit firms, 32 QA reviews of individual auditors, 1622 QA reviews of auditors and the results of the reviews were analyzed. As of October 1st, 2019, 269 QA reviews of the audit firms and individual auditors took place.

During the years of 2018-2019, the consultations on preparations for QA reviews of the audit firms, individual auditors took place, both in the form of the individual consultations, as well as webinars and roundtables.

The Minfin's Decree of January 9, 2019. № 2H enacted the updated version of ISQC1 «*Quality Control For Firms That Perform Audits And Reviews Of Financial Statements, And Other Assurance And Related Services Engagements*», and ISA 220ISA «*Quality Control for an audit of Financial Statements*» as legally bounding standards on the territory of the Russian Federation.

The ISAs texts, enacted by the given Decree, as well as other IAASB's assurance standards are published at the official Internet site of the Ministry of Finance of Russia www.minfin.ru under the page «Auditing Activity – Standards and Auditing Rules – International Standards on Auditing».

Self-Assessment against the Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p>Scope of the system</p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	+			<p>As per subclause 1 of clause 2 of the Federal Law "On Auditing", the audit firm and the auditor shall undergo external Quality Assurance review (QA) of its work, including the provision of all documentation and information necessary for verification.</p> <p>As per clause 4 of the Regulation on the principles of the maintaining the quality assurance review of the work of audit firms, individual auditors and the requirements to the organization of the mentioned control, approved by the Order of the Ministry of Finance dated December 18, 2015, No. 203n, one of the main principles of quality assurance review of work (hereinafter - the "QAR") of audit firms, individual auditors are the implementation of the QAR in relation to all audit firms, individual auditors (hereinafter - the "Subject of QAR").</p> <p>Quality assurance review of the work of members of the SRO AAS is carried out in relation to all audit firms, individual auditors and auditors of the SRO AAS with the frequency established by the Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the SRO AAS.</p>
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	+			<p>As per clause 1 of Article 10 of the Federal law "On Auditing", an audit firm and an individual auditor shall establish and comply with internal quality control rules. The principles of internal quality control rules of the audit firms and individual auditors and the requirements for the organization of this control are established by the auditing standards.</p> <p>The internal quality control rules of the audit firm and individual auditor must comply with International Standards on Auditing (ISA).</p>
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	+			<p>Auditing activities are carried out under International Standards on Auditing, which are mandatory for audit firms, auditors, self-regulatory companies of auditors, and their employees, as well as auditing standards of self-regulatory companies of auditors. International Standards on Auditing adopted by the International Federation of Accountants and recognized under the procedure established by the Government of the Russian Federation (paragraph 1 of Article 7 of the Federal Law "On Auditing") are applied on the territory of the Russian Federation.</p>

Requirements	Y	N	Partially	Comments
				<p>International Standards on Auditing, including ISQC 1, were introduced on the territory of the Russian Federation on January 1, 2017.</p> <p>The updated versions of the following standards were introduced on the territory of the Russian Federation by order of the Ministry of Finance of Russia dated January 9, 2019, No. 2n:</p> <p>International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements." (ISQC 1);</p> <p>- International Standard on Auditing 220 "Quality Control for an Audit of Financial Statements" (ISA 220).</p>
<p>4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>	+			<p>The SRO AAS provides its members with methodological, consulting, and informational support. The SRO AAS has developed the methods and templates for documenting internal quality control procedures and placed them on the members' personal accounts.</p> <p>In addition, in case of misconduct revealed during the quality assurance review, the auditor gives recommendations on improving the internal quality control system. The SRO AAS monitors the implementation of these recommendations.</p>
<p>Review cycle</p> <p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>	+			<p>As per clause 10 of the Regulation on the Regulations on the principles of the maintaining the quality assurance review of work of audit firms, individual auditors and the requirements to the organization of the mentioned control (approved by the Order of the Ministry of Finance of Russia dated December 18, 2015, No. 203n), quality assurance review of work shall be subject to planning. The QAR shall be planned by drawing up and approval by the Subject of QAR, the QAR Plan for the next calendar year. The QAR Plan shall be drawn up based on a cyclical approach and (or) a risk-oriented approach (clause 12).</p> <p><i>The Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" ensure the use of a cycle-oriented, risk-based approach in planning of external audits.</i></p> <p>As per the requirements of the Federal Law dated December 30, 2008, No. 307-FZ "On Auditing", the cyclic approach involves the establishment of the maximum</p>

Requirements	Y	N	Partially	Comments
				period after which an external audit of the Subject of QAR shall be mandatory. The risk-oriented approach involves the selection of the Subjects of QAR based on the risk analysis of their audit activities.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	+			<p>As per clause 8, Article 10 of the Federal Law “On Auditing”, a planned quality assurance review of the work of an audit firm, the individual auditor shall be carried out by a self-regulatory organization of auditors starting from the calendar year following the year the information about the audit firm and the individual auditor is entered in the register of auditors and audit firms:</p> <p>1) in relation to audit firms conducting a statutory audit of the accounting (financial) statements of companies conducting a statutory audit of socially significant companies - at least once every three years, but not more than once a year;</p> <p>2) in relation to individual auditors and other audit firms - at least once every five years, but not more than once a year.</p> <p>The rules for organizing and implementing quality assurance review of members of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” provide for the same duration cycles of scheduled inspections of members of the SRO AAS.</p>
<p>QA Review Team</p> <p>7. Independence of the QA Team is assessed and documented.</p>	+			<p>In order to monitor compliance with the principle of the independence of quality assurance review inspectors from the Subject of QAR, the Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” provide for their annual provision of information on circumstances and relations with members of the SRO AAS, which may affect their independence.</p> <p>When drafting the QAR Plan regarding proposals for the appointment of auditors, the Quality Assurance Department shall verify compliance with the principle of independence, the results are recorded in the document "Evaluation Sheet on the Independence of Authorized Quality Control Experts, Inspection Supervisors from the QAR". In case of a threat to independence, the auditors shall be rotated, and appropriate changes shall be made to the audit plan.</p> <p>Before the audit, the Subject of QAR must ensure that the principle of independence when appointing the auditor is observed and draw up the</p>

Requirements	Y	N	Partially	Comments
				<p>Independence Confirmation Letter of the Authorized Quality Control Expert and the Supervisor, or the Statement of Replacement of the Authorized Quality Control Expert/Audit Supervisor indicating the relevant grounds. In case of further occurrence/change of circumstances before or during their audit by the QAR, which results in a threat of violation of the principle of independence, the Subject of QAR shall immediately notify the SRO AAS.</p> <p>Before the audit, auditors shall evaluate their independence from the Subject and sign the Independence Confirmation Letter.</p>
8. QA Team possesses appropriate levels of expertise.	+			<p>Authorized quality assurance experts are members of the SRO AAS selected from among practicing certified auditors who have an impeccable professional reputation and have been trained in a special training course for authorized quality assurance experts and certified in the form of written testing.</p> <p>The SRO AAS established a system for the selection, training and certification of authorized quality assurance experts to ensure compliance with the principle of an appropriate level of professional competence of authorized quality assurance experts.</p> <p>Authorized quality assurance experts shall undergo annual continuous professional development (CPD) on special training programs for authorized quality assurance experts approved by the Board of the SRO AAS, which provides training in the field of audit, accounting, accounting (financial) reporting, and QAR procedures.</p> <p>The monitoring of the applicants' knowledge for the status of an authorized expert on quality assurance and existing authorized experts on quality assurance shall be carried out by certification in the form of tests based on the results of initial training of applicants and subsequently by annual re-certification according to the results of training under special training programs for authorized experts on quality assurance.</p>
Reporting 9. Documentation of evidence supporting the quality control review report is required.	+			<p>The Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" provide that evidence of the results of the audit must be obtained after external quality assurance of work of the Subject of QAR. At the same time, the working documentation should contain evidence and links to</p>

Requirements	Y	N	Partially	Comments
				<p>evidence confirming the conclusions drawn from the results of the control procedures; all assessments and conclusions made during control procedures and following the results of the control procedures should be substantiated and supported by evidence.</p> <p>The Quality Assurance Committee of the SRO AAS developed and approved for mandatory use of the Standard Set of Documents for Organizing and Conducting Quality assurance review of the Work of Members of the SRO AAS.</p> <p>The following evidence must be attached to the external audit materials:</p> <p>1) The complete set of working documents according to the list attached to the Standard Program of Planned Quality assurance review of the Audit Firm (Individual Auditor) contained in the Standard Set of Documents for Organizing and Conducting Quality assurance review of the Work of Members of the SRO AAS - at least per one sampling Subject.</p> <p>2) Working documents of the Subject of QAR, issued with a deviation from the requirements of the legislation.</p> <p>3) Audit report (including accounting (financial) statements), contract, letter of audit, delivery, and acceptance certificate – for each Subject of the sample.</p>
<p>10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.</p>	<p>+</p>			<p>Based on the results of each QAR, the auditor shall draw up an External Audit Report in relation to the audited firm; Evaluation Sheets for the professional activities of auditors in relation to audited firm (individual auditor) employees, the External Audit Report, which contains a conclusion on the quality of work of the Subject of QAR based on the audit results.</p> <p>The Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association “Sodruzhestvo” provide for mandatory procedures for discussing the results of QAR with the Subject of the QAR.</p> <p>In case of disagreement with the audit results contained in the QAR Report, the Subject of QAR is entitled to send substantiated contest in writing to the SRO AAS. The Quality Control Commission of the SRO AAS makes a decision on the audit</p>

Requirements	Y	N	Partially	Comments
				results, taking into account the position of the auditor and the objections of the QAR.
Corrective and disciplinary actions 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	+			In accordance with the legislation, the SRO AAS established control over the adoption of measures to correct misconduct and deficiencies identified during external quality audits: if misconduct were detected during external audits, the QAR shall agree on a plan to eliminate misconduct under the terms established by the Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo", and provide a report on elimination of misconduct.
12. QA review system is linked to the Investigation and Discipline system.	+			If significant and gross misconduct are detected during an external audit, information about such misconduct shall be transmitted to the specialized authority in order to take enforcement measures to members of the SRO – the SRO AAS Disciplinary Commission, which makes a decision on the application of enforcement measures.
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	+			<p>The Regulations on Organization and Implementation of Quality assurance review of the Work of Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" provide that in order to monitor and analyze the status and summarize the results of the QAR, as well as to monitor the implementation of the QAR Plan, the Quality Control Commission also shall prepare and submit for approval the QAR Annual Status and Results Report to the Board of the SRO AAS no later than March 20 following the reporting year. The QAR Annual Status Report shall be subject to approval by the decision of the Board of the SRO AAS no later than March 30 of the year following the reporting year.</p> <p>The QAR Annual Status Report shall be subject to publication by the SRO AAS on the official website on the Internet no later than March 31 of the year following the reporting year.</p>
Regular review of implementation and effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	+			<p>The implementation of the QAR of the SRO AAS shall be subject to systematic monitoring.</p> <p>The subject of the monitoring is the compliance with the Federal Law "On Auditing", the Regulations on the principles of the maintaining the quality assurance review of work of audit firms, individual auditors and the requirements to the organization of the mentioned control (approved by the order of the Ministry of Finance of the</p>

Requirements	Y	N	Partially	Comments
				<p>Russian Federation dated December 18, 2015, No. 203n); auditing standards, requirements of internal documents of the SRO AAS, as well as the implementation of the QAR Plan.</p> <p>The forms, methods, frequency, timing of monitoring the implementation of the QAR shall be determined by the Regulation on QAR monitoring, approved by the CEO of the SRO AAS in agreement with the Quality Control Commission.</p> <p>The SRO AAS carries out a systematic (annual) synthesis of the QAR monitoring implementation results.</p> <p>The order and periodicity of the synthesis of the QAR monitoring implementation results, the evaluation criteria of the QAR general effectiveness, success criteria for the work of authorized experts, the procedure of informing the authorized experts of the SRO AAS on the QAR monitoring results shall be established by the Regulation on QAR monitoring in the SRO AAS.</p>

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Recourses
<i>Implementation/support of the quality assurance review (QAR) verification system</i>					
1	December 2014	Analyze and ensure a complete understanding of SMO 1 requirements	March 2015 Completed	Chairman of the Quality Control Commission of the SRO AAS	Chairman of the Quality Control Commission
2	December 2014	Develop the Action Plan based on the requirements specified in the revised SMO 1	May 2015 Completed	Chairman of the Quality Control Commission of the SRO AAS	Members of the Quality Control Commission
3	December 2014	Organize and carry out activities for the integration and implementation of tasks aimed at compliance with IFAC requirements.	Continuously	Chairman of the Quality Control Commission, Head of Quality Control Department	Members of the Quality Control Commission

4	December 2014	<p>a) Provide a complete understanding of the requirements for quality assurance review and measures to support the Quality Assurance Program. * translate SMO 1 into Russian (or improve the existing translation)</p> <ul style="list-style-type: none"> • examine the experience of IFAC members to understand how they developed and integrated External Quality Assurance Programs. 	March 2015 Completed	Chairman of the Quality Control Commission	Chairman of the Quality Control Commission
		<p>b) implement the requirements of International Standards of Quality Control (ISC) to ensure Transparency in Quality Assurance, integrate risk management issues during audit planning, and include mandatory quality assurance review items in the list:</p> <ul style="list-style-type: none"> • at the level of individual activities – the audit conducted by members of the SRO AAS in companies that are socially significant, and in companies whose securities are listed on the exchange (SMO 1); • related services, as the above measures relating to the obligations of audit firms to ensure compliance with the requirements of the Russian Federation laws. 	Continuously	Chairman of the SRO AAS Legal Affairs Committee	Members of the SRO AAS Legal Affairs Committee
			Continuously	Chairman of the SRO AAS Vocational Education Committee	Members of the SRO AAS Vocational Education Committee Staff of the SRO AAS
<i>Implementation of the Quality Assurance Verification System support</i>					
5	December 2014	Develop and integrate a new automated Quality assurance review Program	Completed	Chairman of the Quality Control Commission of the SRO AAS, Director of Quality Control of the SRO AAS, Head of Quality Control Department of the SRO AAS	Members of the Quality Control Commission
6	December 2014	Drawing up proposals to strengthen the responsibility of audit firms (auditors) for the quality of audit reports issued by them	Continuously	Chairman of the Quality Control Commission of the SRO AAS, Director of Quality Control of the SRO AAS, Head of Quality Control	Members of the Quality Control Commission, Members of the Legal Committee

				Department of the SRO AAS	
7	September 2016	Participation in the preparation of proposals on amendments to the Federal Law No. 307-FZ "On Auditing" in relation to the assignment of additional functions to the Federal Treasury in the field of quality assurance by audit firms.	December 2016 Completed	Chairman of the Quality Control Commission of the SRO AAS, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission
8	December 2014	Interact with the Russian Union of Auditors in order to unify the practice of quality assurance review.	Continuously	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission
9	December 2014	Modification of internal documents to provide a more substantiated approach to issuing an opinion regarding the conclusions of the quality assurance review	Continuously	Chairman of the Quality Control Commission, Director of Quality Control of the SRO AAS, Chairman of the Legal Committee	Members of the Quality Control Commission Members of the Legal Committee
10	December 2014	Together with other SROs of the Russian auditors, start the discussion and bringing the revised SMO 1 to the attention of all interested parties the requirement to use the revised quality assurance review programs for all audits of financial statements	Continuously	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission
11	December 2014	Establishment of international relations with IFAC Members on issues of quality assurance review.	During a year	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS Chairman of the International Relations Committee	Members of the Quality Control Commission, Members of the International Relations Committee
12	December 2014	Participation in the preparation of proposals for state policy in the field of quality assurance review.	During a year	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS CEO	Members of the Quality Control Commission
13	December 2014	Monitoring developments in the IAASB's time table on the information regarding quality control standards, as well as in the Russian laws. Updating documents of the SRO AAS.	Continuously	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission

14	January 2015	Implementation of QARs of the audit firms and auditors - members of the SRO AAS under the Plan of Quality assurance review of Audits of Audit Firms and Individual Auditors approved by the decision of the Quality Control Commission.	Continuously	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS	Members of the Quality Control Commission, Authorized Quality Control Experts of the SRO AAS
15	January 2015	Preparation of reports on the organization and implementation of quality assurance review of the work of auditors and audit firms - members of the NP AAS	Annually Completed	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS	Members of the Quality Control Commission
16	January 2015	Publish reports on quality assurance review activities in the SRO AAS. http://www.auditor-sro.org/activity/quality_control/otchetnost/	Annually 2011-2018 Completed	Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS, Head of the IT-Department of the SRO AAS, CEO of the SRO AAS	Members of the Quality Control Commission, Staff of the IT-Department of the SRO AAS
17	January 2016	Analysis of misconduct detected during the QAR, measures to improve the quality of audit services to introduce the best practices in the activities of the SRO AAS members.	Annually Completed	Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS,	Members of the Quality Control Commission, Staff of the Quality Control Department of the SRO AAS
18	January 2016	To develop a standard set of documents for organizing and conducting quality assurance review of the work of the members of the SRO AAS	December 2016 Completed	Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS,	Members of the Quality Control Commission
19	January 2016	Continuous update of the SRO AAS website in the QAR area http://www.auditor-sro.org/activity/quality_control/ Including: <ul style="list-style-type: none"> • regulatory documents • QAR Audit Plan • QAR audit results 	Continuously	Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS,	Members of the Quality Control Commission, Staff of the IT-Department of the SRO AAS

				Head of the IT-Department of the SRO AAS, CEO of the SRO AAS	
20	January 2016	Participate in the development of the Misconduct Classifier and amendments to the Classifier jointly with the Federal Treasury.	Prior to the date of approval by the Audit Council	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, CEO of the SRO AAS	Members of the Quality Control Commission
21	January 2016	Work in the Audit Council and the Working Body of the Audit Council at the Ministry of Finance of the Russian Federation in accordance with the Work Plan. The Work Plan is available at: https://www.minfin.ru/ru/performance/audit/council/plan_report/	As per the Work Plan	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, CEO of the SRO AAS	Members of the Quality Control Commission
22	January 2016	Interact with the Federal Treasury on issues of quality assurance review. Work in the Federal Treasury's Council on the organization of quality assurance review of the audit firms and in the Control Commission of the Federal Treasury to review appeals by the SRO AAS's members regarding the QAR results conducted by the Federal Treasury. The Work Plan is available at: https://roskazna.ru/kontrol/sovet-po-organizatsii-vneshnego-kontrolya-kachestva-raboty-auditorskoy-organizatsii/?year=2016 https://roskazna.ru/kontrol/sovet-po-organizatsii-vneshnego-kontrolya-kachestva-raboty-auditorskoy-organizatsii/?year=2017	As per the Work Plan	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, CEO of the SRO AAS	Members of the Quality Control Commission
23	January 2017	Amending the Rules for the organization and implementation of the QAR of the SRO AAS members in order to improve the procedure for implementing quality assurance review of the work of members of the self-regulatory organization of auditors. http://auditor-sro.org/about/documents/pravila_osuwstvleniya_vneshnego_kontrolya_kachestva/	April 2017 Completed	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, CEO of the SRO AAS	Members of the Quality Control Commission

24	January 2019	<p>Implementation of the QARs of the audit firms and auditors - members of the SRO AAS in accordance with the Plan of Quality assurance reviews of the Audit Firms and Individual Auditors approved by the decision of the Quality Control Commission.</p> <p>http://www.auditor-sro.org/activity/quality_control/plan/plan2019/</p>	Continuously	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS	Members of the Quality Control Commission, Authorized Quality Control Experts of the SRO AAS
25	January 2019	<p>Carrying out QAR of the audit firms and auditors - members of the SRO AAS in accordance with the Plan of the Quality assurance reviews of the Audit Firms and Individual Auditors - members of the SRO AAS on compliance with the Russian Federation laws on anti-money laundering, financing of terrorism and financing proliferation of weapons of mass destruction for 2019, approved by a decision of the Quality Control Commission.</p> <p>http://www.auditor-sro.org/activity/quality_control/plan_vkkpodft/</p>	December 2019	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, Head of the Quality Control Department of the SRO AAS	Members of the Quality Control Commission, Authorized Quality Control Experts of the SRO AAS
26	January 2019	<p>Develop the Regulations for monitoring compliance of the SRO AAS members - audit firms and individual auditors of the Russian Federation laws on anti-money laundering, financing of terrorism, the financing of terrorism and the financing of the proliferation of weapons of mass destruction.</p>	February 2019 Completed	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission of the SRO AAS
27	January 2019	<p>Develop Continuous professional development (CPD) programs for auditors in the QAR direction for members of the SRO AAS and organize training through educational organizations included in the register of the training center of the SRO AAS</p> <p>The following training programs have been developed:</p> <ul style="list-style-type: none"> - Audit quality assurance: practical tasks and solutions; - Training of authorized experts on quality control of the SRO AAS; - Continuous Professional Development of authorized experts on quality assurance of the SRO AAS; - Audit quality assurance; - Practice of applying ISA: Organization and implementation of internal control in the audit firms". 	According to the plan for the development of continuing education Completed	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission of the SRO AAS

		http://www.auditor-sro.org/activity/povyshenie_kvalifikacii/programmy_povysheniya_kvalifikacii_auditorov/obuchenie_2019/			
28	January 2019	<p>Conducting conferences, webinars, round tables on the topic of the QAR for members of the SRO AAS.</p> <p>The following events on the QAR topic were held:</p> <ul style="list-style-type: none"> - All-Russian Scientific-Practical Conference on the topic: "Audit and State Financial Supervision (Control): What Is Beyond the Horizon?", Pyatigorsk, June 20-21, 2019 <p>http://www.auditor-sro.org/pc/actions/pr_vserossijskoj_konf_pyatigorsk/</p> <ul style="list-style-type: none"> - A round table on the topic: "Practical Issues Related to the Implementation of Quality assurance review of Audit Firms, Individual Auditors, Taking into Account the use of the "Classifier of Misconduct and Deficiencies Identified during Quality assurance review of Audit Firms, Auditors", May 14, 2019 in the city of Vladimir <p>http://www.auditor-sro.org/pc/actions/pr_ks_vladimir_140519/</p> <ul style="list-style-type: none"> - Webinars for members of the SRO AAS were held. Recording of webinars is available for members of the SRO AAS in their personal accounts. 	<p>According to the action plan of the SRO AAS</p> <p>Completed</p>	<p>Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS</p>	<p>Members of the Quality Control Commission of the SRO AAS</p>
29	February 2019	<p>Hold an international conference with the wide participation of professional firms of auditors and accountants from the Eurasian region on current changes in the International Standards on Auditing (ISAs), including on the proposed Exposure Drafts of the Quality Management International standards. Listen to a presentation by the speaker, Mr. Richard Sharko member of the International Auditing and Assurance Standards Board (IAASB)</p>	<p>April 2019</p> <p>Completed</p>	<p>CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS</p>	<p>Members of the SRO AAS</p>
30	May 2019	<p>Initiate a discussion on standards for Quality Management within the EUARICA project among members of the SRO AAS and professional firms of auditors and accountants of the Eurasian region.</p>	<p>Until the final version of the Quality Management</p>	<p>CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS,</p>	<p>Members of the Quality Control Commission, Members of the Standardization and</p>

			Standards is released	Chairman of the Quality Control Commission of the SRO AAS, Director on the Quality Control of the SRO AAS	Audit Methodology Committee of the SRO AAS
31	June 2019	Prepare and submit comments on the ED of the Quality Management standards from the SRO AAS to the IAASB by July 1, 2019.	July 01, 2019 Completed	CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS, Chairman of the Quality Control Commission of the SRO AAS, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission of the SRO AAS
32	September 2019	Continue work on the analysis and examination of draft Quality Management Standards among members of the SRO AAS and professional firms of auditors and accountants of the Eurasian region on the example of comments provided by European regional groups and organizations representing the interests of small and medium-sized audit firms	Until the final version of the Quality Management Standards is released	CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS, Chairman of the Quality Control Commission of the SRO AAS, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission of the SRO AAS
<i>Dissemination of information about changes in International Quality Management Standards (QM standards)</i>					
33	May 2019	Post information about the projects of Quality Management Standards on the SRO AAS website: - Draft International Quality Management Standard 1, Quality Management in Firms that conduct audits or reviews of financial statements, or other tasks to confirm information or related services (old version of ISQC 1 or ISQC1) - Draft International Quality Management Standard 2, Task quality review - Draft International Audit Standard 220 (revised), Quality Management in the audit of financial statements http://www.auditor-sro.org/bloki_na_glavnoj_v_pomow_perehoda_na_msa/uchastie_v_razrabotke_msa/	July 01, 2019 Completed	CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS, Chairman of the Quality Control Commission of the SRO AAS, Director on the Quality Control of the SRO AAS	Members of the Quality Control Commission of the SRO AAS

34	October 2019	Inform the Federal Treasury of new Eds standards when conducting quality assurance review.	2019-2020	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS	
35	October 2019	To hold a comparative analysis of the procedures for verification of QAR conducted by the SRO AAS and the Federal Treasury.	December 2019	Director on the Quality Control of the SRO AAS	
<i>Check the SRO AAS compliance information</i>					
36	September 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 1 as necessary.	Regularly	Chairman of the Quality Control Commission, Director on the Quality Control of the SRO AAS, Chairman of the International Relations Committee CEO of the SRO AAS	Members of the Quality Control Commission of the SRO AAS

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB
Action Plan Objective: Contribute to further adoption of International Education Standards for Professional Accountants in Russia in accordance with the SMO 2 requirements

Background information:

Federal Law on Auditing Activities No. 307-FZ of 2008 (Law on Auditing) (as amended) defines the requirements for the education of auditors, establishes initial professional development (IPD) and continuous professional development requirements (CPD), the necessary work experience, and also qualification requirements for their membership in SRO. These requirements are mainly consistent with the International Educational Standards (IESs.)

The general requirements for Russian auditors established in Law 307-FZ require college degree in a specialized area, work experience according to the chosen specialty and passing a qualification exam in areas that meet the requirements of the International Educational Standards (IES) published by the IAESB.

The responsibility for the adoption and implementation of International Educational Standards in the Russian Federation lies with universities that provide relevant audit training, the Audit Council at the RF Ministry of Finance, the Unified Certification Commission (UCC) and the SRO of auditors. According to the legislation, the Unified Certification Commission was established by the SRO with the aim of attesting auditors. SROs annually ensure meeting the requirements for CPD of its members, which is also controlled by the regulator.

SRO AAS is a non-profit organization that unites individuals and legal entities engaged in audit activity, of good repute and characterized by such qualities as integrity, objectivity and independence. The main activity of the SRO AAS is to position the members of the SRO AAS as unique specialists in their field of activity, promote the profession among users of audit services, members of the SRO AAS, provide methodological support to improve the quality of their professional activities, assist in hiring personnel, and support the corporate interests of SRO members AAS and other current activities.

Members of the Committee for Professional education SRO AAS took part in the development of proposals for a new qualification exam for obtaining auditor qualification certificate. On March 23, 2017 the Audit Council (Minutes No. 33 section VI) identified areas of knowledge that are based on the relevant sections listed in the IESs within which it is planned to conduct a qualification exam for obtaining auditor qualification certificate.

By order of the Ministry of Finance of Russia dated November 14, 2018 No. 232n, a new Procedure for conducting the qualification exam of a person applying for auditor qualification certificate (hereinafter referred to as the Procedure) was approved. The procedure will replace the Regulation on the procedure for conducting the qualification exam for obtaining the auditor qualification certificate, approved by order of the Ministry of Finance of Russia of March 19, 2013 No. 32n. Order of the Ministry of Finance of Russia dated November 14, 2018 No. 232n comes into force on March 31, 2020.

The Procedure was reissued in order to improve the procedure of conducting qualification exam for obtaining the auditor qualification certificate (hereinafter - the exam).

The new exam for obtaining the auditor qualification certificate in the Russian Federation is based on the principles of IESs for the of professional accountants, as well as the requirements of Russian legislation in the field of auditing.

The new exam is based on six basic principles that will improve the quality of assessment of the competence of auditors and make it consistent with the international standards on auditing, as it requires:

- level based hierarchical approach;
- confirmation of professional (qualification) conformity and development of competencies;
- experience focused examinations;
- regular updating of the examination base and its sources;
- use of various forms of examinations;
- a reasonable combination of ensuring the exam's quality and its financial cost for applicants.

The new exam is proposed to be divided into a basic, professional and advanced level. It is planned to conduct an examination in six areas of certification: Accounting and Reporting, Auditing, Law, Taxation, Business Analysis, Risk Management.

At the basic level the applicant's initial entry professional competencies will be evaluated Applicants will pass this level in the form of computer assessment . It is envisioned that applicants with the diploma in the accounting field can get some credits for the individual modules at the basic level In this case, the content and volume of similar disciplines provided by the curriculum of universities will be taken into account.

The professional level implies that the applicant has thorough knowledge in each module and he has the ability to apply them in solving practical issues related to audit activities. The form of assessment is a written exam.

At an advanced level, it is envisioned to test the applicant's ability to combine competencies from different areas of knowledge, professional skills set, and his ability to form a professional judgment on the totality of complex issues within the framework of qualification work. At an advanced level, the applicant performs a complex case task.

The examination is carried out in three stages:

a) at the first stage, the applicant is assessed for the understanding of the theoretical foundations of each knowledge area defined by the Audit Council, and the ability to apply this knowledge in the ordinary circumstances of the audit engagement. This stage is carried out in the form of the assessment

b) at the second stage, the applicant is assessed for competencies that provide an in-depth understanding of each knowledge area and the ability to find solutions when performing specific types of audit tasks. At this stage, applicants perform appropriate tasks;

c) at the third stage, it is assessed whether the applicant has competencies that ensure the applicant's ability to participate in audit activities as an auditor. At this stage, the applicant is invited to solve a complex problem.

Tests and assignments, respectively, of the first and second stages of the exam are formed on a modular basis. The list of modules is determined by the Unified Certification Commission.

On the official website of the Ministry of Finance of Russia in the section Auditing / Certification and advanced training of auditors / Certification of auditors there is a presentation prepared by the Department of Accounting Regulation, Financial Reporting and Auditing on the topic: "New rules for the qualification exam for obtaining the auditor qualification certificate".

Currently, there is a public discussion of the draft Qualification Exam Program for obtaining the auditor qualification certificate. http://eak-rus.ru/materialy_k_obsuzhdeniyu/obsuzhdenie_proekta_programmy_novogo_modulnogo

Currently, there is a requirement for the annual CPD for auditors at the training centers of at least 120 hours for three consecutive calendar years, but not less than 20 hours each year. Recommended continuing education programs duration is 40 hours per annum.

In the SRO AAS, the standing body in relation to the continuous professional development of auditors is the Committee on Professional Education, whose main goal is to improve the system of training, certification and continuous professional development of auditors.

The Committee participates in the development of training programs for continuous professional development for auditors, and participates in the creation of a quality control system for the training for auditors. The activities of the Committee for Professional Education of the SRO AAS are regulated by the Regulation on the Committee of the Self-Regulatory Organization of Auditors of the Association "Commonwealth", approved by the Board of the SRO AAS on February 10, 2017 (Minutes No. 297).

Committee for Professional education reviews auditors' appeals regarding the acknowledgement of the validity for not passing in continuing education programs, developing and submitting programs for further training for approval, testing candidates for the status of authorized quality control experts, as well as re-certification of existing experts.

Annually the Audit Council under the Ministry of Finance of the Russian Federation approves a list of priority areas for improving the qualifications of auditors.

The Audit Council of the Ministry of Finance of the Russian Federation (Minutes No. 41 dated 09/21/2019) determined the following list on priority topics for 2019:

- Audit practice: the role of the auditor in the system of money laundering) of proceeds from crime, the financing of terrorism, corruption, the bribery of foreign

officials, and tax fraud

- Practice of application of ISA: analysis of typical misconduct detected during quality assurance review, and measures for their prevention
- New requirements of the Code of Professional Ethics for Auditors and the Rules for the Independence of Auditors and Auditing Organizations
- ISA application: forming an audit opinion
- ISA application: audit risk and samplings
- ISA application: communication with those charges with governance
- ISA application: the organization of internal quality control in an audit organization
- Audit practice: approaches to verifying that the audited entity complies with the new requirements of International Financial Reporting Standards
- Peculiarities of the audit services to credit and non-credit financial institutions

The Audit Council of the Ministry of Finance of the Russian Federation (Minutes No. 49 dated 10/08/2019) determined the following list on priority topics for 2020:

- New requirements of the Code of Professional Ethics of auditors and the Rules of independence of auditors and audit organizations;
- Audit practice: approaches to verifying that the audited entity complies with the new requirements of federal accounting standards;
- Audit practice: engagements other than audit and review that provide assurance;
- Audit practice: the duties of the auditor in the system of combating the legalization (laundering) of proceeds from crime, the financing of terrorism, corruption, and the bribery of foreign officials;
- The practice of applying ISAs: identifying and assessing the risks of distortion of accounting (financial) statements;
- Practice of application of ISA: analysis of typical misconduct detected during quality assurance review and measures for their prevention;
- The practice of applying ISAs: assessment of the internal control system of the audited entity.

The Committee on Professional Education of the SRO AAS took part in the preparation of proposals for the approval auditors training among priority topics.

The requirements for the level of education of auditors are regulated by the government and are the same throughout the country.

To organize professional development, 47 educational organizations, covering most of the federal districts of Russia, are currently included in the Register of Educational Organizations of the SRO AAS.

According to the legislation of the Russian Federation, the SRO AAS supervises the activities of the teaching materials included in the Register of Educational Organizations of the SRO AAS, and also monitors the passage of annual mandatory training in order to improve professional qualifications by auditors - members of the SRO AAS.

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Resources
<i>Adoption/Supporting adoption of IES</i>					
37	December 2014	Monitoring of changes made to IES in order to verify and apply them in activity of the SRO AAS.	Ongoing 17 October 2017	Chairman of the Committee for Professional education	Members of the Committee for Professional education

		<p>Representatives of SRO AAS took part in a seminar organized by the World Bank Centre for Financial Reporting Reform (CFRR) on the topic: “Training of Accountants and Auditors: Presentation of International Educational Standards Translated to Russian” held on October 17, 2017. The seminar was also attended by representatives of professional accounting organizations and teachers of leading universities.</p> <p>http://auditor-sro.org/pc/novosti/vsemirnyj_bank_perevod_mos/</p> <p>Distribute the IES Handbook in Russian in electronic form among the members of the SRO AAS.</p>	Completed		
38	December 2014	<p>Monitor higher education programs (bachelor + masters) from the perspective of the IES 1 requirements.</p> <p>Study professional training programs for auditors with segments of International Financial Reporting Standards (IFRS), including certification programs of the Association of Chartered Certified Accountants (ACCA), the American Institute of Certified Public Accountants (AICPA), the Institute of Management Accounting (IMA), the Certified general accountants (CGA).</p> <p>Revise CPD program to satisfy all the requirements of IESs.</p> <p>Include into SRO AAS program the module on Special professional knowledge, skills, values, ethics and attitude of auditors from IES 8 <i>Competence requirements for professional auditors</i>.</p>	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
39	October 2017	Participation in the development of a new model of the qualification examination for obtaining auditor qualification certificate, which includes the requirements of the revised IES.	<p>Until the approval by the Audit Council and the Order by the Ministry of Finance of the Russian Federation</p> <p>Completed</p>	Chairman of the Committee for Professional education, General Director	Members of the Committee for Professional education

40	January 2018	Work in the Audit Council and the Working Body of the Audit Council by the Ministry of Finance of the Russian Federation in accordance with the Action Plan. The action plan is available at: https://www.minfin.ru/ru/performance/audit/council/plan_report/	Ongoing According to the action plan	Chairman of the Committee for Professional education, SRO AAS Board Members	Members of the Committee for Professional education
41	January 2018	Organization of the work of the Commission for Certification and Further Training of the Working Body of the Audit Council of the Ministry of Finance of the Russian Federation in accordance with the Action Plan.	Ongoing According to the action plan	Chairman of the Committee for Professional education	Members of the Committee for Professional education
<i>Support Implementation of Educational Standards</i>					
42	December 2014	Update CPD programs of SRO AAS in accordance with current legislation and IES.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
43	December 2014	Develop test programs for specialists depending on the workplace.	December 2014 Completed	Chairman of the Committee for Professional education	Members of the Committee for Professional education
44	December 2014	Sampling inspection of approved programs.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
45	December 2014 г.	Development of international relationships with the IFAC Members for educational purposes. SRO AAS is intensifying its work with members of the International Federation of Accountants (IFAC). In December 2017, cooperation agreements were signed with two professional associations of Uzbekistan. In October 2017, a similar agreement was signed with the Association of Accountants of the Republic of Latvia http://auditor-sro.org/activity/intcooperation/	December 2017 Completed	Chairman of the Committee for Professional education, Chairman of the International Relations Committee, General Director	Members of the Committee for Professional education, Members of the International Relations Committee
46	January 2016	Sign with the ACCA a Memorandum of Understanding in order to promote the audit profession in Russia and internationally, including maintaining and improving professional, educational and ethical standards, as well as providing interested parties	September 2016 Completed	Chairman of the Committee for Professional education,	Members of the Committee for Professional education

		with the opportunity to receive international certification for career growth, and in general the development of the audit profession and economics.		Chairman of the International Relations Committee, General Director	Members of the International Relations Committee
47	September 2016	<p>As part of a memorandum with ACCA, interact with ACCA in the following areas:</p> <ul style="list-style-type: none"> • To cooperate in order to develop the audit profession through negotiations, conferences and other events agreed by the Parties (SRO AAS and ACCA). • Work with senior students and graduates of leading Russian financial and economic universities in order to increase the prestige of the audit profession, including promotion of professional certification. • Provide training and promote further professional development of ACCA members and certified auditors who are SRO AAS members through joint activities aimed at acquiring, expanding and systematizing knowledge and professional skills in all areas that are recognized by the Parties as priority areas for the development of the audit profession. • To provide certified auditors who are SRO AAS members and ACCA members the opportunity of dual membership in the ACCA and SRO AAS. Interact when exploring opportunities to provide mutual exemptions from qualification exams and / or parts of them in order to equalize professional certification, which gives auditors additional opportunities for professional development. 	Ongoing	Chairman of the Committee for Professional education, Chairman of the International Relations Committee, General Director	Members of the Committee for Professional education Members of the International Relations Committee
48	January 2017	<p>The Sign the Memorandum of Understanding between the SRO AAS and ICAEW in order to promote and develop the profession of auditor in Russia through joint work and cooperation using best practices.</p> <p>SRO AAS and ICAEW agreed on the need to exchange views on audit matters, both nationally and internationally, while paying particular attention to the further possible expansion of cooperation regarding the development of an audit certification system, and the improvement of professional standards.</p>	November 2017 Completed	President of SRO AAS, General Director	

		<p>The parties expressed their intention to carry out joint mutually beneficial activities in the media to increase awareness of the profession of an auditor.</p> <p>http://auditor-sro.org/pc/actions/memorandum_aas_icaew/</p>			
49	November 2017	<p>Post on the site of the SRO AAS information on Qualifications in Finance, Accounting and Business CFAB.</p> <p>Certificate (CFAB) of the Institute of Chartered Accountants in England and Wales (ICAEW) - Certificate in Finance, Accounting and Business (is a qualification for those who are interested in business and finance or are directly professionally engaged in this field).</p> <p>http://auditor-sro.org/activity/icaew/</p>	<p>January 2018</p> <p>Completed</p>	<p>General Director, Head of Information technology department</p>	<p>Members of the Committee for Professional education, Employees of Information technology department</p>
50	May2018	<p>Carrying out by the Committee on Professional Education of the SRO AAS an examination of the projects submitted for approval by the Audit Council:</p> <ul style="list-style-type: none"> • Provisions on the procedure for conducting the qualification exam for obtaining the auditor qualification certificate; • Typical Program for the Advanced Training of Auditors "Countering the legalization (laundering) of proceeds from crime and the financing of terrorism". 	<p>According to the work plan of the Working Body of the Audit Council</p> <p>Completed</p>	<p>Chairman of the Committee for Professional education</p>	<p>Members of the Committee for Professional education</p>
51	November 2019	<p>Continue to inform about the Handbook of International Education Pronouncements (2017) among all interested parties in the Russian Federation and among the public joint stock companies of the Eurasian region.</p> <p>Contact the CFRR Center in Vienna, IFAC and other PAOs of the Eurasian region about updating the translation of the CFRR Center in Vienna of the following International Educational Standards issued by the IAESBA between 2017-2018 and in October 2019 with</p> <p>Edit changes in the IESs 2, 3, 4, and 8 - Information and Communication Technologies and Professional Skepticism, and other changes to IES published after October 2017.</p>	<p>December 2020</p>	<p>Chairman of the Committee for Professional education</p>	
<p><i>Contributing to International Standard-Setting</i></p>					

52	December 2014	Draft proposals in relation to improvement of the programs in case its level of requirements is lower that it should be.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
53	December 2014	Hold seminars, trainings and round tables with CPD representatives.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
54	December 2014	Hold annual Congresses of SRO AAS with the purpose of the profession image-building and raising of auditors' competence.	Throughout a year	Chairman of the Committee for Professional education	Members of the Committee for Professional education
55	January 2017	Participation in the discussion of draft standards proposed by the Council on International Education Standards in Accounting.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
56	December 2016	To amend the Regulation on the passage of annual mandatory continuous professional development program and the procedure for confirming compliance by auditors - members of the SRO AAS with the requirement to undergo training in continuous professional development program	February 2017 Completed	Chairman of the Committee for Professional education	Members of the Committee for Professional education
57	January 2019	Regular monitoring of the activities of educational organizations included in the Register of Training Methodological Centers of the SRO AAS, in terms of their compliance with the requirements of accreditation, training on continuous professional development program and final testing of auditors.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
58	January 2019	Conducting an analysis of continuous professional development program for compliance with the priority topics of training, suggestions for improvement, development of new ones, and amendments to the training program.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
59	January 2019	Conducting an analysis of the qualification exam pass results for obtaining the auditor qualification certificate in 2018.	March 2019 Completed	Chairman of the Committee for Professional education	Members of the Committee for Professional education

60	January 2019	Regular update of information on the site of the SRO AAS: a list of continuous professional development program, a schedule of courses, a register of educational organizations. Programs are available at: http://auditor-sro.org/activity/povyshenie_kvalifikacii/	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
<i>Review of SRO AAS's Compliance Information</i>					
61	January 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 2 as necessary.	Throughout a year	Chairman of the Committee for Professional education	Members of the Committee for Professional education

Action Plan Subject:**SMO 3–International Standards and other Pronouncements Issued by the IAASB****Action Plan Subjective:****Contribute to adoption and implementation of the International Standards on Auditing (ISAs) and other Pronouncements Issued by the IAASB in Russia in accordance with the SMO 3 requirements*****Background Information:***

The key legislative act regulating auditing activity in the Russian Federation is Federal Law №307-FZ “On Auditing Activity” of December 30, 2008 (Law № 307-FZ). As per article 7 of the Law № 307-FZ, auditing activity in Russian Federation is conducted in accordance with the international standards on auditing (as promulgated by International Federation of Accountants (IFAC)), which are mandatory for use by auditing firms, individual auditors, self regulatory organizations of auditors (SROs) and their employees, as well as in accordance with the standards on auditing activity, developed by the SROs.

Ministry of Finance of Russian Federation is the federal body of the executive power, entrusted with the regulation of auditing activity, including adoption of the legislative norms and acts, regulating auditing activity and adoption of the standards on auditing activity.

The official internet site of Minfin Russia at www.minfin.ru has a designated page "Auditing Activity - Standards and Auditing Rules - International Standards on Auditing", where the official texts of ISAs, enacted by the Minfin of Russia's Decrees are posted:

<https://www.minfin.ru/ru/performance/audit/standarts/international/legislation/#>

The process of the ISAs adoption in Russia is regulated by the “Policy Statement on Recognition of the International Standards on Auditing for adoption on the Russian Federation territory (as mandated by the Government Decree of June 11, 2015 №576)

http://www.auditor-sro.org/pc/novosti/priznanie_mca_rf/. The ISAs should be approved by the regulating authority (the Ministry of Finance of Russia). The Standing Working Group of the Council on Auditing Activity (CAA) under the Ministry of Finance of Russian Federation is entrusted with conducting the expertise of applicability of the ISAs in Russian Federation. It was established by the CAA on September 23rd of 2015 by the Protocol № 18. The SROs of auditors are members of this Standing Working Group. The detailed information on the chronological order of confirming the pronouncements containing the ISAs as applicable in the territory of the RF for the period of 2018-2019 can be found on the official website of the Ministry of Finance at

<https://www.minfin.ru/ru/performance/audit/standarts/international/expertise/#>.

ISAs were initially adopted (enacted) by the Minfin's Orders of October 24, 2016 г. N 192Н (in the edition of the Order of November 30, 2016 г. N 220Н) and November 9, 2016 г. N 207Н. They became effective from the day of its official publication and were subject to implementation as of January 1, 2017. The ISAs adopted by Russia in 2017, were the ISAs from 2015 IAASB's Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements.

The up to date versions of the ISAs.

The up to date versions of the ISAs (Minfin's Order of January 2019г. № 2Н) became effective as of February 12, 2019. They are the ISAs from the IAASB's 2016-2017 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements.

In accordance with the agreement between IFAC and the “National Organization for Financial Accounting and Reporting Standards” Foundation or NOFA Foundation, NOFA had performed the authorized translation into Russian language of the IAASB's Handbook of the International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements (Volumes I, II и III), editions 2014, 2015 and 2016-2017. Russia has translated the revised ISAs 250 and 540 from 2018 Handbook and ISA315 from the 2019 IAASB Handbook. ISA 250 was adopted in 2019, and ISA 540 is in a final stage of implementation in Russia. In addition, in 2019, SRO AAS has initiated and facilitated a regional discussion of the proposed draft QM ISAs. In 2020 SRO AAS initiated establishment of the working group of the PAOs of the ECA region to undertake reviews and provide regional comments on the IAASB's Exposure Drafts. As part of the consultations to

launch the regional initiative in the most efficient manner, SRO AAS contacted the IAASB and Accountancy Europe. As a result, the pilot regional comment on the ED of the ISA 600 was developed and submitted to the IAASB for consideration.

SRO AAS is providing its members with the methodological assistance on the ISAs implementation during the audit. In 2016, it has established the Committee on ISAs to assist its members with ISAs adoption and implementation.

Action steps:

No.	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Acceptance / Support for the adoption of ISA</i>					
62	December 2014	Provide support to the regulatory body and provide comments and background information for draft legislative acts on the adoption of ISAs as national audit standards	December 2016 Completed	Chairman of the Standardization and Audit Methodology Committee Chairman of the ISA Committee, Chairman of the Legal Committee CEO	ISA Committee Legal Committee
63	February 2015	Form of a special Committee on ISAs in order to systematize information about ISAs for members of the SRO AAS, monitor news and changes in ISAs	February 2015 Completed	CEO, Board of the SRO AAS	CEO
64	March 2016	Organization of training courses on ISAs	Continuously	Chairman of the Vocational Education Committee Chairman of the ISA Committee	Vocational Education Committee
<i>Support for the implementation of Auditing Standards</i>					
65	December 2014	Participation in conferences and negotiations on ISAs	Continuously	Vocational Education Committee Chairman of the ISA Committee, CEO	Vocational Education Committee ISA Committee CEO

66	December 2014	Establishing contacts with IFAC members	Continuously	Chairman of the International Relations Committee CEO Board of the SRO AAS	International Relations Committee, CEO
67	December 2014	Development of a system for dissemination of information for members of the SRO AAS about international processes through our website and publications.	Continuously	Chairman of the Vocational Education Committee, Chairman of the ISA Committee, Standardization and Audit Methodology Committee, Chairman of the International Relations Committee	Vocational Education Committee ISA Committee Standardization and Audit Methodology Committee International Relations Committee
68	December 2014	Making constant updates to educational, training programs and advanced training courses under new and changed IAASB standards.	Continuously Completed	Chairman of the Vocational Education Committee Chairman of the ISA Committee, Standardization and Audit Methodology Committee.	Vocational Education Committee
69	January 2016	Hold Conferences and round tables for members of the SRO AAS on the application of ISA. Post press releases on the SRO AAS website about events held.	Continuously Completed	Standardization and Audit Methodology Committee of the SRO AAS, Director for Methodology and Standardization of the SRO AAS, CEO of the SRO AAS Chairmen of territorial branches of the SRO AAS	Members of the Standardization and Audit Methodology Committee of the SRO AAS,

70	January 2016	Develop guidance materials on current issues of audit practice, with the adoption of ISAs in the Russian Federation and posting them on the website of the SRO AAS. http://www.auditor-sro.org/help_aas/recommendations/	Continuously Completed	Standardization and Audit Methodology Committee of the SRO AAS,	Members of the Standardization and Audit Methodology Committee of the SRO AAS
71	January 2016	Develop of a complete set of auditor's working documents for the members of the SRO AAS based on International Standards on Auditing (Sample audit reports, audit contract form and templates of the auditor's working documents, including requests to the audited entities and written confirmations from them). Post information on the website with access through the personal accounts of members of the SRO AAS.	December 2016 Completed	Standardization and Audit Methodology Committee of the SRO AAS,	Members of the Standardization and Audit Methodology Committee of the SRO AAS
72	January 2016	Participate in the work of the Working Body of the Audit Council, including the preparation of working documents on ISA. Participate in the work of the Audit Council under the Ministry of Finance of the Russian Federation	Continuously Completed	Standardization and Audit Methodology Committee of the SRO AAS, CEO of the SRO AAS	Members of the Board of the SRO AAS
73	January 2017	Hold webinars for members of the SRO AAS on the ISAs application practice. http://www.auditor-sro.org/users/lk/?page=webinars	Continuously Completed	Standardization and Audit Methodology Committee of the SRO AAS, CEO of the SRO AAS	Members of the Standardization and Audit Methodology Committee of the SRO AAS, Head of the IT-Department of the SRO AAS
74	January 2017	Participate in the Councils of the International Federation of Accountants	2017-2018	CEO of the SRO AAS	

75	January 2018	Participate in international conferences on topics related to the application and implementation of ISAs.	At the invitation of international professional organizations Completed	Standardization and Audit Methodology Committee of the SRO AAS, CEO of the SRO AAS	Members of the Board of the SRO AAS
76	October 2018	Recommend members of the SRO AAS to use the automated software programs of ISAs audit procedures, which include an audit procedure under ISAs with the necessary set of working documents, typical risks, means of control, and potential misconduct. http://www.auditor-sro.org/bloki_na_glavnoj/v_pomow_perehoda_na_msa/avtomatizaciya_audita/	Continuously Completed	Members of the Standardization and Audit Methodology Committee of the SRO Director for Methodology and Standardization of the SRO AAS CEO of the SRO AAS	Members of the Standardization and Audit Methodology Committee of the SRO AAS
77	October 2018	Obtaining the IFAC permission by the SRO AAS to translate the Guidelines on the Application of International Standards on Auditing for Small and Medium-Sized Organizations. In July 2018, IFAC published the text of the fourth edition of the Guidance on the Application of International Standards on Auditing for Small and Medium-Sized Organizations in English, prepared with the participation of the Committee on practice in small and medium-sized businesses. http://auditor-sro.org/pc/actions/rukovodstvo_prim_msa_audit_malyh_org/	September 2019 Completed	Chairman of the International Relations Committee of the SRO AAS, Standardization and Audit Methodology Committee of the SRO AAS, CEO of the SRO AAS	
78	September 2019	Posting on the SRO AAS website of the “Guidance on the Application of ISA for Small and Medium-Sized Organizations” in Russian in the Methodical Materials, Explanations and Recommendations section http://auditor-sro.org/help_aas/recommendations/rukovodstvo_primeneni_yu_msa/ The Guidance consists of two volumes: Volume 1 - Key Principles , Volume 2 - Practical Guide	October 2019 Completed	Chairman of the International Relations Committee of the SRO AAS, Head of the IT-Department of the SRO AAS, CEO of the SRO AAS	Head of the IT-Department of the SRO AAS, Staff of the IT-Department of the SRO AAS

<i>Contribute to the International Standards Setting</i>					
79	February 2019	Hold an international conference with the wide participation of professional accountancy organizations of auditors and accountants of the Eurasian region on current changes in International Standards on Auditing. To listen to a presentation by the speaker, Mr. Richard Sharko, member of the IAASB .	April 2019 Completed	CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS	
80	July 2019	Participate in the Discussion document "Audit of Less Complex Organizations: Study of Possible Applications of ISA" http://www.auditor-sro.org/bloki_na_glavnoj/v_pomow_perehoda_na_msa/uchastie_v_razrabotke_msa/	September 2019 Completed	CEO of the SRO AAS Director for Methodology and Standardization of the SRO AAS	
81	September 2016	Participate in public discussions of draft IAASB standards and other documents, so that the voice of the profession in Russia is heard and taken into account when developing international standards.	Continuously	Members of the Standardization and Audit Methodology Committee of the SRO Director for Methodology and Standardization of the SRO AAS CEO of the SRO AAS	
<i>Review the SRO AAS compliance information</i>					
82	May 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 3 as necessary.	December 2019		

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants

Action Plan Objective: Ongoing Convergence with the IESBA Code

Background information:

In the Russian Federation, auditing is regulated by the Federal Law on Auditing No. 307-FZ of 2008 (“On Auditing”) (as amended). The Ministry of Finance has overall responsibility for regulating the profession of auditor in accordance with the Law on Auditing. The law defines the ethical and other professional standards that should be applied in the profession.

The Code of Ethics for Russian auditors is based on the IESBA Code. The representatives of all of the SROs are engaged in the work of the Ethics Committee under the Audit Council of the Ministry of Finance. The Ethics Committee led the process of convergence of the Russian Code of Professional Ethics to the 2010 edition of the IESBA Code.

As a result of this action two documents have been approved: the Russian Code of Professional Ethics (March 2012) and Independence rules (September 2012). All SROs have adopted Russia’s Code of Ethics for Auditors as of January 1st, 2013 and are required to develop CPD programs for its members to support the implementation of the Code.

The Code of Ethics for Professional Accountants in Business was developed by the Institute of Professional Accountants (IPAR) incorporating Parts A and C of the 2009 IESBA Code and became effective on January 1, 2013.

SRO AAS has already adopted both mentioned documents and they came into force since 1 January 2013.

SRO AAS members acting as auditors are obliged to conform to requirements of the Russian Code of Professional Ethics and Auditor Independence rules, as well as of SRO AAS Code of Ethics and Independence rules. Consistency of both Codes is ensured by their common origin- the IESBA Code of Ethics.

In 2018, the Audit Council approved amendments to the Rules for the Independence of Auditors and Auditing Organizations (entered into force on January 1, 2019).

The new edition of the Code of Ethics for Professional Accountants, developed by the International Ethics Standards Board for Accountants (IESBA) released in April 2018, came into force on June 15, 2019, contains requirements as well as explanatory provisions on the application of these requirements by auditors in fulfilling their obligation to act in the public interest.

The Audit Council under the Ministry of Finance of the Russian Federation approved the new edition of the Code of Professional Ethics of Auditors (Minutes No. 47 dated May 21, 2019), which includes amendments to the new edition of the Code of Ethics for Professional Accountants.

NOCLAR requirements were adopted by the Council on Audit Activity in December 2017 and came into effect on January 1, 2018.

https://minfin.gov.ru/common/upload/library/2017/12/main/prot37_ot_221217.pdf

The new Code of Professional Ethics for Auditors was approved by the Board of the SRO AAS on May 24, 2019. and posted on the official website of the SRO AAS http://auditor-sro.org/about/documents/kodeks_prof_etiki_auditorov/

In 2018, the RUA, one of the two acting SROs at that time. has performed a review of national ethical requirements against those stipulated in the 2018 IESBA Code of Ethics. At that stage, no major differences were identified and reported.

In 2020, SRO AAS Ethics Committee initiated a comprehensive review of national ethical requirements against those stipulated in the soon to be released 2020 International Code of Ethics. The Task Force was created, uniting translators, representatives of the SRO AAS, profession, and other interested parties. An action

plan was developed to establish ongoing processes to incorporate the new and revised pronouncements of IESBA into national requirements. As a priority for 2021, SRO AAS is developing procedures to incorporate recently released (October. 2020) requirements of the International Code of Ethics for Professional Accountants related to the promotion of the role and mindset expected of all professional accountants into national Ethical requirements.

In addition, SRO AAS is holding webinars for its members and other PAOs in the region to ensure that most up-to-date international ethical requirements are disseminated and implemented. Thus, in July 2020, first ECA region's webinar on the amendments to the IESBA's Code of Ethics was delivered by the SRO AAS's top presenters, Ms. Irina Milukova.

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Resources
<i>Adoption/ Supporting Adoption of IESBA Code of Ethics</i>					
83	December 2014	Review of the requirements of the existing code against those of the IESBA.	March 2015 Completed	Chairman of the Committee for Professional ethics and auditor independence	Members of the Committee for Professional ethics and auditor independence
84	December 2014	Provide consultations to SRO AAS members on the Code of Ethics and changes. To provide continuous process of training (by seminars and lectures in SRO AAS study centers) of auditors in relation to the Code of Ethics and Rules of independence and IESBA Code.	Ongoing	Chairman of the Committee for Professional education, Chairman of the Committee for Professional education, General Director	Members of the Committee for Professional ethics and auditor independence, Members of the Committee for Professional education
85	December 2014	Update education and CPD programs and qualification exam tests in respect to ethics.	Ongoing	Chairman of the Committee for Professional ethics and auditor independence Chairman of the Committee for Professional education,	Members of the Committee for Professional ethics and auditor independence, Members of the Committee for Professional education

No.	Start date	Actions	Completion date	Responsibility	Resources
				General Director	
86	December 2014	Ensure convergence with SMO 4 requirements. Monitor changes in the IESBA Code (and prospective changes) and implementation of respective changes in SRO AAS Code of Ethics.	Ongoing	Chairman of the Committee for Professional ethics and auditor independence, Chairman of the Committee for Professional education, General Director	Members of the Committee for Professional ethics and auditor independence
87	January 2016	Implementation of the recommendations of the Audit Council on professional ethics and auditor independence.	Ongoing Completed	Chairman of the Committee for Professional ethics and auditor independence	Members of the Committee for Professional ethics and auditor independence
88	May 2019	Approval by the Board of SRO AAS on May 24, 2019 edition (No. 5) of the Code of Auditor Professional Ethics	May 2019 Completed	Board of SRO AAS	
<i>Support Implementation of IESBA Code of Ethics</i>					
89	December 2014	Development of international relationships with the IFAC Members on the issue of ethics.	Ongoing	Chairman of the Committee for Professional ethics and auditor independence, Chairman of the International Relations Committee, General Director	Members of the International Relations Committee
90	December 2014	Analysis of the implementation practice of the Auditors Code of Ethics and Independence Rules.	Ongoing	Chairman of the Committee for Professional ethics	Members of the Committee for

No.	Start date	Actions	Completion date	Responsibility	Resources
				and auditor independence	Professional ethics and auditor independence
91	December 2014	Ensuring of the access to the Auditors Code of Ethics on the official website of SRO AAS for all interested parties.	December 2014 Completed	Chairman of the Committee for Professional ethics and auditor independence	Members of the Committee for Professional ethics and auditor independence
92	December 2014	Organize consultations within SRO AAS in order to identify threats of unfair competition, violation of independence and conflict of interests.	Ongoing	Chairman of the Committee for Professional ethics and auditor independence, General Director	Members of the Committee for Professional ethics and auditor independence
93	December 2014	Organize and conduct teleconferences for members of SRO AAS on the practice of applying the legislation of the Russian Federation, the IFAC Code of Ethics, and other regulatory acts governing audit activity.	December 2015 Completed	Chairman of the Committee for Professional ethics and auditor independence, Chairman of the Law Committee, General Director	Members of the Committee for Professional ethics and auditor independence, Personnel of SRO AAS
94	December 2014	SRO AAS is focused on development of legal rules, institutions and culture on which the quality of audit depends. In particular, we do this through standard-setting. SRO AAS is involved in international standard-setting.	Ongoing	Governing body, Chairman of the Law Committee	Members of the Governing body, Chairman of the Committee for Professional ethics and auditor independence
95	January 2016	SRO AAS formed the Committee on Professional Ethics and Auditor Independence	Completed	Chairman of the Committee for Professional ethics and auditor independence	Members of the Committee for Professional ethics and auditor independence

No.	Start date	Actions	Completion date	Responsibility	Resources
96	May 2019	Participation in the IESBA webinar (International Ethics Standards Board for Accountants) on the electronic (mobile) version of the new Code of Ethics, June 12, 2019	12 June 2019 Completed	Chairman of the Committee for Professional ethics and auditor independence, Chairman of the Law Committee, General Director	Members of the Committee for Professional ethics and auditor independence
97	May 2019	Participation of SRO AAS auditors in the International Conference on the topic "The Code of Ethics – Ensuring Public Trust in the Profession."	21 May 2019 Completed	SRO AAS Board members	
98	June 2019	Conduct a webinar in Russian "New Code of Ethics for Auditors" for auditors-members of SRO AAS and auditors of the Eurasian region countries. http://www.auditor-sro.org/pc/vebinar/vebinar_44/ Placement in the personal accounts of auditors – members of SRO AAS video recording of the webinar and answers to questions.	17 July 2019 Completed	Chairman of the Committee on standardization and methodology of auditing activities, General Director, Head of Information technology department	Members of the Committee for Professional ethics and auditor independence, Employees of Information technology department
99	May 2019	Posting new edition of the Code of Ethics of Auditors on SRO AAS website http://auditor-sro.org/about/documents/kodeks_prof_etiki_auditorov/	May 2019 Completed	General Director, Head of Information technology department	Employees of Information technology department
100	June 2019	Posting information on the website of SRO AAS about interactive e-Code (in June 2019) https://www.iesbaecode.org/	June 2019 Completed	General Director, Head of Information technology department	Employees of Information technology department
<i>Contributing to International Standard-Setting</i>					

No.	Start date	Actions	Completion date	Responsibility	Resources
101	September 2016	SRO AAS coordinates closely with IFAC, other SRO, Ministry of Finance as well as a number of academic institutions in order to facilitate discussion and further disseminate best ethical practices.	Ongoing	Chairman of the Committee for Professional ethics and auditor independence, General Director, Chairman of the International Relations Committee	Members of the Committee for Professional ethics and auditor independence, Members of the International Relations Committee
<i>Review of SRO AAS's Compliance Information</i>					
102	May 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 4 as necessary.	September 2019	Chairman of the Committee for Professional ethics and auditor independence, General Director	Members of the Committee for Professional ethics and auditor independence

Action Plan Subject: SMO 5 – International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

Action Plan Subjective: Ongoing Convergence with Requirements of SMO 5

Background information:

Accounting regulation in the RF is conducted in accordance with the current Federal Law No. 402-FZ “On Accounting”.

In general, the N 402-FZ proposes the same order of accounting regulation in the public sector as in private sector. In other words, the scope of the Law No. 402-FZ applies to all Russian legal entities regardless in what field they operate - commercial or non-commercial. And since the public sector entities are non-profit organizations, Law No. 402-FZ applies to them. In accordance with paragraph 1 of article 30 of the Law No. 402-FZ until the approval of the Federal accounting standards for public sector entities, they must apply the accounting rules adopted prior to the date of entry into force of the Law No.402-FZ.

These include:

- A single chart of accounts for public authorities (government bodies), local authorities, management bodies of state extra-budgetary funds, state academies of Sciences, state (municipal) institutions and the instruction on its application approved by Order of Ministry of Finance of Russia from December, 1st, 2010 N 157H, which establishes General rules of accounting in the public sector;
- Instruction on the procedure of drafting and submission of the annual, quarter FS of the state (municipal) budget and Autonomous institutions, approved by Order of the Ministry of Finance of Russia from March 25, 2011 N 33h (hereinafter - instruction N 33h);
- and other legislative acts.

By the Federal Law of July 26, 2019 No. 247-FZ “On Amendments to the Federal Law“ On Accounting ”and certain legislative acts of the Russian Federation regarding regulation of accounting of entities” (hereinafter referred to as Federal Law No. 247-FZ) federal accounting standards for public sector are distinguished from federal accounting standards.

Article 21 of the Federal Law “On Accounting” establishes a list of documents in the field of accounting regulation. Federal Law No. 247-FZ supplemented this list with federal and industry standards for accounting for public sector (previously only federal and industry standards for accounting). According to the amendments, federal standards of state finance accounting establish the minimum necessary requirements for accounting, as well as acceptable methods of accounting for public sector organizations. Federal accounting standards establish the minimum requirements for accounting, as well as acceptable methods of accounting for all other economic entities.

In connection with the separation of federal standards for accounting for public sector from federal accounting standards, Federal Law No. 247-FZ provides for separate procedures for the development and adoption of such standards, namely: the Ministry of Finance of Russia develops and approves a program for developing federal standards for public sector accounting along with a development of federal accounting standards program (article 26 of the Federal Law "On Accounting"); Under the Ministry of Finance of Russia, Public Sector Accounting Standards Council is created.

This Council carries out expertise of draft federal and industry public sector accounting standards (article 25 of the Federal Law “On Accounting”). It will operate along with the Accounting Standards Council, which excludes public sector accounting standards from its scope (Article 25 of the Federal Law “On Accounting”).

The terminology has been clarified; the following terminological clarifications have been introduced into the Federal Law “On Accounting”: the term “public sector organizations” has been replaced by the term “public sector entities”. A similar clarification has been made to the Federal Law “On Consolidated Financial Statements”:

the term “governing bodies of state extra-budgetary funds and territorial state extra-budgetary funds” has been replaced by the term “governing bodies of state extra-budgetary funds of the Russian Federation and territorial state extra-budgetary funds.”

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Resources
<i>Adoption/ Supporting Adoption of IPSAS</i>					
103	Throughout a year	Monitor and analyze national legislation on the issue of regulation of public sector organizations activity	Throughout a year	Chairman of the Committee on standartization and methodology of auditing activities, Chairman of the Law Committee, General Director	Members of the Committee on standartization and methodology of auditing activities
104	Throughout a year	Analysis of the implementation practice of the IPSAS in foreign countries.	Throughout a year	Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee on standartization and methodology of auditing activities
105	Throughout a year	Cooperate with national regulating bodies, standard setters, and other stakeholders in relation to IPSASs.	Throughout a year	Chairman of the Committee on standartization and methodology of auditing activities, Chairman of the Law Committee, General Director	Members of the Committee on standartization and methodology of auditing activities
106	June 2019	Cooperate with professional organizations in the countries of the Eurasian region in relation to IPSASs.	Throughout a year	Chairman of the Committee on standartization and methodology of auditing activities, Director on standartization and methodology, General Director	Member of the Committee on standartization and methodology of auditing activities
<i>Support Implementation of International Public Sector Accounting Standards</i>					

No.	Start date	Actions	Completion date	Responsibility	Resources
107	December 2014	Participating in conferences, trainings and seminars in relation to IPSAS.	Ongoing	Chairman of the Committee on standartization and methodology of auditing activities, Chairman of the Committee for Professional education, General Director	Members of the Committee for Professional education
108	December 2014.	Analysis of IPSAS implementation practice in foreign countries.	Ongoing	Chairman of the Committee on standartization and methodology of auditing activities, Chairman of the Committee for Professional education	Members of the Committee on standartization and methodology of auditing activities
109	December 2014	Provide consultations to SRO AAS members on the IPSAS.	Ongoing	Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee on standartization and methodology of auditing activities
110	September 2019	Participation in the International Seminar "International Public Sector Accounting Standards" (Almaty, Kazakhstan) The seminar program included 4 sessions: "Introduction to IPSAS Financial Statements", "Introduction to IPSAS for Fixed Assets", "Introduction to IPSAS for Income, Costs and Liabilities" and "Other Important IPSAS Standards".	18-19 September 2019 Completed	Director on standartization and methodology	
<i>Contributing to International Standard-Setting</i>					
111	December 2014	Informing SRO AAS members on measures taken to implement the recommendations of the Organization for Economic Cooperation and Development on the development of Russian national accounting system.	Ongoing	Chairman of the International Relations Committee, General Director, Chairman of the Committee on standartization and methodology of auditing activities	Personnel of SRO AAS Members of the Committee on standartization and methodology of auditing activities

No.	Start date	Actions	Completion date	Responsibility	Resources
112	September 2016	Cooperating with National Regulatory Bodies, bodies setting standards and other participants in relation to IPSAS.	Ongoing	Chairman of the Committee on standartization and methodology of auditing activities, General Director	Members of the Committee on standartization and methodology of auditing activities
<i>Review of SRO AAS's Compliance Information</i>					
113	May 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 5 as necessary.	September 2019	Chairman of the Committee on standartization and methodology of auditing activities, Director on standartization and methodology, General Director	Members of the Committee on standartization and methodology of auditing activities

Subject of the Action Plan: SMO 6 - Review of misconduct and application of disciplinary measures

Action Plan Objective: Assistance in further improvement of the system for consideration of types of misconduct and applying investigative and disciplinary measures (I&D) for auditors of the Russian Federation under the requirements of SMO 6 and Russian law.

Background information:

Disciplinary measures applied to Russian auditors are developed under Law 307-FZ "On Auditing" and the Federal Law "On Self-Regulatory Organizations". According to clause 4 of Article 10 of Law No. 307 "On Auditing", quality assurance review of the work of audit firms, individual auditors is carried out by SRO auditors in relation to their members. Quality assurance review of audit firms that conduct statutory audits of accounting (financial) statements of organizations specified in part 3 of Article 5 of the Federal Law No. 307 "On Audit Activities" is performed by self-regulating organizations of auditors in relation to their members, as well as (since 2016 - Federal Treasury). Accordingly, both the SRO of the auditors and the authorized federal body for control and supervision (currently - the Federal Treasury) are entitled to establish their sanctions for misconduct (which are discussed below). However, only SRO can suspend activities or exclude auditors or audit firms. The Treasury transfers cases that require disciplinary action to the SRO.

To coordinate activities in the field of quality assurance review by the SRO and the Federal Treasury, a Council was established to organize quality assurance review of the work of audit firms of the Federal Treasury, which includes representatives of the SRO AAS.

In order to unify the approach to classification of misconduct identified during quality assurance review of audit firms and individual auditors, the SRO of auditors jointly with the Federal Treasury of the Russian Federation developed a Classifier of misconduct and shortcomings identified during quality assurance review of audit firms and auditors, approved by the Audit Council in December 2016 (last amended in September 2018), which is mandatory for both SRO of auditors and the Federal Treasury of the Russian Federation when conducting quality assurance review. Representatives of the SRO AAS participated in the development of the Classifier.

In order to carry out activities as SRO auditors, a non-profit organization must establish specialized bodies that monitor compliance by members of the self-regulating organization of auditors with the requirements of this Federal Law, audit standards, independence rules of auditors and audit firms, the code of professional ethics of auditors and the consideration of cases on the application of disciplinary measures in relation to members of a self-regulatory organization of auditors.

The Disciplinary Commission is a permanent specialized body of the SRO AAS, considering cases of disciplinary measures against members of the SRO AAS, complaints against actions of the SRO AAS members and materials about the misconduct by the SRO AAS members of the Russian Federation laws, of auditing standards, independence rules of auditors and audit firms, code of professional ethics of auditors, of the Charter of the SRO AAS and internal documents of the SRO AAS. The SRO AAS Disciplinary Commission has been functioning for more than nine years, consists of eight members, including the Chairman. Members of the Disciplinary Commission are appointed for a period of 3 years and the composition of the Disciplinary Commission is approved by the Board of the SRO AAS on the proposal of the CEO of the SRO AAS.

The Regulation on the Disciplinary Commission of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (Regulation of the SRO AAC) was approved by the Board of the SRO AAC on May 25, 2011. Currently, the version number 5 of February 10, 2017, is in force.
http://auditor-sro.org/about/documents/pol_dk/.

In order to improve the work of the Disciplinary Commission, the **Regulation** was amended in 2013, 2014 and 2016.

The disciplinary process in the SRO AAS has been developed under the Federal Law "On Auditing" and the Federal Law "On Self-Regulating Organizations". The Procedure for Applying Disciplinary Measures to Members of the SRO AAS defines the tasks and principles of disciplinary proceedings, types of disciplinary measures, the process of disciplinary proceedings, measures of disciplinary action and the procedure for their application, appeal of decisions on disciplinary cases, enforcement of decisions on the application of disciplinary measures.

See the regulations on disciplinary measures approved by the SRO AAS Council on the SRO AAS website: <http://www.auditor-sro.org/activity/distciplinprocess/>

The Procedure for Applying Disciplinary Measures to Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS Procedure) was approved by the Board of the SRO AAS on June 27, 2011. In order to improve the procedure for reviewing cases on the application of disciplinary measures against members of the self-regulating organization of auditors, the **SRO AAS Procedure** was amended in 2012, 2013, 2014, 2016, and 2017.

Currently, the version No. 7 of May 26, 2017, is in force: http://auditor-sro.org/about/documents/poryadok_disciplinarnogo_vozdejstviya/

The SRO AAS regularly publishes a report on the applied disciplinary measures.

http://www.auditor-sro.org/files/activity/DistciplinProcess/2018/otchet_dk_sroaas_21_12_18.pdf

In accordance with the self-analysis regarding the requirements of SMO 6, the disciplinary system developed for the members of the SRO AAS meets its basic requirements.

Types of sanctions

Self-Regulating Organization of Auditors

As per Federal Law No. 307-FZ "On Auditing" dated 2008 (**Article 20**) in respect of a member of a self-regulatory organization of auditors who have violated the requirements of this Federal Law, [standards](#) of auditing, independence [rules](#) of auditors and audit firms, the [code](#) of professional ethics of auditors, a self-regulatory organization of auditors can apply the following disciplinary measures:

- 1) to issue an order obliging a member of the self-regulating organization of auditors to eliminate misconduct identified by the results of quality assurance review of his/her work and setting a time frame for the elimination of such misconduct;
- 2) to issue a written reprimand to a member of a self-regulating organization of auditors about the inadmissibility of violating the requirements of this Federal Law, audit standards, independence rules of auditors and audit firms, the code of professional ethics of auditors;
- 3) impose a fine on a member of a self-regulating organization of auditors;
- 4) make a decision on the suspension of the membership in the audit organization, the auditor in the self-regulatory organization of auditors for a period until they eliminate the identified misconduct, but not more than 180 calendar days from the day following the day of the decision to suspend membership;
- 5) make a decision to exclude the audit organization or the auditor from the members of the self-regulating organization of auditors;
- 6) apply other measures established by internal documents of the self-regulatory organization of auditors.

Federal Treasury

The Federal Treasury is entitled to apply its system for reviewing misconduct and imposing disciplinary measures (I&D) on auditors and audit firms, which provide services to public interest entities (PIEs).

The procedure for applying the Federal Treasury's measures of influence to audit firms was approved by the Audit Council on June 19, 2014, (amended in 2017) (**FT Procedure**). http://auditor-sro.org/activity/quality_control/f_kaznacheistvo/.

In accordance with the **FT Procedure**, the following measures may be applied to an audit firm that has committed misconduct of the rules of audit activity:

1. **issuing an order** obliging the audit firm to eliminate the misconduct identified by the results of the inspection of the quality of its work and setting the deadlines for eliminating such misconduct (hereinafter referred to as the "order");

2. **issuing a written reprimand** to the audit firm about the inadmissibility of violating the rules of audit activity (hereinafter - the "warning");
3. the issuance of binding instructions for the self-regulatory organization of auditors, a member of which is the audit firm that has committed misconduct of the rules of audit activity, **to suspend the membership of such the audit firm in the self-regulating organization of auditors** (hereinafter - suspension of the membership of the audit firm in the self-regulating organization of auditors) for a period until such the audit firm eliminates the detected misconduct, but no more than 180 calendar days from the day following the decision to suspend membership;
4. issuing a mandatory order for the self-regulating organization of auditors, a member of which is the audit firm that has committed misconduct of the rules of audit activity, **to exclude information about the audit firm from the register of auditors and audit firms of the self-regulating organization of auditors** (hereinafter - the exclusion of information about the audit firm from the register of auditors and audit firms);
5. issuing a mandatory order for the self-regulating organization of auditors, a member of which is the audit firm that has violated the requirements set out in part 6 of article 1, part 1 of article 8, paragraphs 2.1 and 3 of part 2 and part 3 of article 13 of the Federal Law "On Auditing", **to exclude information about the audit firm from the register of auditors and audit firms.**

The Control Commission aimed to increase the transparency of quality assurance review activities of audit firms has been **established** and carries out work to review the results of quality assurance review of audit firms based on the decision of the Council for quality assurance review of audit firms of the Federal Treasury and under Federal Treasury order No. 98 dated April 7, 2017.

The main tasks of the Control Commission are objective, comprehensive and timely review of the results of quality assurance review of audit firms and the development of recommendations for the application of enforcement actions.

The Control Commission is a mechanism for pre-trial settlement of disputes, as well as an additional platform for explanatory work aimed at preventing misconduct of regulatory legal acts regulating audit activities. The results of audits conducted by the Federal Treasury with the participation of representatives of audited audit firms and self-regulatory organizations of auditors are discussed at meetings of the Control Commission.

<http://www.roskazna.ru/kontrol/vneshniy-kontrol-kachestva-raboty-auditorskikh-organizatsiy/kontrolnaya-komissiya-po-rassmotreniyu-rezultatov-vneshnego-kontrolya-kachestva-raboty-auditorskikh-/>

On October 15, 2019, a regular meeting of the Working Body of the Council for Auditing Activities under the Ministry of Finance of Russia was held, at which the Federal Treasury was recommended to continue work on the draft amendments to the Classifier of misconduct and deficiencies identified during quality assurance review of audit firms with self-regulatory organizations of auditors, with particular emphasis on the division of the revealed misconduct into categories (material - non-material, recoverable-unrecoverable).

Self-assessment of compliance with the main requirements of SMO 6

Requirements	Yes	No	Partially	Comments
<p>Scope of the system</p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	+			The system of reviewing disciplinary cases, applying disciplinary measures, and appealing decisions of the Disciplinary Commission had been described in the regulatory documents approved by the Board of the SRO AAS.
<p>2. Information about the types of misconduct that may bring about investigative actions is publicly available.</p>	+			Information on the provisions of the SRO AAS and the types of misconduct that may cause the need for investigative measures is published on the SRO AAS website.

Requirements	Yes	No	Partially	Comments
<p>Initiation of Proceedings</p> <p>3. Both a “complaints-based” and an “information-based” approach are adopted.</p>	+			The beginning of the process of reviewing a disciplinary case or a complaint begins with the registration of the information received from the applicants on the day of receipt and further consideration under the adopted regulatory documents of the SRO AAS.
4. Link with the results of QA reviews has been established.	+			If the quality control Commission of the SRO AAS reveals any serious misconduct, the Disciplinary Commission shall be notified. Then the Disciplinary Commission makes a decision on the necessary measures in such a situation taking into account the facts and details. On the other hand, the Quality Control Commission monitors the elimination of misconduct and the implementation of disciplinary measures.
<p>Investigative process</p> <p>5. A committee or similar body exists for performing investigations.</p>	+			The Disciplinary Commission has been established in the SRO AAS.
6. Members of a committee are independent of the subject of the investigation and other related parties.	+			According to the internal provisions of the SRO AAS, the members of the Disciplinary Commission must be independent. The SRO AAS Committee on Professional Ethics and Independence of Auditors is entitled to express its professional opinion on the implementation of independence requirements.
<p>Disciplinary process</p> <p>7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>	+			The SRO AAS Disciplinary Commission is the body authorized to make disciplinary decisions. This Commission examines cases related to complaints about members of the SRO AAS. The Commission examines the results of an quality assurance review audit, which were accepted by the Quality Control Commission. The body that initiated the investigation monitors the implementation of the decisions of the Disciplinary Commission and the adoption of disciplinary measures.
8. Members of the committee/entity include professional accountants as well as non-accountants.	+			Members of the Disciplinary Commission are professional accountants (auditors) and lawyers.
9. The tribunal exhibits an independence of the subject of the investigation and other related parties.	+			If the meeting of the Disciplinary Commission considers a case on the application of disciplinary measures against a member of the SRO AAS, who is a member of the Disciplinary Commission, then this member of the SRO AAS shall be suspended from participation in the meeting of the Disciplinary Commission. In this case, the Board of the SRO AAS may temporarily add a new member to the Disciplinary Commission.
<p>Sanctions</p> <p>10. The disciplinary system allows imposing an extensive range of penalties. It is particularly</p>	+			Disciplinary measures applied in the SRO AAS are: 1. Note; 2. The order about elimination of the revealed misconduct; 3. Reprimand

Requirements	Yes	No	Partially	Comments
important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.				4. Fine; 5. Restriction and removal of practicing rights -suspension of membership in the SRO AAS; 6. Loss of professional designation-cancellation of the auditor's qualification certificate. 7. Exclusion from the membership of the SRO AAS
Rights of representation and appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	+			The Board of the SRO AAS is authorized to consider complaints regarding decisions made by the Quality Control Commission and the Disciplinary Commission. Decisions of the Disciplinary Commission on the application (recommendations for application) of disciplinary measures provided for in Article 16 of the Procedure for Applying Disciplinary Measures to Members of the SRO AAS may be appealed by a participant in disciplinary proceedings to the Board of the SRO AAS within 10 (ten) working days from the date of receipt of an extract from the minutes of the meeting of the Disciplinary Commission. The Board of the SRO AAS is entitled to take one of the following decisions based on the results of consideration of a complaint against a decision of the Disciplinary Commission, taking into account the conclusion of the Appeal Committee: 1) leave the decision of the Disciplinary Commission unchanged, the complaint without satisfaction; 2) cancel the decision of the Disciplinary Commission in whole or in part and adopt a new decision on the case; 3) cancel the decision of the Disciplinary Commission and refer the case for new consideration; 4) cancel the decision of the Disciplinary Commission and terminate the disciplinary proceedings. 2. The decision of the Board of the SRO AAS, adopted as a result of the consideration of the complaint, shall take effect immediately, shall be final, and sent to the participants in disciplinary proceedings within 7 (seven) business days.
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	+			The timeframe targets are approved by local regulatory documents of the SRO AAS.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	+			The SRO AAS monitors the system of disciplinary measures annually. In view of the above, the SRO prepares proposals on improvement of the Provisions.
14. Records of investigations and disciplinary processes are established.	+			The results of quality assurance review and the application of disciplinary measures are reflected in reports. http://www.auditor-sro.org/activity/quality_control/otchetnost/ http://www.auditor-sro.org/activity/distciplinprocess/otchet_disciplinarnoj_komissii_sro_aas/

Requirements	Yes	No	Partially	Comments
				The list of documents includes working documents on quality assurance and audit data. The procedure for disciplinary measures shall be determined by the Provisions of the SRO AAS. Minutes are kept during meetings of the Quality Control Commission and the Disciplinary Commission.
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	+			All documents governing the activities of the Quality Control Commission and the Disciplinary Commission, all information about their members are subject to publication. Information is entered in the register and published on the websites of the SRO AAS and the Ministry of Finance of Russia.
16. A process for the independent review of complaints on which there was no follow-up is established.	+			The procedure for receiving and considering complaints shall be determined by the internal provisions of the SRO AAS. The procedure for unscheduled external inspections, receiving complaints and their review by the Quality Control Commission and the Disciplinary Commission ensures the independence of the review of misconduct.
17. The results of the investigative and disciplinary proceedings are made available to the public.	+			Information on the results of quality assurance review, the application of disciplinary measures, as well as the study of complaints are subject to publication. Such information shall be entered in the register and published on the websites of the SRO AAS and the Ministry of Finance of Russia.
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	+			The Russian laws provide mechanisms to combat money laundering and the financing of terrorism. The Russian laws contain the main principles of anti-corruption. The laws regulate the mechanism of interaction with state supervisory authorities and law enforcement agencies in order to prevent corruption and money laundering. The Ministry of Finance has established recommendations for audit firms and individual auditors on countering bribery in international business transactions.
Regular review of implementation and effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	+			Analysis of the results of Quality Assurance and evaluation of disciplinary measures can identify typical errors. The next step is to prepare proposals for improving the system. We annually monitor the effectiveness of the Quality Assurance review system. The results of such monitoring are reported to the members of the SRO AAS, as well as the SRO committees and supervisors.

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Recourses
Promote and Support Adoption of I&D					

No.	Start date	Actions	Completion date	Responsibility	Recourses
114	December 2014	Provide advice to members of the SRO AAS on issues regarding the consideration of misconduct and the application of disciplinary measures.	Continuously	Chairman of the Quality Control Commission Chairman of the Disciplinary Commission Chairman of the Professional Ethics Committee CEO	Members of the Professional Ethics Committee Members of the Quality Control Commission
115	November 2019	Continue work on the draft amendments to the Classifier of misconduct and deficiencies identified during quality assurance review of audit firms with the Federal Treasury, with particular emphasis on the division of the revealed misconduct into categories (material-non-material, removable-unrecoverable).	Prior to adoption by the Audit Council	Chairman of the Disciplinary Commission Chairman of the Quality Control Commission	Members of the Disciplinary Commission, Quality Control Commission
Supporting Members with the Implementation of I&D					
116	December 2014	Publish materials provided by the Disciplinary Commission in the magazine of the SRO AAS - "Bulletin of SRO AAS". Provide information on the work performed over the past month at the regular meetings of the governing body of the SRO AAS. Submission of reports by members of the Disciplinary Commission at the annual meetings of the SRO AAS members and at regional conferences of the SRO AAS members (pages 47-50 of the statement of obligations of IFAC members).	Continuously	Chairman of the Disciplinary Commission Chairman of the Quality Control Commission	Members of the Disciplinary Commission, Quality Control Commission
117	April 2016	Prepare amendments and additions to the existing SRO AAS Procedure for studying cases of applying disciplinary measures to members of the SRO AAS in order to clarify the reasons for the application of such measures, to cancel or eliminate such measures.	June 2016 Completed	Chairman of the Disciplinary Commission Chairman of the Quality Control Commission	Members of the Disciplinary Commission, Quality Control Commission
118	June 2016	Approve a new version of the Procedure for studying cases of disciplinary measures applied to members of the SRO AAS	June 2016 Completed	Chairman of the Disciplinary Commission	Members of the Disciplinary Commission

No.	Start date	Actions	Completion date	Responsibility	Recourses
119	June 2016	Publish a new version of the Procedure for investigating cases of disciplinary measures applied to members of the SRO AAS on the SRO AAS website	June 2016 Completed	Chairman of the Committee on Information Policy, CEO	Staff of the SRO AAS
120	May 2017	To approve The Procedure for Applying Disciplinary Measures to Members of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" To publish on the website of the SRO AAS. http://auditor-sro.org/about/documents/poryadok_disciplinarnogo_vozdejstviya/	May 2017 Completed	Chairman of the Disciplinary Commission of the SRO AAS, CEO of the SRO AAS	Members of the Disciplinary Commission of the SRO AAS
121	June 2017	Review of types of misconduct by members of the SRO AAS of the requirements of the Law "On Auditing", auditing standards, rules of independence of auditors and audit firms, the code of professional ethics of auditors, and documentation of the results of disciplinary proceedings.	Regularly	Chairman of the Disciplinary Commission of the SRO AAS	Members of the SRO AAS Disciplinary Commission, Quality Control Commission of the SRO AAS
122	July 2017	Analysis and evaluation of the application of disciplinary measures and their impact on the activities of audit firms and auditors. Information is available in the register of members of audit firms http://auditor-sro.org/activity/distciplinprocess/mery_dk/	Regularly	Chairman of the Disciplinary Commission of the SRO AAS	Members of the Disciplinary Commission of the SRO AAS
123	June 2019	Analysis of compliance of the norms of the SMO 6 to the regulatory documents of the SRO AAS and the Federal Treasury for the application of disciplinary measures.	December 2019	Chairman of the Disciplinary Commission of the SRO AAS	Members of the SRO AAS Disciplinary Commission, Quality Control Commission of the SRO AAS
<i>Review the SRO AAS compliance information</i>					
124	May 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 6 as necessary..	September 2019	Chairman of the Disciplinary Commission of the SRO AAS, Chairman of the Quality Control Commission of the SRO AAS, CEO of the SRO AAS	Members of the SRO AAS Disciplinary Commission, Quality Control Commission of the SRO AAS

Action Plan Subject: SMO 7 – International Financial Reporting Standards and Other Pronouncements issued by the IASB

Action Plan Subjective: Further improve and maintain process for ongoing compliance with IFRSs

Background information:

There are two main legislative acts which regulate financial reporting requirements in Russian Federation:

- the Federal law (Accounting Law), No 402-FZ, dated 6 December 2011,
- the Federal Law of July 27, 2010 No-208-FZ "On the Consolidated Financial Statements".

Federal Law 208-FZ "On the Consolidated Financial Statements" states that standards and interpretations issued by IASB are endorsed for adoption in Russia by the Russian Government in consultation with the Central Bank.

Russia introduced a legislative requirement on mandatory application of IFRSs by all public interest entities for the preparation of consolidated financial statements. According to the law, there are four categories of companies that are required to prepare and publish the IFRS financial statements starting from the reporting year 2012, such as all companies with:

- listed equity instruments,
- banks,
- insurance companies,
- companies that have to prepare consolidated financial statements according to their charter of other laws.

According to the changes to the Law implemented in May 2014, the list of entities required to produce and file IFRS consolidated financial statements was expanded to add non-state pension funds, managing companies of investment funds, unit investment funds and clearing organizations.

Starting from the reporting for 2015, according to the Law No. 208-FZ dated July 27, 2010 "On Consolidated Financial Statements", the consolidated financial statements are prepared in accordance with IFRS.

Consolidated statements must be submitted by the following:

- credit institutions;
- insurance companies;
- non-state pension funds;
- management companies of investment funds, investment unit trusts and non-state pension funds;
- clearing institutions;
- federal state unitary enterprises the list of which is approved by the Government of the Russian Federation;
- joint stock companies whose shares are in federal ownership and the list of which is approved by the Government of the Russian Federation;
- other entities whose securities are listed;
- organizations whose securities are admitted to organized trading by their inclusion in the quotation list, but which make up the consolidated financial statements in accordance with other than IFRS, internationally recognized rules (for example, US GAAP); organizations whose bonds are admitted to organized trading by their inclusion in the quotation list.

The Bank of Russia has published Sectoral Accounting Standards, which are based on IFRS, to be applied by non-credit financial institutions.

Work on the implementation of IFRS is carried out in accordance with the Plan for the development of accounting and reporting in Russia on the basis of IFRS for 2012-2015, approved by Order of the Ministry of Finance of Russia of November 30, 2011 No. 440.

In Russia, an expert review of the applicability of issued IFRS and IFRS clarifications by an authorized body of the RF Ministry of Finance is ongoing.

Information on the recognition of IFRS and their explanations for application in the Russian Federation is available on the website of the Ministry of Finance of the Russian Federation https://www.minfin.ru/en/performance/accounting/mej_standart_fo/expert/.

Auditors' SROs are not participating in the accounting standard setting process as such, but they are key to implementation including developing trainings and CPD modules for their members based on the IFRSs as adopted in Russia.

Action steps:

No.	Start date	Actions	Completion date	Responsibility	Resources
<i>Adoption/ Supporting Adoption of IFRS</i>					
125	December 2014	To monitor changes of IFRS, to discuss IASB and IFRIC documents and prepare comments. Distribution of information in relation on IFRS, including documents, issued by IASB and European organizations. Distribution of information on the practice of IFRS applying.	Ongoing	Chairman of the Committee for Professional education, Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee for Professional education, of the Committee on standartization and methodology of auditing activities
126	December 2014	Analyze deviations between Russian Accounting Standards and IFRS based on the requirements of SMO 7. Posting of this information on the web site of SRO AAS, making it accessible for specialists and all interested persons.	Ongoing	Chairman of the Committee for Professional education, Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee for Professional education, of the Committee on standartization and methodology of auditing activities
127	January 2016	Participation in conferences (including regional and international), working groups, seminars on IFRS. Hold an international conference with the wide participation of professional organizations of auditors and accountants of the Eurasian region on current changes in international financial reporting standards.	By invitation	Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee on standartization and methodology of auditing activities Personnel of SRO AAS

No.	Start date	Actions	Completion date	Responsibility	Resources
		Listen to the presentation by the Chairman of the International Accounting Standards Board (IASB), Hans Hoogervorst, on the importance of the participation of public joint stock companies of Eurasian region countries in the development of internationally recognized financial reporting standards (IFRS). Listen to reports on the development of IFRS in the countries of the Eurasian region. Issue an electronic collection of articles and reports on the results of the conference.	April 2019 Completed	Director on standartization and methodology CPO AAC, General Director	
128		Interact in relation to IFRS with professional organizations in the countries of the Eurasian region.	Ongoing		
<i>Support Implementation of IFRS</i>					
129	December 2014	Development of international relationships with the IFAC members on the issues of IFRS, changes and implementation of IFRS.	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education
130	December 2014	Participation in conferences (including regional), work groups, seminars on questions of IFRS	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education, of the Committee on standartization and methodology of auditing activities
131	December 2014	To update educational programs, CPD and certification examination tests related to IFRS.	Ongoing	Chairman of the Committee for Professional education, Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee for Professional education

No.	Start date	Actions	Completion date	Responsibility	Resources
132	December 2014	Organize timely informing of the members of SRO AAS on the IFRS recognition and clarification for use within the territory of the Russian Federation by means of mailing (newsletters) and publication on the website of SRO AAS	Ongoing	Chairman of the Committee for Information policy	Personnel of SRO AAS
133	January 2019	<p>Updating curricula and continuing professional development programs in relation to IFRS.</p> <p>New continuous professional development program approved.</p> <p>http://www.auditor-sro.org/activity/povyshenie_kvalifikacii/programmy_povysheniy_a_kvalifikacii_auditorov/obuchenie_2019/</p> <p>http://www.auditor-sro.org/activity/povyshenie_kvalifikacii/programmy_povysheniy_a_kvalifikacii_auditorov/obuchenie_2019/</p> <p>-New international financial reporting standards;</p> <p>- Actual issues of the application of international financial reporting standards.</p> <p>In-depth special programs were approved in certain areas of knowledge and sectors of the economy:</p> <p>- International financial reporting standards;</p> <p>- Basics of accounting and financial reporting of non-credit financial institutions.</p>	Ongoing	Chairman of the Committee for Professional education	Members of the Committee for Professional education

No.	Start date	Actions	Completion date	Responsibility	Resources
134	September 2019	<p>The participation of the SRO AAS auditors in the IFRS PROFESSIONAL Competition, which is an international professional competition among specialists in accordance with international financial reporting standards.</p> <p>Information support of SRO AAS out-of-competition rating IFRS PROFESSIONALS 2019.</p> <p>The rating will be formed of specialists whose professional activities are associated with the application of International Financial Reporting Standards.</p> <p>http://www.auditor-sro.org/pc/actions/rejting_professionalny_msfo_2019/</p>	October 2019	Chairman of the Committee on standartization and methodology of auditing activities, Director on standartization and methodology, General Director	Members of the Committee on standartization and methodology of auditing activities
<i>Contribution to International Standard-Setting</i>					
135	December 2014	To cooperate with state and legislative bodies on questions of integration of Financial Reporting Standards for companies of small and medium business.	Ongoing	Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee on standartization and methodology of auditing activities
136	December 2014	To cooperate with the Ministry of Finance in integration of provisions IFRS in Russia and provide interaction with IFRS.	Ongoing	Chairman of the Committee for Professional education, Chairman of the Committee on standartization and methodology of auditing activities	Members of the Committee for Professional education, of the Committee on standartization and methodology of auditing activities
<i>Review of SRO AAS's Compliance Information</i>					

No.	Start date	Actions	Completion date	Responsibility	Resources
137	May 2019	Perform periodic review of SRO AAS's response to the SMO Action Plan and update sections relevant to SMO 7 as necessary.	September 2019	Chairman of the Committee on standartization and methodology of auditing activities, Director on standartization and methodology	Members of the Committee on standartization and methodology of auditing activities