

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:	<i>Yemeni Association of Certified Public Accountants (YACPA)</i>
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¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

General Description of YACPA:

YACPA is recognized as a professional association under the Law No. 31 of 1992 relating to profession of audit and accounts. In 1999, this law was superseded by The Law No. 26 relating to the profession of accounting and auditing, which upheld the recognition of YACPA. Law no. 26 (1999) defines YACPA as a professional association with a legal personality and an independent financial liability concerned with the organization of the affairs of its members and contribution to the advancement and development of the accounting and auditing professions. Furthermore, under the law, the membership of YACPA is required for all public accountants. Therefore, no public accountant may practice the profession until accepted into YACPA membership. All YACPA members use the designation of Yemeni Certified Public Accountants (YCPA). YACPA members are classified as practicing and non-practicing members. Practicing members are those members who hold a valid license to practice and non-practicing members are those members who had attained the YCPA designation after completing the legal requirements but do not hold a license to practice. Under Yemeni Law no. 26 (1999), audit services are only permitted to be offered by License Yemeni Certified Public Accountants (YCPA) members of YACPA. Likewise, Tax Law no. 17 (2010) and Zakat Law no. 1 of 2019 also require that certification of tax and Zakat returns is to be made only by YCPAs.

Legal and Regulatory Environment

- [Overview of Statutory Framework for Accounting and Auditing](#)

The Commercial Companies Law No. 22 of 1997 outlines (in general) accounting, auditing and financial reporting requirements for companies in Yemen. All companies are required to prepare and file annual accounts with the Ministry of Trade.

The Law allows the companies (“Public Companies”) to issue their shares to the general public through Initial Public Offering, however, there is no established secondary market for shares trading (Stock Exchange) in the Republic of Yemen.

Three types of joint stock companies exist under the Commercial Companies Law:

- Public Shareholding Company (described above as Public Company)



- Limited Liability Company
- Partnership Limited by Shares

Branches of foreign companies and banks are covered under a separate law. Under section 33 of The Foreign Companies and Agencies Law No. 23 of 1997, branches of foreign companies operating in the Republic of Yemen are required to prepare and file annual accounts with the Ministry of Trade.

Annual accounts of the private companies are required to be audited by Certified Public Accountants, licensed to practice pursuant to Law No. 26 (1999) that regulates the auditing and accounting profession in Yemen.

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing international standards (IFRS, IESBA Code of Ethics and ISA) without any amendments.

In addition, the resolution adopted the International Financial Reporting Standard for Small and Medium Enterprises.

Accounting Framework

Law No. 26 (1999) regulates the audit and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the accounting standards for the accounting profession in Yemen. However, to date this entity has not been established. So, the Council of Ministers took the initiative approving in its resolution No 51 of 2019 Adopting and Implementing the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and their interpretations and related publications issued by the International Accounting Standards Board starting January 1, 2020.

The Council approved also Adopting and Implementing the International Financial Reporting Standard for Small and Medium Enterprises.

The Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called “The Public Accountants Permitting Committee - PAPC” where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

As per the Council of Ministers’ resolution, the Ministry of Industry and Trade shall form a committee called “The Committee of Adopting and Implementing the International Standards (CAIS)”. The members of CAIS represent the relevant stockholders and its responsibility is to undertakes the task of following up the adoption and implementation of all standards,

Before the official approval of adopting and implementing IFRS, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA directed its membership to use international standards (IFRS). Also, the Central Bank requires banking and financial institutions to use IFRS in their external reporting. Article 107 of Tax Bylaws requests large and medium taxpayers to use International Accounting Standards in preparing the annual accounts.

In Yemen, the regulatory authority for banks and similar financial institutions is the Central Bank of Yemen (“CBY”). The CBY, for general purpose external financial reporting, issues various circulations and instructions to the banks to regulate the accounting-reporting framework to be followed.

- CBY requires the commercial and microfinance banks to follow the IFRSs, except for the provisioning for loan loss, where it requires the banks to follow some specific circulations (i.e. specific classifications of loans depending on the ageing of each loan, based on the classification various rates will be applied when calculating the provisions.
- The Islamic Banks are required by CBY to follow the Islamic Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions except for the loan loss provisioning (similar to the commercial and microfinance banks).

In addition to the above, and for the accounting requirements for regulatory reporting, the CBY issued various circulations to the banks requesting various additional reports to be provided to the CBY. Examples are:



- Capital adequacy ratios
- Liquidity ratios
- Concentration risks instructions
- Loans and advances to related parties instructions, credit risk and loans classifications, foreign currency risk instructions ...etc.

YACPA works with Universities to include international standards in curriculum, and provides trainings on the subject of international standards to further their application.

Auditing Framework

Law No. 26 (1999) regulates the audit and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the auditing standards for the profession in Yemen. However, to date this entity has not been established. So, the Council of Ministers' took the initiative approving in its resolution No 51 of 2019 adopting and Implementing the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. Including International Standards on Quality Control, Review Engagements, Examination and other Assurance Engagements and Related Services and all publications in this regard as well as the adoption of Code of Ethics for Professional Accountants issued by the International Federation of Accountants starting January 1, 2020.

The Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called "The Public Accountants Permitting Committee - PAPC" where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.



As per the Council of Ministers' resolution, the Ministry of Industry and Trade shall form a committee called "The Committee of Adopting and Implementing the International Standards (CAIS)". The members of CAIS represent the relevant stockholders and its responsibility is to undertake the task of following up the adoption and implementation of all standards,

Before the official approval of adopting and Implementing the International Standards on Auditing, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA was directing its membership to use International Standards on Auditing (ISA).

In addition, pursuant to the regulatory rules and regulations of the Central Bank of Yemen, auditors are required to use ISA when auditing banking and financial institutions (Commercial Banks, Islamic Banks and Microfinance Banks).

The Central Bank of Yemen (CBY), through its circulations, instructions, and audit reports models requires the audit firms to follow the ISAs.

From a public sector perspective, the Central Organization of Control and Audit (COCA), requires ISAs as the standards to be used in the audit of entities where it has a regulatory role in the approval or appointment of auditors.

It is worth mentioning that the Commercial Companies Law have the requirements of annual audited financial statements.

YACPA works with Universities to include international standards in curriculum, and provides trainings on the subject of international standards to further their application.

Regulation of Accountancy Profession

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen.

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing international standards (IFRS, IESBA Code of Ethics and ISA) as included in MIT letter starting January 1, 2020.

In order to obtain the CPA designation, the law stipulates that individuals are required to be Yemeni nationals.

Audit and Review of Accounts Law No. 26 of 1999 prescribes the education and experience requirement for becoming a Yemeni Certified Public Accountants (YCPA), subject to passing the specific exam (YCPA exam), as follows:

- Minimum education requirement is bachelor degree in accounting (major).
- Practical experience gained subsequent to the accounting qualification in the field of accounts audit or teaching in one of the faculties, universities or higher institutes in the field of accountancy and audit in the following manner:
 - Four years after the bachelor degree qualification.
 - Two years after the master degree qualification.
 - One year after the PhD degree qualification.
 - Complete the written examinations which conducted by YACPA (except PhD holders).

Ministry of Industry via PAPC and YACPA have the authority:

- (i) to ensure members' compliance with ethical standards, rules of professional conduct, and technical standards;
- (ii) to organize and monitor professional education and training;
- (iii) to monitor the performance of its members through a quality assurance review system;
- (iv) to provide technical experts to the Ministry of Justice to support its legal process.
- (v) to monitor implementing ethics and audit standards;
- (vi) to maintain a registry of Certified Public Accountants;
- (vii) to represent and defend the interest of the profession, nationally and internationally.
- (viii) to deliver continuous professional development program.
- (ix) to contact other entities involved in regulation, which include Ministry of Higher Education.

Audit Oversight Arrangements

There is no independent audit oversight arrangement in Yemen.

In line with the Law No. 26 of 1999 relating to the profession of accounting and auditing, Yemeni CPAs are regulated by both YACPA and the Ministry of Commerce via The Public Accountants Permitting Committee (PAPC).

Presently, the Ministry of Justice is primarily responsible for investigation and discipline of professionals. As such, serious crimes (e.g., fraud) are addressed through the Yemeni judiciary system and by the courts. To support this process, YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.

Ministry of Industry via PAPC and YACPA have the authority to ensure members' compliance with ethical standards, rules of professional conduct, and technical standards; to monitor the performance of its members through a quality assurance review system.

Professional Accountancy Organizations

Yemeni Association of Certified Public Accountants (YACPA): YACPA is recognized as a professional association under the Law No. 31 of 1992 relating to profession of audit and accounts. In 1999, this law was superseded by The Law No. 26 relating to the profession of accounting and auditing, which upheld the recognition of YACPA. Law no. 26 (1999) defines YACPA as a professional association with a legal personality and an independent financial liability concerned with the organization of the affairs of its members and contribution to the advancement and development of the accounting and auditing professions. Furthermore, under the law, the membership of YACPA is required for all public accountants. Therefore, no public accountant may practice the profession until accepted into YACPA membership. All YACPA members use the designation of Yemeni Certified Public Accountants (YCPA). YACPA members are classified as practicing and non-practicing members. Practicing members are those members who hold a valid license to practice and non-practicing members are those members who had attained the YCPA designation after completing the legal requirements but do not hold a license to practice. Under Yemeni Law no. 26

(1999), audit services are only permitted to be offered by License Yemeni Certified Public Accountants (YCPA) members of YACPA. Likewise, Tax Law no. 17 (2010) and Zakat Law no.1 of 2019 also require that certification of tax and Zakat returns is to be made only by YCPAs.

Certified Public Accountant wishing to practice the profession through partnerships is required to obtain the practicing license, under the name of partnership, from Ministry of Industry and Trade. Following is a summary of key requirements in case of joining international audit firms:

- Participation of one or more Yemeni Certified Public Accountant so that the share of the Yemeni partner/ partners should not be less than 25% of the capital.
- The name of the firm should at least include the name of one of the Yemeni partners.
- All partners should be natural persons entered in the register of the practicing public accountants and if a non-Yemeni legal person exists among the partners, he must be a holder of a profession practice permit in his home country and the manager or one of the directors should be a Yemeni partner.
- Submission of a certified copy of the profession practice permit at the head office home country together with the firm memorandum and articles of association.
- The Yemeni technical staff in the firm must be no less than two thirds of the total number of the technical staff.

Ministry of Industry and Trade (MIT): the Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called “The Public Accountants Permitting Committee - PAPC” where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

Higher Council of Accounting and Auditing: Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the ‘The Higher Council of Accounting and Auditing’ to adopt the accounting and auditing standards and the code of professional conduct for the accounting and auditing profession in Yemen. However, to date this entity has not been established.

The Council of Ministers: In light of the lack of a Higher Council of Accounting and Auditing, the Council of ministers in its resolution No 51 of 2019 approved officially adopting and implementing international standards (IFRS, IESBA Code of Ethics and ISA) without amendments starting January 1, 2020.

Adoption of International Standards

- [Quality Assurance](#)

The Council of Ministers resolution No 51 of 2019 approved officially adopting and implementing international standards without amendments starting January 1, 2020. As per the Law the Ministry of Industry and Trade has the power to implement the QA with the help of YACPA. YACPA already discussed with the MIT (the Public Accountants Permitting Committee) the mechanism of preparing and performing the QA System in which YACPA will be responsible of the professional part and MIT will provide the legal power for such work. YACPA is in the process of establishing sound quality assurance program in-line with International Federation of Accountants (IFAC) SMO 1.

Current Status: Partially Adopted

- [International Education Standards](#)

The Council of Ministers' resolution No 51 of 2019 of adopting and Implementing International Standers, and Audit and Review of Accounts Law No. 26 of 1999 both established Initial Profession Development (IPD) for profession accountants. With support of the Ministry of Higher Education, universities include International Standards in their curriculum.

In order to obtain the YCPA designation, the law stipulates that individuals are required to be Yemeni nationals.

Audit and Review of Accounts Law No. 26 of 1999 prescribes the education and experience requirement for becoming a Public Accountant, subject to passing the specific exam (CPA exam), as follows:

- Minimum education requirement is bachelor degree in accounting (major).

- Practical experience gained subsequent to the accounting qualification in the field of accounts audit or teaching in one of the faculties, universities or higher institutes in the field of accountancy and audit in the following manner:
 - Four years after the bachelor degree qualification.
 - Two years after the master degree qualification.
 - One year after the PhD degree qualification.
 - Complete the written examinations which conducted by YACPA (except PhD holder).

- Exam preparers are qualified academic persons who are encouraged by YACPA to incorporate the latest development in the accounting profession, including the standards issued by the International Accounting Education Standards Board (IAESB).

- The YACPA YCPA exam consists of 4 parts:
 - Financial Accounting
 - Advanced and Managerial Accounting (Managerial Accounting, Cost Accounting, Governmental Accounting, Accounting Information Systems, Tax and Zakat, Non for Profit Organizations, Unified Accounting System)
 - Auditing
 - Business Law and Regulations, and related laws (include ethics)

As per the Law, YACPA is also in charge of licensing Auditors (the local YCPAs) along with the Ministry of Industry & Trade (PAPC). That is no public accountant can practice the profession until accepted into YACPA membership.

Article 45 of the Professions Law makes it mandatory that YCPAs undertake Continuing Professional Developments (CPD) activities. YACPA is responsible of the professional part and MIT through PAPC provide the legal power for implementation. For this mutual responsibility, on

September 2020, YACPA got the approval of the “The Public Accountants Permitting Committee - PAPC” to request its members to have a minimum of 40 CPDs hours annually in order to renew their licenses of practice starting 2021.

Current Status: Partially Adopted

- [International Standards on Auditing](#)

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Standards on Auditing (ISA). Including International Standards on Quality Control, Review Engagements, Examination and other Assurance Engagements and Related Services and all publications in this regard starting January 1, 2020. without any amendments.

Before the official approval of adopting and Implementing the International Standards on Auditing, YACPA was self-regulating the profession in the area of professional standards. YACPA was directing its membership to use International Standards on Auditing (ISA).

The regulatory rules and regulations of the Central Bank of Yemen (issued before January 2020), request auditors to use ISA when auditing banking and financial institutions (Commercial Banks, Islamic Banks and Microfinance Banks).

Current Status: Adopted

- [Code of Ethics for Professional Accountants](#)

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Auditing and Accounting Standards including IESBA Code of Ethics starting January 1, 2020 without any amendments.

It is worth to mention that YACPA has achieved legal recognition by MIT for its adoption of the IESBA Code of Ethics for the profession before 2020. So, YACPA members have been requested to use the (IESBA) Code of Ethics for Professional Accountants.

Current Status: Adopted

- [International Public Sector Accounting Standards](#)

The Ministry of Finance (MF) and Central Organization of Control and Audit (COCA) are responsible for defining public Sector accounting standard. Currently, IPSAS have not been adopted in Yemen. The Yemeni public sector follows an accounting system called Unified Accounting System.

Under section 149 of the Commercial Company Law, every public company is required to prepare and file annual accounts with the Ministry of Industry and Trade. Due to the absence of IPSAS, IFRS are used in preparing External Financial Reporting Statements.

YACPA will however, continue its best efforts to raise the awareness of government to the benefits of IPSAS and the need for adoption.

Current Status: Not Adopted

- [Investigation and Discipline](#)

In accordance of Law No.26 (1999) (Articles #67-70 & 73), a Disciplinary Council which operates under the auspices of the MIT should be created to investigate and recommend disciplinary action under the court system. Although envisioned by law, this Council has not yet been established. As such, YACPA has been working with MIT to support the establishment of a strong independent Disciplinary Council.

Presently, the Ministry of Justice is primarily responsible for investigation and discipline of professionals. As such, serious crimes (e.g., fraud) are addressed through the Yemeni judiciary system and by the courts. To support this process, YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.

Current Status: Not Adopted

- [International Financial Reporting Standards](#)

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and their interpretations and related publications issued by the International Accounting Standards Board without any amendments. The following establishments shall apply such standards:

- a) Entities subject to public accountability represented by commercial banks, specialized banks and companies operating in the financial institutions sector and others who are obliged to submit their reports and financial statements to the Central Bank of Yemen.
- b) All types of companies and commercial, industrial and service entities (tax classified as major taxpayers) that are obligated to submit their reports and financial statements to the Ministry of Industry and Trade and the Tax Authority
- c) Entities that are not subject to public accountability, and would like voluntarily to adopt the full International Accounting Standards.

In addition, the above mentioned, Council Minister's resolution approved Adopting and Implementing the International Financial Reporting Standard for Small and Medium Enterprises.



Before the official approval of adopting and implementing IFRS, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA directed its membership to use international standards (IFRS). Also, the Central Bank in its circulatates (issued before January 2020) requires banking and financial institutions to use IFRS in their external reporting. Article 107 of Tax Bylaws (issued before January 2020) requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts.

Current Status: Adopted

Sources

Relevant Organizations

- Yemeni Association of Certified Public Accountants (YACPA)
- Central Bank of Yemen (CBY).
- Tax Authority
- Ministry of Industry and Trade (MIT).

Relevant Legislation

- The Council of Ministers' resolution No 51 of 2019.
- The Commercial Companies Law No. 22 of 1997.
- Central Bank of Yemen circulars.
- Law No. 26 (1999) regulates the auditing and accounting profession in Yemen.
- Tax Authority By-Law.
- YACPA By-Law.

Relevant Publications

- Deloitte & Touche, IFRS in Your Pocket, 2019.
- YACPA, SMO Action Plan February 2014.
- International Federation of Accountants (IFAC), International Education Standards (IESs), 2017 Edition. New York, New York, USA

- IFRS Foundation, **Adoption Guide**, London, 2013.
- www.ifrs.org
- The World Bank, “**Adoption & Implementation of IFRS in Yemen**” **Solution Paper**, Boot Camp Event – Cairo, December 2013.
- International Federation of Accountants, **Handbook of International Quality Control, Auditing, Review, Other Assurance, And Related Services Pronouncements**, 2018.
- International Federation of Accountants, **Handbook of the Code of Ethics for Professional Accountants**, 2018.
- Workshops about the Accounting and Auditing Profession in Yemen held with YACPA, the World Bank, IFAC representatives and the Yemeni related parties.

1. SMO 1–Quality Assurance

The IFAC Statement of Membership Obligation (SMO) 1, Quality Assurance establishes the framework and requirements for the development of strong external QA review systems.

Under Para 88 of SMO 1, QA review is defined as a “review to determine whether the partner is subject to, or the firm has, (i) an adequate system of quality control, (ii) is in compliance with such system, and (iii) has adhered to professional standards and regulatory and legal requirements in performing engagements.”

The purpose of QA reviews of audit firms is to assess compliance with quality control and other professional standards and to assist firms in improving the quality of services they provide. Monitoring audit practice also increases public confidence in audit reports and enhances the respect and credibility of members of the accountancy profession.



The International Standard on Quality Control (ISQC) addresses firm’s responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements. Other pronouncements of the IAASB set out additional standards and guidance on the responsibilities of firm personnel regarding quality control procedures for specific types of engagements.

The revised SMO 1 released in November 2012 contains requirements for QA reviews and enhanced guidance relating to the requirements and correlated QA review system design and processes. The main revision to SMO 1 is the expansion of the scope of external QA reviews to all audits of financial statements, with priority given to statutory audits and audits of public interest entities where this expansion of the scope may create an undue burden.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with the public oversight board, the government, or other regulatory agency.

1.0 Country Context & Status of Adoption of QA

<p>Is a quality assurance review system established and operational for all mandatory audits?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>Partially <input type="checkbox"/></p>
<p>What entity is responsible for its implementation?</p>	<p>MIT and YACPA</p> <p>With regional Firm and International organization (IFAC) support.</p>

If the system exists, please indicate whether it is aligned with the following best practices of SMO 1:

YACPA is in the process of establishing the QA System.

SMO 1 Best Practice	Yes	No	Partially	Comments
<p>(Para #) Scope of the System</p> <p>At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>				
<p>Quality Control Standards and Other Quality Control Guidance</p> <p>Firms are required to implement a system of quality control in accordance with the quality control standards.</p>				
<p>Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>				
<p>Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.</p>				

<p>Review Cycle</p> <p>A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p>				
<p>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>				
<p>QA Review Team</p> <p>Independence of the QA Team is assessed and documented.</p>				
<p>QA Team possesses appropriate levels of expertise.</p>				
<p>Reporting</p> <p>Documentation of evidence supporting the quality control review report is required.</p>				
<p>A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.</p>				

<p>Corrective and Disciplinary Actions</p> <p>Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>				
<p>QA review system is linked to the Investigation and Discipline system.</p>				
<p>Consideration of Public Oversight</p> <p>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>				
<p>Regular Review of Implementation and Effectiveness</p> <p>Regular reviews of implementation and effectiveness of the system are performed.</p>				

1.1 PAO Fulfillment of SMO 1

Please indicate the level of responsibility of the PAO in establishing and implementing a QA review system

Direct <input checked="" type="checkbox"/>	No Direct <input checked="" type="checkbox"/>	Shared <input type="checkbox"/>
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Please indicate whether your organization undertakes the following actions by marking an 'X' in the appropriate column and adding any supporting explanatory examples and/or comments where indicated.

Area	Activity	Yes	No	N/A	Comments
Establish	Directly establishing a QA review system	X			YACPA actively engaged with the MIT and with governmental bodies and private sector entities (Chamber of Commerce etc.) to undertake a formal adoption of the International Standards with legal enforcement. YACPA began to develop an early system of 'practice reviews.
	Providing timely, accurate, and complete translation of relevant international standards into the local language.		X		
	Raising awareness of lessons learned from the experiences of other countries.		X		
Support the Establishment	Raising awareness of importance of a QA review system and need to establish one to the responsible parties.	X			YACPA provides training and other activities to raise

	Participating in public consultations in the jurisdiction.	X	x	X	awareness and importance of the QA System.
	Providing timely, accurate, and complete translation of relevant international standards into the local language.				YACPA recognizes the approved translation by IFAC.
	Promoting ongoing review process after establishment.				YACPA considers a recognized regional body (an Association of Accountants and Auditors) publications with some amendments of the issues related to the Yemeni Laws and Regulations.
Support the Operation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X			Direct support through training and discussions via YACPA Training Institute and Webinars. Indirect support via the Committee of Adopting and
	Including standard-related topics into education, assessment, and CPD activities.				

	<p>Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.</p>	<p>X</p>			<p>Implementing the International Standards (CAIS). This committee represents all related parties and organizations including YACPA.</p> <p>YACPA update its members with the related international developments via its websites and social medias.</p>
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1.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 3 categories:

- Establishment of a QA review system
- Support the establishment (advocacy, raising awareness)
- Support the implementation and operation (training, knowledge sharing)

Background

The Ministry of Industry and Trade (MIT) is responsible for field supervision (quality assurance reviews). However, this system is not operational, so YACPA began to develop an early system of 'practice reviews.' This system has been designed to encourage members to maintain a system of quality control. However, after the Ministers' Council resolution of Adopting and Implementing the International Auditing and Accounting Standards officially in Yemen starting January 1, 2020, the QA Committee decided to adhere to the International Standards on Quality Control (ISQC) 1 and ISA 220. The Committee suggested to consider SOCPA publications as being the best in the region with some amendments with the issues related to the Yemeni Laws and Regulations.

YACPA's practice reviews procedures will help determine whether in practice, members of YACPA are complying with international accounting, auditing and assurance standards. It will also help in determining compliance with standards of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics. YACPA has as one of its main priorities the establishment of a sound quality assurance program in-line with International Federation of Accountants (IFAC) SMO 1, which include the adoption of International Standards on Quality Control (ISQC) 1.

As per the Law the Ministry of Industry and Trade has the power to implement the QA with the help of YACPA. YACPA already discussed with the MIT (the Public Accountants Permitting Committee) the mechanism of preparing and performing the QA System in which YACPA will be responsible of the professional part and MIT will provide the legal power for such work.



Once the QA System finalized with all policies, procedures and manuals, the Public Accountants Permitting Committee will approve it. (YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.)

YACPA plans to start Voluntary implementation of the QA System in 2021 with 2 volunteers audit entities as samples and to let Auditors to be aware of the QA System. The samples will increase once all logistic and IFAC support completed.

YACPA will actively engage with “The Committee of Adopting and Implementing the International Standards (CAIIS)” to promulgate adopting and implementing the International Standards on Quality Control (ISQC) 1 and ISA 220.

YACPA will place emphasis on the elaboration and further development of its QA System and will seek IFAC and other International organizations support in this regards.

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	OCTOBER 2013	COMPLETED	Request that as part of the World Bank Workshop that one session focus on QA so as to provide membership with a strong overview of QA system development	YACPA President and Chairman / World Bank MNAFM

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
			and function. Contribute to design of session so as to ensure that session is tailored to the needs of the Audience.	
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	OCTOBER 2013	COMPLETED	Undertake dialogue with YACPA members, audit firms, Central Bank of Yemen, COCA, MIT about the importance of a sound system of Quality Assurance and the steps required to establish the system. Obtain agreement on need to work as an organization to support development of full system of QA.	YACPA Chairman / YACPA Board / World Bank MNAFM
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	COMPLETED	Establish a committee responsible for designing the YACPA system of Quality Assurance.	Administrative Council of YACPA

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	COMPLETED	Review SMO1 to increase understanding of the key components of a system of QA.	QA Committee
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	ONGOING	Collaborate with peer Professional Accountancy Organizations (PAOs) which have created successful systems of QA in order to learn from their lessons learned (e.g., GCC Accounting and Auditing Organization of YCPAs).	QA Committee / Support from World Bank in identifying peer PAO examples
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	JANUARY 2014	ONGOING	Design an outline for a QA system which can function in the context of Yemen and which is in compliance with SMO 1. Undertake request for comments, opinions and feedback on the development of this system. Incorporate comments and feedback into system outline.	QA Committee / Feedback and Comment from World Bank
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	JUNE 2014	ONGOING	Undertake elaboration of QA System outline. Including development of structure, processes,	QA Committee / Seek World Bank funds to

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
			procedures and guidance on QA system operation.	support QA system elaboration
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	January 2021	ONGOING	Educate members and licenses regarding practice Monitoring\Peer Review and its national, regional, and International implications.	QA Committee/ seek Audit Firms supports
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Ensure, through periodic reviews, that the quality review system currently being developed and designed is aligned with the requirements of the SMO 1.	QA Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform Periodic Review of YACPA Response to SMO 1 Section of the IFAC compliance to The IFAC Compliance Self-Assessment Questionnaires And Update Sections Relevant To Relevant SMO. Once Updated Inform IFAC Compliance Staff About The Updates In Order For The Compliance Staff To Republish Updated Information.	QA Committee

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource

1.3 IFAC Summary Assessment

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
QA / SMO 1			
IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.		

1.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

<p>SMO 1</p> <p>CAPA Maturity Model Guidance Series: Quality Assurance</p> <p>Companion Manual to the QC and ISA Guides</p> <p>Guide to Quality Control for Small- and Medium-Sized Practices (QC Guide)</p> <p>Making Regulation Work: Principles and Models for the Accountancy Profession</p>
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2. SMO 2– International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

All IES have been revised as part of the IAESB’s clarification process and are effective as of July 1, 2016. The [revised IES](#) emphasize learning outcome approaches for IPD requirements while retaining the principle-based nature for other standards (such as CPD requirements) that provide IFAC member organizations flexibility in implementing the IES requirements. The IAESB has highlighted the benefits in adopting a learning outcomes approach to accountancy education such as, enhancing an individual’s competencies for employment and adding greater accountability for educational program given the need to have a stated outcome / achievement design by introducing a statement of what a particular curriculum is expected to achieve. Transitioning to a learning outcomes-based approach requires IFAC member organizations to engage in a process that starts by mapping existing education programs to learning outcomes approaches and creating a plan to address the gaps.

Each IFAC member organization needs to determine how best to implement the requirements of the IES and to promote incorporation of IES to those bodies that are in charge of other segments of professional accountants or of those bodies that establish general requirements in the jurisdiction. The IAESB also recognizes that individual IFAC Members or Associates as well as jurisdictions may adopt learning and development requirements that go beyond IES.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with a public oversight board, the government, or other regulatory agency.

2.0 Country Context and Status of Adoption of IES Requirements

Are there initial professional development requirements for all professional accountants that align with the 2015 IES?	Yes <input type="checkbox"/> No <input type="checkbox"/>
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	Partially <input checked="" type="checkbox"/>
What entity(ies) is responsible for the adoption and implementation of these requirements?	Ministry of Higher Education. Universities. Ministry of Industry and Trade. YACPA
Are there continuing professional development requirements for all professional accountants that align with the 2015 IES?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Partially <input type="checkbox"/>
What entity(ies) is responsible for the adoption and implementation of these requirements?	Ministry of Industry and Trade. YACPA.

2.1 PAO Fulfillment of SMO 2

Please indicate the level of responsibility of the PAO in adopting national educational requirements		
Direct <input type="checkbox"/>	No Direct <input checked="" type="checkbox"/>	Shared <input type="checkbox"/>

Please indicate whether your organization undertakes the following actions <i>by marking an 'X' in the appropriate column and adding any supporting explanatory comments where indicated.</i>					
Area	Activity	Yes	No	N/A	Comments
Adopt	Directly adopting/incorporating the IES requirements	X			YACPA actively engaged with the MIT and with governmental bodies and private sector entities (Chamber of Commerce etc.) to undertake a formal adoption of the International Standards with legal enforcement. YACPA drafted the resolution of adopting and implementing the International Standards in Yemen that approved and issued by the Ministers' Council.
	Providing timely, accurate, and complete translation of IES into the local language.		X		
	Establishing ongoing process to incorporate new and amended standards into national requirements.		X		
	Raising awareness of lessons learned from the experiences of other countries.		X		

Support the Adoption	Raising awareness of the responsible parties about the IES requirements.	X			<ul style="list-style-type: none"> • YACPA works with the Ministry of Higher Education and Universities to include International Standards in their curriculum and their engagement in YACPA related Committees. • YACPA prepared a comprehensive Study titled Adopting and Implementing the International Standards in the Republic of Yemen - the status of the profession and the requested developments. • The study summarizes the workshops, seminars, conferences and other activities conducted with IFAC, World Bank and the local related entities. • The study highlighted the recommendations of adopting and implementing the International
	Promoting the establishment of ongoing adoption processes.		X		
	Promoting the need to adopt the IES requirements to the responsible parties.	X			
	Participating in public consultations in the jurisdiction.		X		

	Providing timely, accurate, and complete translation of IES into the local language.				Standards, and provided the importance of such standards and the requirements of implementations. <ul style="list-style-type: none"> The study discussed with the key officials in the related Governmental entities and accepted as the main input for the resolution of adopting and implementing the International Standards in Yemen.
Support the implementation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X	X		YACPA above mentioned study titled Adopting and Implementing the International Standards in the Republic of Yemen - the status of the profession and the requested developments considers a guide for
	Incorporating IES requirements into educational components the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)				

	<p>Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.</p>	<p>X</p>		<p>implementing the International Standards.</p> <p>YACPA provides a verity of workshops, training, seminars on International Standards.</p> <p>YCPA examinations are conducted by YACPA. The examinations considers the International Standards.</p> <p>YACPA considers a recognized regional body (an Association of Accountants and Auditors) publications with some amendments with the issues related to the Yemeni Laws and Regulations.</p> <p>As per the Law, no public accountant (YCPA) can practice the profession until accepted into YACPA membership. This authority gives</p>
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					<p>YACPA the power to request YCPA performing the needed CPE activities to be registered as a member of YACPA.</p> <p>On September 2020, YACPA got the approval of the “The Public Accountants Permitting Committee - PAPC” to request its members to have a minimum of 40 CPDs hours annually in order to renew their licenses of practice starting 2021. Copy of the minute attached.</p> <p>YACPA update its members with the related international developments via its websites and social medias.</p>
Participate in international standard-setting	Providing comments to the international standard-setters’ Exposure Drafts.		X		
	Contributing to public consultations.		X		

2.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 4 categories:

- Adoption of IES requirements
- Support the adoption of IES requirements (advocacy, raising awareness)
- Support the implementation of IES requirements (training, knowledge sharing)
- Participate in international standard-setting activities

Background

The Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. YACPA actively engaged with MIT to promulgate government legislation requiring the use of international standards in Yemen As mentioned above **The Council of Ministers and based on the letter of the Minister of Industry**

and Trade approved officially adopting and implementing the International Auditing and Accounting Standards starting January 1, 2020.

It is worth mentioned that YACPA has achieved legal recognition by MIT for its adoption of the International Education Standards (IESs) before 2020.

The requirements for becoming a Certified Public Accountant (YCPA) member of YACPA and a licensed professional are as follows:

- ✓ **Bachelor's Degree:** Minimum education requirement is bachelor degree in accounting (major). YACPA is supporting the incorporation of international standards into University curriculum.
- ✓ **Practical Experience:** Practical experience gained subsequent to the accounting qualification in the field of accounting or auditing or teaching in one of the faculties, universities or higher institutes in the field of accountancy and audit in the following manner:
 - Four years after the bachelor degree qualification.
 - Two years after the master degree qualification.
 - One year after the PhD degree qualification.
- ✓ **YCPA Examination:** Candidates meeting the academic and practical experience requirements qualify for taking the YCPA examinations, which are required for becoming a YCPA.
 - YCPA examinations are conducted by YACPA as per the authorization delegated by the Public Accounts Permitting Committee and with the approval of the Yemen Ministry of Industry.
 - Exam preparers are qualified academic persons who are encouraged by YACPA to incorporate the latest development in the accounting profession, including the standards issued by the International Accounting Education Standards Board (IAESB).
 - The YACPA YCPA exam consists of 4 parts:
 - Financial Accounting

- Advanced and Managerial Accounting (Managerial Accounting, Cost Accounting, Governmental Accounting, Accounting Information Systems, Tax and Zakat, Non for Profit Organizations, Unified Accounting System)
 - Auditing
 - Business Law and Regulations, and related laws (include ethics)
- ✓ Continuing Professional Education (CPE): Article 45 of the Professions Law makes it mandatory that YCPAs undertake CPE activities; however, it does not specify the minimum number of hours to be spent on CPE. YACPA is presently working to define the specific number of hours of CPD and to ensure that this aligns with IES 7.
- ✓ As per the Law, YACPA is also in charge of licensing Auditors (the local YCPAs) along with the Ministry of Industry & Trade (PAPC). That is no public accountant may practice the profession until accepted into YACPA membership. For this mutual responsibility, YACPA already discussed with the PAPC the mechanism of performing the CPD in which YACPA will be responsible of the professional part and MIT through PAPC will provide the legal power for such work.
- ✓ Once the CPD System finalized (with all policies, procedures and manuals), it will be approved by the Public Accountants Permitting Committee. (YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.)
- ✓ Inclusion of a requirement for mandatory achievement and system for monitoring of Continuing Professional Development (CPD) within education criteria will be documented in a formal written policy. Most likely SOCPA Policies and Procedures will be used with some amendments if contradicted with the local Laws and Regulations.
- ✓ YACPA plans to start in 2021 requesting CPD hours from its members to be able to renew their licenses.
- ✓ YACPA plans to require its members to have a minimum of 40 CPDs hours annually, including not less than 7 hours from YACPA sponsored courses and at least 120 hours of CPDs in a three-year reporting period.
- ✓ In this regard, YACPA Training Institute was activated and as a result during the last 2 years, verity of workshops, training, seminars were delivered by International Firms, Universities, Central Bank of Yemen, Tax Authority, Zakat Authority, IT System Companies. The most areas covered are:

- ✓ Strategic planning
- ✓ Time management skills
- ✓ Negotiation skills
- ✓ Effective communication skills and team work.
- ✓ Training course on money exchange systems (creativity of Software - Yemen Soft - Ebdaa Soft, Enjaz Soft.
- ✓ Several training courses are organized on wide range of topic, including:
- ✓ International commercial arbitration.
- ✓ Corporate governance and the role of a chartered accountant thereof.
- ✓ Step-by-step auditing (from accepting the assignment to report)
- ✓ Annual inventory taking and the role of the auditor thereof.
- ✓ Money laundering and terrorist financing and the role of a chartered accountant thereof.
- ✓ International financial reporting standards:
- ✓ IFRS 15
- ✓ IFRS 9
- ✓ IFRS 16
- ✓ Tax returns and the role of the External Auditor.
- ✓ Zakat returns and new amendments to the zakat law.
- ✓ Other areas.



YACPA contacted the Ministry of Higher Education and explained the important of applying the International Education Standards (IES) in the curriculum and education methods at all Universities that teach Accounting and Auditing.

The Ministry was very cooperative and instructed Universities to concenter YACPA request and at the same time YACPA contacted Accounting Departments in most of the Universities explaining the important of IES and soft copy of the IES was delivered to all Universities.

To ensure implementation of the International Standards, YACPA works with Universities to include International Standards in their curriculum and to ensure their engagement in YACPA related Committees.

Sana'a University, the first and largest in the country (15 thousand students in the accounting department) started in November 2019 encouraging preparing the content of the accounting curriculums as per the input and output based approach, which matches with the International Education Standards (IES) and (IAESB) Pronouncements and Guidance. Workshops were conducted for all the Faculty of Commerce and Economics staff during the last months.

YACPA will seek for any partnership in the near future for promotion of accounting and auditing profession in Yemen. Areas of expected supports are finance several capacity building activities including developing a training program for Yemeni YCPA candidates, training candidates on the training program, supporting short term training in IFRS, ISA, International Public Sector Accounting Standards, Governance, etc., and supporting YACPA in their efforts to collaborate with Universities and engage the audit firms with the students.

YACPA will actively engage with "The Committee of Adopting and Implementing the International Standards (CAIIS)" to promulgate adopting and implementing the (IESs) and (IAESB) Pronouncements and Guidance.

In order to get the best practice YACPA will seek support from IFAC and other International Organizations.

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<p><i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i></p>	<p>February 2014</p>	<p>ONGOING</p>	<p>Studying and benchmarking the current education status as per SMO 2 (IESs) through undertaking of a Gap Analysis between current educational environment and revised IESs. As per IFAC website – these should be completed ASAP. Initial efforts will commence with revised IESs and will move to those presently under review as they are completed.</p> <p>Begun as part of YACPA / World Bank Workshop</p>	<p>YACPA Board, YACPA IFAC Task Force, YACPA Leadership, Universities, Possible cooperation with Ministry of Higher Education and Scientific Research</p>
<p><i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i></p>	<p>February 2014</p>	<p>ONGOING</p>	<p>Engaging with the Ministry with Higher Education through meetings and workshops with the Ministry and the public and private Universities. Raising awareness within the Universities of the International Education Standards (IES) and the need for embodying the IFRS and ISA.</p>	<p>YACPA Leadership, Ministry of Higher Education and Scientific Research and other stockholders.</p>

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<p><i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i></p>	<p>February 2014</p>	<p>ONGOING</p>	<p>Engage effectively with the Universities to build relations with them in order to demonstrate the value of YACPA and detail how YACPA can provide assistance in helping to build their capacity in regards to the IES, IFRS, ISA and the IESBA Code of Professional Ethics.</p> <p>✓ This will be done through communication between YACPA and University professors to coordinate the changes introduced into the accounting program curriculum and coordination between the professors and audit firms,</p> <p>Requesting audit firms to provide University students with practical experience.</p>	<p>YACPA Board, YACPA IFAC Task Force, YACPA Leadership, Universities, Audit Firms, Possible cooperation with Ministry of Higher Education and Scientific Research, and other stockholders.</p>
<p><i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen</i></p>	<p>February 2014</p>	<p>Will depend upon availability of resources</p>	<p>Special emphasis shall be placed on reviewing university curriculum, as this is an area where there is interest in Yemeni accountancy community. Gap Analysis may culminate in creation of Findings report which outlines key</p>	<p>YACPA Board, Universities, Possible cooperation with World Bank, SMEPS</p>

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Continuous Professional Education Requirements</i>			areas of departure and recommends areas for improvement.	
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	Will depend upon availability of resources	Creation of a task force from YACPA and a team of accounting professors from Yemen to prepare a short and long terms plans in reviewing and potentially amending the current accounting curriculum to embody findings report conclusions and recommendations.	YACPA Board, Universities, Possible cooperation with World Bank, SMEPS
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	June, 2021	YACPA to define the specific number of hours of CPD and to ensure that this aligns with IES 7. YACPA will take this requirement into account and will work with appropriate officials to ensure that this is included as part of the process of license renewals.	YACPA Board, Possible cooperation with World Bank, Ministry of Industry and Trade
<i>Maintaining Ongoing Processes</i>	OCTOBER 2013	ONGOING	YACPA to continue to monitor ISA and IAASB pronouncements and guidance to ensure that	YACPA Staff

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
			all new developments and changes in standards and other guidance are incorporated (Initial Professional Development, CPD and seminars).	
<i>Maintaining Ongoing Processes</i>	OCTOBER 2013	ONGOING	Develop a system for communicating new developments and changes in standards and other guidance to educators, government educators, and YACPA membership. This may be through current YACPA magazine, emails, or internet website.	YACPA Staff
<i>Review of YACPA's compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 2, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:	Education Committee, YACPA Staff

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
			<ul style="list-style-type: none"> ✓ Identify the person that will be assigned and responsible to track changes or modifications. <p>Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 2 as necessary.</p>	

2.3 IFAC Summary Assessment

FOR IFAC COMPLETION	PAO Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
IES / SMO 2			
IFAC Recommendation	<p>IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.</p>		

2.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

CAPA Maturity Model Guidance Series: [Continuing Professional Development](#)

[CAPA CPD Systems Toolkit Training Video](#)

[Guidance to Support the Implementation of a Learning Outcomes Approach](#)

[Implementation Support for IES 8](#)

CFRR [Maintaining Professional Competence: A Practical Guide for PAOs Providing CPD](#)

CFRR [Commitment to Lifelong Learning: Guide for Implementing Output-Based CPD](#)

CFRR [Accountancy Education: A Collection of Good Practices](#)

CFRR [Accountancy Education Benchmarking Study](#) *(especially useful for IES 2 and 4 analysis)*

[“Reviving Accountancy Education in Liberia”](#)

[“A Localized Professional Accounting Qualification: Lesotho’s Journey”](#)

[“Accountancy in the Western Balkans: Regional Cooperation Can Lead to National Advances”](#)

[“Evolving Expectations for Accountants Means Changing Needs for Education & Training”](#)

3. SMO 3– International Standards and other Pronouncements Issued by the IAASB

For IFAC purposes, the adoption of ISA is defined as a legal adoption or incorporation into the national requirements of the entire set of the most recently issued ISA by the IAASB—particularly to the new auditor reporting standards that became effective in 2016. Application of the entire set of ISA should be required for all audits mandatory in the jurisdiction. As stated in the IFAC Policy Position 2, “ISA are designed to be applicable to the audits of entities of all sizes. If auditors intend to issue an ISA audit report, they must comply with all the ISA.”

Adoption with a time lag, selective adoption, and developing standards with reference to ISA are not considered to be an “adoption” for the Compliance Program purposes, and therefore a jurisdiction using any of the approaches above should not be referred to as compliant with ISA.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with a public oversight board, the government, or other regulatory agency.

3.0 Country Context and Status of Adoption of ISA

<p>Are the most up-to-date ISA adopted and effective for all mandatory audits in the jurisdiction?</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Partially <input type="checkbox"/></p>
<p>What entity(ies) is responsible for the adoption of audit standards?</p>	<p>Ministers Council with YACPA and MIT recommendations.</p>

3.1 PAO Fulfillment of SMO 3

Please indicate the level of responsibility of the PAO for setting audit standards		
Direct <input type="checkbox"/>	No Direct <input checked="" type="checkbox"/>	Shared <input type="checkbox"/>

Please indicate whether your organization undertakes the following actions <i>by marking an 'X' in the appropriate column and adding any supporting explanatory comments where indicated.</i>					
Area	Activity	Yes	No	N/A	Comments
Adopt	Directly adopting/incorporating the ISA as national auditing standards	X			YACPA prepared the detail of the resolution of adopting and implementing the International Standards in Yemen that approved and issued by the Ministers' Council.
	Providing timely, accurate, and complete translation of ISA into the local language.			X	
	Establishing ongoing process to incorporate new and amended ISA.		X		

	Raising awareness of lessons learned from the experiences of other countries.		X		YACPA actively engaged with the MIT and with governmental bodies and private sector entities (Chamber of Commerce etc.) to undertake a formal adoption of ISA with legal enforcement.
Support the Adoption	Raising awareness of the responsible parties about the ISA.	X			YACPA prepared a comprehensive Study titled Adopting and Implementing the International Standards in the Republic of Yemen - the status of the profession and the requested developments. The study summarizes the workshops, seminars, conferences and other activities conducted with
	Promoting the establishment of ongoing adoption processes.	X			
	Promoting the need to adopt the ISA to the responsible parties.	X			
	Participating in public consultations in the jurisdiction.				

	<p>Providing timely, accurate, and complete translation of ISA into the local language.</p>		<p>X</p>	<p>X</p>	<p>IFAC, World Bank and the local related entities.</p> <p>The study highlighted the recommendations of adopting and implementing the International Standards, and provided the importance of such standards and the requirements of implementations.</p> <p>The study discussed with the key officials in the related Governmental entities and considered as a guide of adopting and implementing the International Standards.</p> <p>YACPA works with the Ministry of Higher Education and Universities to include International Standards in their curriculum and their engagement in YACPA related Committees.</p>
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					Before the official approval of adopting and Implementing the International Standards on Auditing, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA was directing its membership to use International Standards on Auditing (ISA)
Support the implementation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X			YACPA ensures including the ISA in the local YCPA exams that conducts.
	Including ISA and standard-related topics into educational training the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)	X			

	<p>Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.</p>	<p>X</p>		<p>YACPA provides a verity of workshops, training, and seminars on International Standards.</p> <p>As per the Law, no Certified Public Accountant (YCPA) can practice the profession until accepted into YACPA membership. This authority gives YACPA the power to request YCPA performing the needed CPE activities to be registered as a member of YACPA.</p> <p>YACPA recognizes the approved translation by IFAC.</p> <p>On September 2020, YACPA got the approval of the “The Public Accountants Permitting Committee - PAPC” to request its members to have a minimum of 40 CPDs hours annually in order to renew their licenses of practice starting 2021. Copy of the minute attached.</p>
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					YACPA update its members with the related international developments via its websites and social medias.
Participate in international standard-setting	Providing comments to the international standard-setters' Exposure Drafts.		X		
	Contributing to public consultations.		X		

3.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an "X" marked in the "No" column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan's implementation according to the timetable.

Actions may fall under 4 categories:

- Adoption of ISA

- Support the adoption of ISA (advocacy, raising awareness)
- Support the implementation of ISA (training, knowledge sharing)
- Participate in international standard-setting activities

Background

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the auditing standards for the auditing profession in Yemen. However, to date this entity has not been established.

Additionally, the Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called "The Public Accountants Permitting Committee - PAPC" where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing International Standards on Auditing (ISA) and IAASB Standards and Pronouncements starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of ISA with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of the International Standards has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Standards for the country of Yemen. All these efforts let to:

- 1- The MIT thorough the Public Accountants Permitting Committee Approved adopting and Implementing Auditing and Accounting International Standards and passed this approval in a letter to the Ministers Council, which become the core document for the Council resolution.
- 2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Standards on Auditing (ISA) and IAASB Standards and Pronouncements starting January 1, 2020. The resolution included the following:

Article (1-B): *Adopting and Implementing the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants, including International Standards on Quality Control, Review Engagements, Examination and other Assurance Engagements and Related Services and all publications in this regard as well as the adoption of Code of Ethics for Professional Accountants issued by the International Federation of Accountants.*

Article (3-A): *The Ministry of Industry and Trade shall form a committee called “The Committee of Adopting and Implementing the International Standards (CAIS)” mentioned in this resolution, headed by the Undersecretary of the Business Services Sector / the chairman of the Public Accountants Permitting Committee, The members of CAIS represent the relevant stockholders.*

Article (3-B): *The CAIS undertakes the task of following up the adoption and implementation of all standards, identifying small and medium-sized enterprises and which ones can (prepared to) apply the IFRS for SMEs, and the expected date to start the implementation.*

Article (4-B): *The international auditing standards mentioned in Paragraph (B) of Article (1) shall begin to apply to the work of auditing, examination, assurance or other services that the chartered accountant will perform on any engagement entered into from January 1, 2020 whether it is for auditing financial statements, examination or assurance Or other services related to previous financial years or for financial periods ending after that date even if the link to them was made before the date of January 1, 2020.*

Notes:



Before the official approval of adopting and Implementing the International Standards, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA was directing its membership to use international standards on Auditing (ISA) and continued doing so until these standards approved by the Minister Council in May 2019,

To support this area, YACPA maintains Auditing Standards Committee to examine research and promote the international standards. Through this committee, YACPA supports and directs the use of ISA as these offer the country objectivity, stability and are vetted externally.

In addition to YACPA's directions to its membership, pursuant to the regulatory rules and regulations of the Central Bank of Yemen, auditors are required to use ISA when auditing banking and financial institutions (Commercial Banks, Islamic Banks and Microfinance Banks). Also Article 107 of Tax Bylaws requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts, in absence of the accounting standards specified in the Commercial Companies Law or applicable standards in the Republic of Yemen. Additionally, from a public sector perspective, the Central Organization of Control and Audit (COCA), requires ISAs as the standards to be used in the audit of entities where it has a regulatory role in the approval or appointment of auditors.

YACPA works with universities to include international standards in curriculum, and provides trainings on the subject of international standards to further their application. Additionally, YACPA maintains Standards Committees for accounting, auditing and ethics to examine research and promote the international standards.

YACPA will actively engage with **the (CAIIS)** to promulgate adopting and implementing the **International Standards on Auditing**.

ISA	Start Date	Estimated Completion Date	Action	Resources
<i>Promotion of Implementation of ISA's</i>	DECEMBER 2013	COMPLETED	<p>Create a formal process for raising awareness of YACPA Members to IAASB Pronouncement changes and modifications to ensure YACPA membership is aware of these changes (e.g., a system of e-mail messages, publication on YACPA website of changes, etc.)</p>	YACPA Training Institute, YACPA Staff, Cooperation with World Bank
<i>Promotion of Implementation of ISA's</i>	February 2014	ONGOING	<p>Develop a comprehensive training seminar on IAASB pronouncements for the YACPA members both as part of efforts to increase education and also to improve quality of resulting ISA audits. The resulting program should may have emphasis on the following areas:</p> <ul style="list-style-type: none"> ✓ Fundamentals of ISA; ✓ Recent changes and updates to ISA; ✓ Application of ISA in practice; and 	YACPA Training Institute, YACPA Staff, Cooperation with World Bank

ISA	Start Date	Estimated Completion Date	Action	Resources
			✓ Challenges in applying ISA for small and medium audit practices (SMPs).	
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to support the creation of 'The Higher Council of Accounting and Auditing' and/or for creation of another manner (e.g., MIT formal recognition of YACPA adoption of ISA) of comprehensively adopting ISA within Yemen.	YACPA Leadership
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work with Universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA ISA trainings and also to have access to YACPA resources on the subject of ISA education.	YACPA Auditing Standards Committee

ISA	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure inclusion of ISA related questions, case studies and issues as part of the YACPA YCPA Examination.	YACPA Auditing Standards Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to ensure that up to date ISA and ISA implementation issues are included as part of the YACPA CPD offerings.	YACPA Auditing Standards Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the YACPA Members and that training programs are updated to reflect these changes.	YACPA Auditing Standards Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to SMO of the IFAC self-assessment questionnaires and update the responses as and when it is necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Auditing Standards Committee, YACPA Staff

3.3 IFAC Summary Assessment

FOR IFAC COMPLETION	Country Context & Entity Responsible for Adoption	PAO Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
ISA / SMO 3				
IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.			

3.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

CFRR [Audit Training of Trainers' Virtual Seminar: New and Revised Auditor Reporting Standards](#)

CFRR [Audit Client Simulation](#)

CFRR [Audit Data Analytics: Opportunities and Tips](#)

IAASB [Auditor Reporting Toolkit](#)

[Guide to Using the ISA in the Audits of SMEs](#), Fourth Edition

World Bank/PriceWaterhouseCoopers [The New Auditor's Report: Practical Examples](#)

SMO 4–Code of Ethics for Professional Accountants (IESBA Code of Ethics)

The International Ethics Standards Board for Accountants® (IESBA®) develops and issues, under its own authority, the Code of Ethics for Professional Accountants™ (IESBA Code™) for use by professional accountants around the world. While according to the IESBA Code, as of 2015, a professional accountant is defined as an individual who is a member of an IFAC member body, for the purposes of the Compliance Program, the IAESB definition of a professional accountant² is used to determine the scope of application of the Code in the jurisdiction.

According to the IESBA Code, a member of IFAC or firm shall not apply less stringent standards than those stated in the IESBA Code. Consequently, for the purposes of assessing adoption of the IESBA Code of Ethics, incorporation may include a process to determine if national ethical requirements are at least as stringent as the most current IESBA Code of Ethics, which includes expanded independence requirements along with the Non-compliance with Laws and Regulations (NOCLAR) standards that became effective in 2017, among other changes. The prior IESBA Code of Ethics do not include the threats and safeguards framework, an essential element for addressing ethics and independence requirements, nor the NOCLAR standard.

Adoption of the IESBA Code is done at the jurisdiction level, which includes the full spectrum of professional accountants. Adoption with a time lag, selective adoption, and developing standards with reference to the IESBA Code of Ethics are not considered to be an “adoption” for the Compliance Program purposes, and therefore a jurisdiction using any of the approaches above should not be referred to as compliant with IESBA Code.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with the public oversight board, the government, or other regulatory agency.

4.0 Country Context and Status of Adoption of International Code of Ethics

<p>Is the most up-to-date International Code of Ethics adopted and effective for all professional accountants in the jurisdiction?</p>	<p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Partially <input type="checkbox"/></p>
<p>What entity(ies) is responsible for the adoption of ethical standards?</p>	<p>Ministers Council with YACPA and MIT recommendations.</p>

4.1 PAO Fulfillment of SMO 4

<p>Please indicate the level of responsibility of the PAO for setting ethical standards</p>		
<p>Direct <input type="checkbox"/></p>	<p>No Direct <input checked="" type="checkbox"/></p>	<p>Shared <input type="checkbox"/></p>

Please indicate whether your organization undertakes the following actions *by marking an 'X' in the appropriate column and adding any supporting explanatory comments where indicated.*

Area	Activity	Yes	No	N/A	Comments
Adopt	Directly adopting/incorporating the International Code of Ethics as national ethical standards	X			YACPA prepared the detail of the resolution of adopting and implementing the International Standards in Yemen that approved and issued by the Ministers' Council. YACPA actively engaged with the MIT and with governmental bodies and private sector entities (Chamber of Commerce etc.) to undertake a formal adoption of IESBA Code of Ethics with legal enforcement.
	Providing timely, accurate, and complete translation of the Code of Ethics into the local language.	X	X		
	Establishing ongoing process to incorporate new and amended ethical standards.		X		
	Raising awareness of lessons learned from the experiences of other countries.				
Support the Adoption	Raising awareness of the responsible parties about the Code of Ethics.	X			YACPA prepared a comprehensive Study titled Adopting and

	Promoting the establishment of ongoing adoption processes.		X		<p>Implementing the International Standards in the Republic of Yemen - the status of the profession and the requested developments.</p> <p>The study summarizes the workshops, seminars, conferences and other activities conducted with</p>
	Promoting the need to adopt the Code of Ethics to the responsible parties.	X			
	Participating in public consultations in the jurisdiction.				

	<p>Providing timely, accurate, and complete translation of the Code of Ethics into the local language.</p>	<p>X X</p>		<p>IFAC, World Bank and the local related entities.</p> <p>The study highlighted the recommendations of adopting and implementing the International Standards, and provided the importance of such standards and the requirements of implementations.</p> <p>The study discussed with the key officials in the related Governmental entities and considered as a guide of adopting and implementing the International Standards.</p> <p>YACPA works with the Ministry of Higher Education and Universities to include International Standards in their curriculum and their engagement in YACPA related Committees.</p> <p>YACPA has achieved legal recognition by MIT for its adoption of the IESBA Code of Ethics for the</p>
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					profession before adopting International Standards officially in 2020.
Support the implementation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X			YACPA ensures including the IESBA Code of Ethics in the local YCPA exams (conducted by YACPA).
	Including the Code of Ethics and standard-related topics into educational training the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)	X			

	Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.	X			<p>YACPA provides a verity of workshops, training, and seminars on the IESBA Code of Ethics.</p> <p>As per the Law, no public accountant (YCPA) can practice the profession until accepted into YACPA membership. This authority gives YACPA the power to request its member to use the (IESBA) Code of Ethics to be registered as a Professional Accountants.</p> <p>YACPA update its members with the related international developments via its websites and social medias.</p>
Participate in international standard-setting	Providing comments to the international standard-setters' Exposure Drafts.		X		
	Contributing to public consultations.		X		

4.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 4 categories:

- Adoption of the Code of Ethics
- Support the adoption of the Code of Ethics (advocacy, raising awareness)
- Support the implementation of the Code of Ethics (training, knowledge sharing)
- Participate in international standard-setting activities

Background

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the ‘The Higher Council of Accounting and Auditing’ to adopt the accounting and auditing standards and the code of professional conduct for the accounting and auditing profession in Yemen. However, to date this entity has not been established.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing IESBA Code of Ethics starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of



International Standards with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of International Standards has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Standards for the country of Yemen. All these efforts led to:

- 1- The MIT through the Public Accountants Permitting Committee Approved adopting and Implementing International Auditing and Accounting Standards along with Code of IESBA Code of Ethics for Professional Accountants issued by the International Federation of Accountants and passed this approval in a letter to the Ministers Council, which became the core document for the Government resolution.
- 2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing international Auditing and Accounting standards including IESBA Code of Ethics starting January 1, 2020.

It is worth mentioning that YACPA has achieved legal recognition by MIT for its adoption of the IESBA Code of Ethics for the profession before 2020. So, YACPA members have been requested to use the (IESBA) Code of Ethics for Professional Accountants

YACPA requests including the IESBA Code of Ethics in the local YCPA exams and providing trainings in this area.

YACPA will continue to promote awareness, education and training on the Code of Ethics for Professional Accountants for its candidates for membership, its members, and within the broader community of accountancy (e.g., universities and their education programs).

YACPA will actively engage with “The Committee of Adopting and Implementing the International Standards (CAIIS)” to promulgate adopting and implementing the IESBA Code of Ethics,

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<p><i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i></p>	<p>February 2014</p>	<p>June 2021</p>	<p>YACPA will create a formal process for ensuring that its entire membership has read, understood, and agreed to abide by the Code of Ethics.</p> <p>To aid formalization, it will create a formal document which all members will be required to sign to attest to these facts. YACPA will then monitor completion and signing of all documents.</p>	<p>Ethics Committee, YACPA Staff, Yemeni Certified Public Accountants' Committee in The Ministry of Industry and Trade</p>
<p><i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i></p>	<p>February 2014</p>	<p>June 2021</p>	<p>As part CPD and conferences, YACPA will include substantial opportunities for training on the Code of Ethics and will require as part of CPD annual achievement the completion of at least one seminar per year on ethics.</p> <p>Upon completion of ethics coursework, members will be required to sign a document attesting that they have completed the required amount of training in ethics. This will be collected and monitored.</p>	<p>Ethics Committee, YACPA Staff</p>

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i>	February 2014	ONGOING	YACPA will work to link non-compliance with signing, and agreement to the Code of Ethics and non-compliance with attainment of minimum amounts of ethical training to investigation and disciplinary process and sanction.	Ethics Committee, YACPA Staff
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work with Universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA Ethics trainings and also to have access to YACPA resources on the subject of Ethics education.	YACPA Standards Universities Auditing Committee,
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure inclusion of Ethics related questions, case studies and issues as part of the YACPA YCPA Examination.	YACPA Standards Exam Committee Auditing Committee,
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure creation of Ethics CPD courses which address both the theoretical as well as practical aspects of Code of Ethics implementation.	YACPA Standards Exam Committee Auditing Committee,

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to SMO of the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ethics Committee, YACPA Staff

4.3 IFAC Summary Assessment

FOR IFAC COMPLETION	Country Context & Entity Responsible for Adoption	PAO Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
IESBA Code of Ethics / SMO 4				

IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.
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4.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

CFRR [*The Ethical Dilemmas Board Game*](#)

IESBA eCode

[*IESBA At a Glance: Responding to Non-Compliance with Laws and Regulations*](#)

[*Final Pronouncement: Responding to Non-Compliance with Laws and Regulations*](#)

[*IESBA Q&A Video Series: Responding to Non-Compliance with Laws & Regulations*](#)

[*Responding to Non-Compliance with Laws and Regulations Fact Sheet*](#)

SMO 5–International Public Sector Accounting Standards (IPSAS)

The International Public Sector Accounting Standards Board (IPSASB) develops accounting standards for public sector entities referred to as IPSAS. IPSAS deal with financial reporting under the cash basis of accounting and the accrual basis of accounting. The accrual IPSAS are based on the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) where the requirements of those standards are applicable to the public sector. IPSAS also deal with public sector specific financial reporting issues that are not dealt with in IFRS.

The IPSAS are designed to be applied in the general purpose financial reports of public sector entities that meet all the following criteria:

- Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;
- Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and
- Do not have a primary objective to make profits.

Paragraph 1.8 of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* identifies a wide range of public sector entities for which IPSAS are designed. These entities include national, regional, state/provincial and local governments; government ministries, departments, programs, boards, commissions, agencies; public sector social security funds, trusts, and statutory authorities; and international governmental organizations.

For the Compliance Program purposes, adoption of IPSAS is defined as a legal adoption or incorporation into the national requirements of accrual IPSAS. As stated in the Introduction to the 2016 Handbook, “financial statements should be described as complying with IPSAS only if they comply with all the requirements of each applicable IPSAS.”

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with a public oversight board, the government, or other regulatory agency.

5.0 Country Context and Status of Adoption of IPSAS

<p>Are accrual IPSAS adopted and effective for all public sector entities in the jurisdiction?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>Partially <input type="checkbox"/></p>
<p>What entity(ies) is responsible for the adoption of public sector standards?</p>	<p>Ministry of Finance (MF).</p> <p>Central Organization of Control and Audit (COCA).</p>

5.1 PAO Fulfillment of SMO 5

<p>Please indicate the level of responsibility of the PAO for setting public sector standards</p>		
<p>Direct <input type="checkbox"/></p>	<p>No Direct <input type="checkbox"/></p>	<p>Shared <input type="checkbox"/></p>

Please indicate whether your organization undertakes the following actions *by marking an 'X' in the appropriate column and adding any supporting explanatory comments where indicated.*

Area	Activity	Yes	No	N/A	Comments
<p style="text-align: center;">Adopt</p>	Directly adopting/incorporating the IPSAS as national public sector accounting standards		X		
	Providing timely, accurate, and complete translation of the IPSAS into the local language.		X		
	Establishing ongoing process to incorporate new and amended standards.		X		
	Raising awareness of lessons learned from the experiences of other countries.		X		
<p style="text-align: center;">Support the Adoption</p>	Raising awareness of the responsible parties about the IPSAS.	X			
	Promoting the establishment of ongoing adoption processes.		X		
	Promoting the need to adopt the IPSAS to the responsible parties.	X			
	Participating in public consultations in the jurisdiction.				

	Providing timely, accurate, and complete translation of the IPSAS into the local language.		X X		
Support the implementation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).		X		
	Including the IPSAS and standard-related topics into educational training the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)		X		
	Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.	X			
Participate in international standard-setting	Providing comments to the international standard-setters' Exposure Drafts.		X		
	Contributing to public consultations.		X		

5.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 4 categories:

- Adoption of the IPSAS
- Support the adoption of the IPSAS (advocacy, raising awareness)
- Support the implementation of the IPSAS (training, knowledge sharing)
- Participate in international standard-setting activities

Background

Currently, IPSAS have not been adopted in Yemen. The Yemeni public sector follows an accounting system called Unified Accounting System.

Under section 149 of the Commercial Company Law, every public company is required to prepare and file annual accounts with the Ministry of Industry and Trade. Due to the absence of IPSAS, IFRS are used in preparing External Financial Reporting Statements.

The YACPA will however, continue its best efforts to raise the awareness of government to the benefits of IPSAS and the need for adoption. Additionally, YACPA has been active in seeking to identify opportunities where it may be able to cooperate with government to support government accounting training and capacity building efforts. With the creation of the new YACPA Training Institute, YACPA now has greater capacity to provide capacity building activities beyond its own membership to the broader accountancy environment. In the coming years, YACPA will seek to build communication on this possibility and extend the opportunity to government entities of the resource available to them through the YACPA Training Center.

IPSAS	Start Date	Estimated Completion Date	Action	Resources
<i>Begin Dialogue as it Relates to IPSAS and Support Broader PFM Activities</i>	ONGOING	ONGOING	Since the Government has not adopted the IPSASs, the YACPA will use its best endeavors to create awareness of IPSAS, the impact of their use around the world and the progress that has been made, subsequent to their adoption, reflecting the possible benefits of their adoption and the implementation in Yemen.	YACPA Leadership, YACPA Staff, COCA
<i>Begin Dialogue as it Relates to IPSAS and</i>	DECEMBER 2013	ONGOING.	YACPA will engage in dialogue on the possibility of cooperation with government entities in the provision of accountancy training	YACPA Leadership, YACPA Training Institute, YACPA Staff, COCA

IPSAS	Start Date	Estimated Completion Date	Action	Resources
<i>Support Broader PFM Activities</i>			and public financial management education through its YACPA Training Institute.	
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to use 'best endeavors' by identifying opportunities to further assist in the adoption of the IPSAS. This includes review of the existing activities and updating action plans for the future activities where necessary.	YACPA Leadership, YACPA Staff
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated, inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Leadership, YACPA Staff

5.3 IFAC Summary Assessment

FOR IFAC COMPLETION	Country Context & Entity Responsible for Adoption	PAO Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
IPSAS / SMO 5				
IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.			

5.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

<p>ICAEW Building Blocks to Better PFM: A Cash to Accruals Accounting Toolkit</p> <p>IPSASB The Applicability of IPSAS & Preface to International Public Sector Accounting Standards</p> <p>IPSASB Fact Sheet</p> <p>Publication featuring IPSAS standard-setting objectives</p> <p>Public Standard-Setters Forum</p>

SMO 6–Investigation & Discipline

Professional accountants are required to comply with the investigation and discipline (I&D) rules as part of their membership in a PAO and/or other national rules where the services they perform are subject to additional requirements established by the licensing authority³. Most PAOs

have some authority and responsibility for investigating and disciplining their members. In some jurisdictions, there is more than one category of professional accountant or more than one PAO representing the accounting profession and consequently several I&D sub-systems operating in the jurisdiction. IFAC staff and the IFAC member PAO should seek to identify those systems and establish the extent with which they comply with the best practices of SMO 6.

A well-functioning, comprehensive I&D system is in the best interest of professional accountants, the PAOs, and the public as it maintains public confidence in the accounting profession in instances where professional accountants fail to exercise and maintain professional standards⁴ and conduct. A robust I&D system allows the PAO or licensing authority to deal with failure to uphold ethical standards and professional regulations. SMO 6 sets out detailed requirements and additional guidance with respect to three key aspects of an I&D process: investigation, discipline, and appeal.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out in collaboration with a public oversight board, the government, or other regulatory agency.

6.0 Country Context & Status of Adoption of I&D

<p>Is an investigation & discipline system established and operational for all professional accountants?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> <p>Partially <input type="checkbox"/></p>
<p>What entity is responsible for its implementation?</p>	<p>Judiciary system.</p> <p>Ministry of Industry and trade.</p>

If the system exists, please indicate whether it is aligned with the following best practices of SMO 6:

Although a council of investigation & discipline envisioned by law, this Council has not yet been established. The answer to the bellow questions reflect the current practice, mainly, as per the Ministry of Justice procedures.

SMO 6 Best Practices	Yes	No	Partially	Comments
<p>(Para #) Scope of the system</p> <p>A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>		X		Presently, the Ministry of Justice (MJ) is primarily responsible for investigation and discipline of professionals. To support (MJ) process YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.
Information about the types of misconduct which may bring about investigative actions is publicly available.			X	
<p>Initiation of Proceedings</p> <p>Both a “complaints-based” and an “information-based” approach are adopted.</p>		X		
Link with the results of QA reviews has been established.		X		

<p>Investigative process</p> <p>A committee or similar body exists for performing investigations.</p>			X	
<p>Members of a committee are independent of the subject of the investigation and other related parties.</p>			X	
<p>Disciplinary process</p> <p>A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>		X		
<p>Members of the committee/entity include professional accountants as well as non-accountants.</p>			X	
<p>The tribunal exhibits independence of the subject of the investigation and other related parties.</p>			X	
<p>Sanctions</p> <p>The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional</p>	X			Yes as per the Law No. 26 (1999) regulates the auditing and accounting profession.

designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.				
Rights of representation and appeal A third appeals body exists which is separate from both the disciplinary committee and investigative committee.		X		
Administrative Processes Timeframe targets for disposal of all cases are set.		X		
Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.		X		
Records of investigations and disciplinary processes are established.		X		
Public Interest Considerations Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.			X	

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

6.1 PAO Fulfillment of SMO 6

Please indicate the level of responsibility of the PAO in establishing and implementing an I&D system		
Direct <input type="checkbox"/>	No Direct <input type="checkbox"/>	Shared <input type="checkbox"/>

Please indicate whether your organization undertakes the following actions by marking an 'X' in the appropriate column and adding any supporting explanatory examples and/or comments where indicated.

Area	Activity	Yes	No	N/A	Comments
Establish	Directly establishing an I&D system		X		
	Providing timely, accurate, and complete translation of relevant international standards into the local language.		X		
	Raising awareness of lessons learned from the experiences of other countries.		X		
Support the Establishment	Raising awareness of importance of an I&D system and need to establish one to the responsible parties.	X		X	YACPA has been working with MIT to support the establishment of a strong independent Disciplinary Council that addresses not only professional, but also ethical violations in-line with Yemeni legislation.
	Participating in public consultations in the jurisdiction.				
	Providing timely, accurate, and complete translation of relevant international standards into the local language.		X		

	Promoting ongoing review process after establishment.		X		On September 2020, the “The Public Accountants Permitting Committee - PAPC” approved the mechanism suggested by YACPA to handle any issues come to the MIT against any of YACPA members. Copy of the minute and the suggested mechanism attached.
Support the Operations	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X			YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.
	Including standard-related topics into education, assessment, and CPD activities.				
	Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.		X		
			X		

6.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 3 categories:

- Establishment of an I&D system
- Support the establishment (advocacy, raising awareness)
- Support the implementation and operation (training, knowledge sharing)

Background

As noted in Law No.26 (1999) (Articles #67-70 & 73), a Disciplinary Council (external to YACPA) which operates under the auspices of the MIT should be created to investigate and recommend disciplinary action under the court system. Although envisioned by law, this Council has not yet been established. As such, YACPA has been working with MIT to support the establishment of a strong independent Disciplinary Council that addresses not only professional, but also ethical violations in-line with Yemeni legislation.

Presently, the Ministry of Justice is primarily responsible for investigation and discipline of professionals. As such, serious crimes (e.g., fraud) are addressed through the Yemeni judiciary system and by the courts. To support this process, YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.

To ensure that there is an outlet for addressing less serious violations (cases which might fall outside of the judiciary system) YACPA has developed a basic internal system to address professional and ethical complaints. Complaints are raised to the Chairman and the Administrative Council whom appoint a team of YACPA members to investigate the matter and decisions are brought before the Administrative Council, which implements final decisions issued against the members within the authority YACPA has.

YACPA recognizes that its present supplementary system of investigation and discipline is a short-term solution to the long-term challenge of strengthening the system of investigation and discipline in the country of Yemen. Using this internal system is very rare, no single issue noted during the last 2 years. therefore YACPA is working strongly with the MIT to encourage the development of the Disciplinary Council in-line with the tenets of SMO 6 and in strengthening its own internal system of I&D so as to better cover any gaps which currently exist between SMO 6 and the I&D systems (within Ministry of Justice and within YACPA) in operation.

On September 2020, the “The Public Accountants Permitting Committee - PAPC” approved the mechanism suggested by YACPA to handle any issues come to the MIT against any of YACPA members. Copy of the minute and the suggested mechanism attached.

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	June 2014	April 2022	YACPA will work with Government to explore whether establishment of the Disciplinary Council is possible and/or makes sense given the current context of the country, or if there may be an opportunity for amendment of current laws (or decree/directive) which would provide	YACPA Leadership

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
			YACPA with further power to undertake full I&D function in accordance with SMO 6.	
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	APRIL 2014	April 2022	Upon determination of Undertake 'gap analysis' to compare the current I&D system which functions in Yemen (YACPA I&D, Disciplinary Council, plus Justice Courts system) and look at the components of SMO 6 to determine where there may be opportunities for further strengthening to meet the requirements of SMO 6.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	SEPTEMBER 2014	September 2022	Create short report detailing any areas of deviation from SMO 6 and recommendations for improvement.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	DECEMBER 2014	April 2023	Seek to work with Courts system and other actors to remediate areas identified by short report and recommended for action.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	DECEMBER 2014	Sep 2022	<p>Work with Ethics Committee to ensure strengthening of I&D system to ensure strong inclusion of guidelines, processes and sanctions for violation of Code of Ethics, Ethics CPD Requirements and/or Ethical pledge of YACPA members.</p> <p>Seek to include among sanctions for ethical violations the possibility for suspension or removal of license for violation of the ethical standards.</p>	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to use best endeavors to ensure the investigation and disciplinary mechanism encompasses addressing all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	YACPA Leadership, IFAC Task Force, YACPA Staff
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA response to the IFAC compliance self-assessment	YACPA Leadership, IFAC Task Force, YACPA Staff

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
			questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	

6.3 IFAC Summary Assessment

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
I&D / SMO 6			
IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.		

6.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

CAPA [Establishing Investigation & Disciplinary Systems – A Guide for PAOs](#)

IFAC [Establishing and Developing a Professional Accountancy Body](#)

SMO 7–International Financial Reporting Standards (IFRS)

IFRS contain a set of broad principles, rather than step-by-step rules, that are to be applied in preparation of general purpose financial statements. IFRS should be applied for preparation of financial statements of all profit-oriented entities. However, as more countries have been adopting IFRS and challenges in adopting IFRS for all companies have become evident, IAASB developed the IFRS for SMEs to be applied by small and medium-sized enterprises (SMEs), while IFRS are developed to be applied by Public Interest Entities (PIEs).

For the Compliance Program purposes, adoption of IFRS is defined as a legal adoption or incorporation into the national requirements of IFRS in effect at the time of the assessment. Application of IFRS should be required for PIEs as defined in the jurisdiction. The entire set of IFRS should be adopted. As stated in paragraph 14 of the *IAS 1: Presentation of Financial Statements*, financial statements shall not be prescribed as complying with IFRS unless they comply with all the requirements of IFRS.

Depending on the legal and regulatory framework in the jurisdiction, this assessment may be carried out either by PAO, public oversight board, the government, or other regulatory agency.

7.0 Country Context and Status of Adoption of IFRS

Are IFRS adopted and effective for all public interest entities in the jurisdiction?	Yes <input checked="" type="checkbox"/>
	No <input type="checkbox"/>

	Partially <input type="checkbox"/>
What entity(ies) is responsible for the adoption of private sector standards?	Ministers Council with YACPA and MIT recommendations.

7.1 PAO Fulfillment of SMO 7

Please indicate the level of responsibility of the PAO for setting private sector standards		
Direct <input type="checkbox"/>	No Direct <input checked="" type="checkbox"/>	Shared <input type="checkbox"/>

Please indicate whether your organization undertakes the following actions <i>by marking an 'X' in the appropriate column and adding any supporting explanatory comments where indicated.</i>					
Area	Activity	Yes	No	N/A	Comments
Adopt	Directly adopting/incorporating the IFRS as national private sector accounting standards	X			YACPA prepared the detail of the resolution of adopting and

	Providing timely, accurate, and complete translation of the IFRS into the local language.		X		implementing the International Standards in Yemen that approved and issued by the Ministers' Council. YACPA actively engaged with the MIT and with governmental bodies and private sector entities (Chamber of Commerce etc.) to undertake a formal adoption of IAS and IFRS with legal enforcement.
	Establishing ongoing process to incorporate new and amended standards.		X		
	Raising awareness of lessons learned from the experiences of other countries.		X		
Support the Adoption	Raising awareness of the responsible parties about the IFRS.	X			YACPA prepared a comprehensive Study titled Adopting and Implementing the International Standards in the Republic of Yemen - the status of the profession and the requested developments. The study summarizes the workshops, seminars, conferences and other activities conducted with
	Promoting the establishment of ongoing adoption processes.	X			
	Promoting the need to adopt the IFRS to the responsible parties.	X			
	Participating in public consultations in the jurisdiction.				

	<p>Providing timely, accurate, and complete translation of the IFRS into the local language.</p>	<p>X</p> <p>X</p>		<p>IFAC, World Bank and the local related entities.</p> <p>The study highlighted the recommendations of adopting and implementing the International Standards, and provided the importance of such standards and the requirements of implementations.</p> <p>The study discussed with the key officials in the related Governmental entities and considered as a guide of adopting and implementing the International Standards.</p> <p>YACPA works with the Ministry of Higher Education and Universities to include IFRS in their curriculum and their engagement in YACPA related Committees.</p> <p>Before the official approval of adopting and Implementing the</p>
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					<p>IFRS, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA was directing its membership to use IFRS.</p> <p>As per the agreement between YACPA and IFRS Foundation for publishing the IFRSs in Arabic, the language issue has been resolved.</p> <p>On September 2020, YACPA got the approval of the “The Public Accountants Permitting Committee - PAPC” to request its members to have a minimum of 40 CPDs hours annually in order to renew their licenses of practice starting 2021. Copy of the minute attached.</p>
Support the implementation	Providing technical support (implementation guidelines, trainings, discussion forums etc.).	X			YCPA examinations are conducted by YACPA. The examinations



	Including the IFRS and standard-related topics into educational training the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)	X			considers the International Standards.
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	<p>Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.</p>	<p>X</p>		<p>YACPA provides a verity of workshops, training, and seminars on International Standards.</p> <p>As per the Law, no public accountant (YCPA) can practice the profession until accepted into YACPA membership. This authority gives YACPA the power to request YCPA performing the needed CPE activities to be registered as a member of YACPA</p> <p>As per the agreement between YACPA and IFRS Foundation for publishing the IFRSs in Arabic, the language issue has been resolved.</p> <p>YACPA update its members with the related international developments via its websites and social medias.</p>
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Participate in international standard-setting	Providing comments to the international standard-setters' Exposure Drafts.		X		
	Contributing to public consultations.		X		

7.2 Action Plan

Where PAOs are not yet meeting the full requirements of the SMO (i.e. an “X” marked in the “No” column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan’s implementation according to the timetable.

Actions may fall under 4 categories:

- Adoption of the IFRS
- Support the adoption of the IFRS (advocacy, raising awareness)
- Support the implementation of the IFRS (training, knowledge sharing)
- Participate in international standard-setting activities

Background

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the accounting standards for the accounting profession in Yemen. However, to date this entity has not been established.

Additionally, the Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called "The Public Accountants Permitting Committee - PAPC" where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing International Financial Reporting Standards (IFRS) starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of IFRS with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of IFRS has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Auditing and Accounting Standards for the country of Yemen. The output of the in-depth discussion with stakeholders during the Workshop organized by the World Bank in Cairo during December 19-20, 2013 which focused on adopting the IFRS in Yemen considered the road map toward officially adopting and implementing IFRS. All the above led to:

- 1- The MIT thorough the Public Accountants Permitting Committee Approved adopting and Implementing International Accounting and Auditing Standards and passed this approval in a letter to the Ministers Council, which become the core document for the Council resolution.

2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Accounting and Auditing Standards starting January 1, 2020. The resolution included the following:

Article (1-A): *Adopting and Implementing the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and their interpretations and related publications issued by the International Accounting Standards Board.*

Article (1-C): *Adopting and Implementing the International Financial Reporting Standard for Small and Medium Enterprises.*

Article (2) *The international accounting standards mentioned in Paragraph (A) of Article (1) shall be applied by the following establishments:*

- a- *Entities subject to public accountability represented by commercial banks, specialized banks and companies operating in the financial institutions sector and others who are obliged to submit their reports and financial statements to the Central Bank of Yemen.*
- b- *All types of companies and commercial, industrial and service entities (tax classified as major taxpayers) that are obligated to submit their reports and financial statements to the Ministry of Industry and Trade and the Tax Authority*
- c- *Entities that are not subject to public accountability, and would like voluntarily to adopt the full International Accounting Standards.*

Article (3-A): *The Ministry of Industry and Trade shall form a committee called “The Committee of Adopting and Implementing the International Standards (CAIIS)” mentioned in this resolution, headed by the Undersecretary of the Business Services Sector / the chairman of the Public Accountants Permitting Committee, The members of CAIIS represent the relevant stockholders.*

Article (3-B): *The committee undertakes the task of following up the adoption and implementation of all standards, collecting and studying information with a view to identifying small and medium-sized enterprises and determining the type of entities that can apply the international*

standard for financial reporting for small and medium-sized enterprises mentioned in Article (1) paragraph (c) and identifying small and medium-sized enterprises prepared to apply this standard The expected date to start applying it.

Article (4-A) *The application of International Accounting Standards and International Financial Reporting Standards applies to the financial reports and lists, as of January 1, 2020*

Notes:

Before the official approval of adopting and implementing the International Standards, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA directed its membership to use international standards (IFRS) and continued doing so until these standards approved by the Minister Council in May 2019; also, the Central Bank requires banking and financial institutions to use IFRS in their external reporting. Article 107 of Tax Bylaws requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts, in absence of the accounting standards specified in the Commercial Companies Law or applicable standards in the Republic of Yemen.

To support this area, YACPA maintains IFRS Standards Committee to examine research and promote the international standards. Through this committee, YACPA supports and directs the use of IFRS as these offer the country objectivity, stability and are vetted externally.

YACPA works with universities to include international Accounting standards in curriculum and provides trainings on the subject of international standards to further their application. Additionally, YACPA maintains Standards Committees for accounting, auditing and ethics to examine research and promote the international standards.

In regards to implementation, YACPA will continue to ensure that its workshops, training and YACPA Institute programs include IFRS materials. During 2018 and 2019 a wide range of seminars/workshops and related subjects were organized.

Additionally, YACPA will work with the stakeholders to cooperate in spreading information to company accountants in small and micro enterprises on the subject of IFRS.

YACPA will actively engage with the CAIIS to promulgate adopting and implementing IFRS.

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Steps to Further Promote IFRS Implementation</i>	Feb 2013	COMPLETED	Create a formal process for raising awareness of YACPA Members to IASB Pronouncement changes and modifications to ensure YACPA membership is aware of these changes (e.g., a system of e-mail messages, publication on YACPA website of changes, etc.)	YACPA Standards YACPA Staff Accounting Committee,
<i>Steps to Further Promote IFRS Implementation</i>	January 2014	COMPLETED	<p>Develop a comprehensive training seminar on IASB pronouncements for the YACPA members both as part of efforts to increase education and also to improve quality of resulting IFRS financial information. The resulting program should may have emphasis on the following areas:</p> <ul style="list-style-type: none"> ✓ Fundamentals of IFRS; ✓ Recent changes and updates to IFRS; ✓ Application of IFRS in practice; and ✓ Challenges in applying IFRSfor small and medium entities (SMEs). 	YACPA Standards YACPA Staff, Accounting Firms Accounting Committee,

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to support the creation of ‘The Higher Council of Accounting and Auditing’ and/or for creation of another manner (e.g., MIT formal recognition of YACPA adoption of IFRS) of comprehensively adopting IFRS within Yemen.	YACPA Leadership
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work with Universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA IFRS trainings and also to have access to YACPA resources on the subject of IFRS education.	YACPA Standards Universities Accounting Committee,
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure inclusion of IFRS related questions, case studies and issues as part of the YACPA YCPA Examination.	YACPA Standards Exam Committee Accounting Committee,
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to ensure that up to date IFRS and IFRS implementation issues are included as part of the YACPA CPD offerings.	YACPA Standards Accounting Committee

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the YACPA Members and that training programs are updated to reflect these changes.	YACPA Accounting Standards Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA response to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Accounting Standards Committee

7.3 IFAC Summary Assessment

FOR IFAC COMPLETION	Country Context & Entity Responsible for Adoption	PAO Responsibility for Adoption	Adoption Status	Level of SMO Fulfillment
IFRS / SMO 7				

IFAC Recommendation	IFAC staff will complete this section at the conclusion of the SMO Action Plan review process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.
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7.4 Available Guidance Material *(This not an exhaustive list and is for reference only)*

IFRS Foundation [2015 Amendments to the IFRS for SMEs](#)

[2015 Comprehensive Review to the IFRS for SMEs](#)

[IFRS for SMEs Fact Sheet](#)

[IFRS for SMEs Training Modules \(available in English, Russian, Spanish and Turkish\)](#)