

**COLEGIO DE PERITOS MERCANTILES Y CONTADORES PUBLICOS DE  
HONDURAS**

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Tegucigalpa MDC, March 23, 2022



Miembro de

**Kevin Dancey**  
Chief Executive Officer  
International Federation of Accountants  
529 5th Avenue  
New York, New York 10017

Dear Mr. Dancey:

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

This letter is to confirm that the leadership of the COLEGIO DE PERITOS MERCANTILES Y CONTADORES PUBLICOS DE HONDURAS (CPMCPH) has reviewed the information contained in the SMO Action Plan prepared by the CPMCPH as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

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

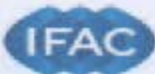
Sincerely,



**HECTOR ARTURO MEJIA**  
President

Colegio de Peritos Mercantiles y Contadores Públicos de Honduras

March 23, 2022



Federación  
Internacional de  
Contadores



# College of Commercial Experts and Public Accountants of Honduras

Member of the International Federation of Accountants (IFAC) since 1998



## ACTION PLAN

**Compliance Program for IFAC Member Bodies**



## **BACKGROUND NOTE ON ACTION PLANS**

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

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

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

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

### **Use of Information**

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

## **ACTION PLAN**

|                                    |   |
|------------------------------------|---|
| <b>IFAC Member:</b>                | Colegio de Peritos Mercantiles y Contadores Públicos de Honduras (CPMCPH) |
| <b>Approved by Governing Body:</b> | Board of CPMCPH   |
| <b>Last Updated:</b>               | April 2022  |
| <b>Next Update:</b>                | April 2025  |

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

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



**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Promote the implementation of a mandatory Quality Control Program

### **Background**

In mid-2010, the Association of Audit Firms of Honduras (AFA), which is a member of the Technical Board of Accounting and Auditing Standards (JUNTEC), took the initiative to adopt a voluntary Quality Control Program Auditing of financial statements, but this purpose was not finally achieved due to lack of agreement among the audit firms themselves. In the same year 2010, the Honduran College of Public Professionals in Public Accounting (COHPUCP) developed and approved a voluntary Quality Control Program for its members; however, this program is not implemented in practice. In these circumstances, based on the Law on Accounting and Auditing Standards (Legislative Decree 189-2004), both the College of Commercial Experts and Public Accountants of Honduras (CPMCPH) and COHPUCP requested JUNTEC to assume the responsibility of reviewing the Quality Control Program developed by the COHPUCP, with the purpose of analyzing the possibility of recognizing and adopting such program or, failing that, proceeding with the elaboration and implementation of another program that is mandatory and General application, which must be homologated with the International Quality Control Standard 1 (ISQC 1) published by IFAC.

The AFA has carried out a series of events for the dissemination of the Quality Control project. However, to date, no general quality control program related to the audit of financial statements and other work to testify has been adopted and implemented in Honduras.

On the other hand, the National Banking and Insurance Commission (CNBS) in article 22 of the Rules for the Registration and Recruitment of Labor of the External Auditors (RAE), published by Resolution SB No. 392/03/03-2011 and Circular CNBS N ° 075/2011, requires that firms that perform external audit work to institutions of the financial system, must carry out the quality control of the work performed, in accordance with its own standards. However, a generalized quality control program, which is articulated with the provisions of the ISAs, the IFAC Code of Ethics and, in particular, ISQC 1 is not used.

In October 2016, a CPMCPH representative participated in a Quality Control Workshop held in Panama City with the sponsorship of the Inter-American Accounting Association (AIC) in order to replicate the knowledge acquired among Honduran Accountants. Moreover, in November 2016, JUNTEC, with the financial contribution of CPMCPH, which is an integral part of said Board, held a conference on Quality Control in Tegucigalpa, Honduras. In order to inform audit firms about the importance and necessity of implementing a quality control program that meets the requirements of ISQC 1.

In September 2021, again the boards of directors of the CPMCPH and COHPUCP, both professional bodies that are members of IFAC, authorized the Technical Board of Accounting and Auditing Standards (JUNTEC), so that, with the support of the Association of Authorized Public Accountants of Puerto Rico (CCPAPR), will resume the responsibility of designing, adopting and promoting the implementation of a Quality Control Program for auditing firms and independent professionals who perform financial statement auditing work. With this new initiative, the CPMCPH expects that the Program meets the requirements established in the International Quality Control Standard No. 1 (ISQC 1), the Code of Ethics and the International Auditing Standards published by the IAASB. It is expected that the Program can begin to be implemented in a mandatory and progressive manner, from the financial statements completed as of December 31, 2023. To try to comply with SMO 1 in Honduras, the CPMCPH intends to carry out the following activities.

The CPMCPH does not have direct responsibility for the compliance with the SMO 1. Its commitment on this point will focus on taking the necessary steps so that JUNTEC, in the shortest possible time, adopts a Quality Control Program of the Audit and review work financial reporting, in accordance with the requirements set out in SMO 1. It would be expected that the Quality Control Program could be implemented from financial statements beginning on January 1, 2019. In order to ensure compliance with SMO 1 in Honduras, CPMCPH will carry out the following activities:



**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** Promote the implementation of a mandatory Quality Control Program

| N° | Start Date     | Action   | Completion Date | Responsibility               | Resources |
|----|----------------|--|-----------------|------------------------------|-----------|
| 1  | January 2022   | Propose and request the COHPUCP and JUNTEC the integration of a Special Technical Commission, made up of two or three members from each Association, with the purpose of preparing the initial work plan, defining the scope, model and methodology to be used for the design and adoption of the Quality Control Program for the work carried out by the audit firms, which must comply with the requirements of ISQC 1 | February 2022   | Board of Directors of CPMCPH |           |
| 2  | March 2022     | Request JUNTEC and COHPUCP to jointly convene the representatives of the Audit Firms to a work meeting, with the aim of socializing the purpose and scope of the Quality Control Program project that is intended to be adopted and implement  | March 2022      | Board of Directors of CPMCPH |           |
| 3  | June 2022      | Prepare, analyze and/or update the documents that contain the Quality Control Program project that will be prepared with the participation and/or advice of the College of Certified Public Accountants of Puerto Rico (CCPAPR)  | August 2022     | Special Technical Commission |           |
| 3  | June 2022      | Prepare, analyze and/or update the documents that contain the Quality Control Program project that will be prepared with the participation and/or advice of the College of Certified Public Accountants of Puerto Rico (CCPAPR)  | August 2022     | Special Technical Commission |           |
| 4  | August 2022    | Submit to the discussion and approval of the Board of Directors of the CPMCPH, the Quality Control Program indicated in the previous point   | August 2022     | Board of Directors of CPMCPH |           |
| 5  | September 2022 | Submit to the discussion and approval of the General Assembly of the CPMCPH and issue the corresponding resolution for the adoption and implementation of the Quality Control Program as of January 1, 2023  | September 2022  | Board of Directors of CPMCPH |           |



**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Promote the implementation of a mandatory Quality Control Program

| N° | Start Date    | Action   | Completion Date    | Responsibility  | Resources |
|----|---------------|--|--------------------|---|-----------|
| 6  | November 2022 | Impart two (2) Seminar-Workshops aimed at partners and key personnel of the auditing firms registered with the CPMCPH, with the purpose of socializing the Obligations of IFAC Member Bodies (SMO), the Code of Ethics published by IFAC and disseminating the new Quality Control Program | December 2022      | Board of Directors and Training Department of CPMCPH          |           |
| 7  | February 2023 | Restart the activities of the Special Technical Commission with the purpose of designing and disseminating guides for the implementation of the Quality Control Program by Firms.  | June 2023          | Special Technical Commission                                  |           |
| 8  | January 2023  | Publish and promote the Quality Control Program adopted by JUNTEC, through seminars and through the CPMCPH website.  | Permanent activity | Board of Directors of CPMCPH<br>Training Department of CPMCPH |           |



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|-------------------------------|--|
| <b>Action Plan Subject:</b>   | SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  |
| <b>Action Plan Objective:</b> | Promote and seek the incorporation of the International Education Standards (IES) in the curricula of the new accounting professionals of secondary education in our country |

### **Background**

Article 157 of the Constitution of the Republic of Honduras establishes that Honduran education at all levels, with the exception of higher education, shall be authorized, organized, directed and supervised by the Executive Branch, through the Ministry of Education.

In January 2012, the National Congress of the Republic issued the Basic Education Law (Legislative Decree 262-2011), through which a profound reform was made in the national education system. Based on this Law, in August 2012, the Ministry of Education issued Agreement No. 15155-SE-2012, which ordered the disappearance, as of 2012, of the Commercial Education course, through the Which was granted the title of EXPERT COMMERCIAL AND PUBLIC ACCOUNTANT, replacing the aforementioned degree by a Professional Baccalaureate in Accounting and Finance, whose program of studies differs substantially and is less demanding, from the technical point of view, than the curriculum By the former Mercantile Experts and Public Accountants. The curriculum of the new Baccalaureate in Accounting and Finance is not aligned with the International Education Standards (IES) issued by IFAC. It is hoped that the disappearance of the Commercial Education career will negatively affect CPMCPH membership as of 2017 and will reduce the skills and technical quality of new professionals, since the curriculum is less demanding in The technical aspect.

In September 2020, the CPMCPH received an email from the Secretary of Education, through which the authorities of said Secretary expressed their interest in reviewing, discussing and knowing the opinion of our School in relation to the academic content of the Plan. of Studies of the Baccalaureate career in Accounting and Finance. On February 5, 2021, a response was sent to the Ministry of Education, expressing the consent of the CPMCPH to discuss the issue and to be able to present our recommendations, so that in the short term the Ministry of Education initiates the pertinent actions so that the Plan of Studies referred to above could be aligned with the IES published by the IAESB. Finally, on February 5, 2021, through Official Letter 688-SE-2021, a negative response to our proposal was received from the Minister of Education.

Although it is true that in Honduras there is a Law of Professional Compulsory Membership (Decree No. 73) since 1962, CPMCPH, like most Honduran Professional Colleges, to accept new members does not require them any more than Present the certificate that accredits the degree of Commercial Expert and Public Accountant. This situation is because the CPMCPH does not have enough legal basis to request other requirements such as admission examination, a previous experience period or any other requirement that contributes to strengthen the professional quality of the new members. Currently, the Board of Directors of CPMCPH is analyzing the convenience or not, of accepting as affiliates the new Bachelors in Accounting and Finance.

In compliance with the rules for the Registry of External Auditors (RAE), the CNBS requires firms that perform audits of banks and other financial institutions that are affiliated with CPMCPH or COHPUCP. In Annex 1 of Circular CNBS-075/2011, the CNBS also establishes some basic requirements for independence, professional training and practical experience of the personnel of firms that audit financial institutions. Depending on the requirements they meet, audit firms are classified as "A"; "B", "C" and "D."

The CPMCPH has a free, voluntary and non-evaluated Continuous Training Program, which is not aligned with the requirements established in the International Education Standards (IES's) issued by IFAC. This program has been implemented as the purpose of contributing to the professional training of collegiate students; however, it is voluntary because CPMCPH does not have sufficient legal powers to convert it into a compulsory Continuing Education Program, in view of That the only requirement to practice the profession in Honduras is to possess the certificate of Public Accountant.



**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** Promote and seek the incorporation of the International Education Standards (IES) in the curricula of the new accounting professionals of secondary education in our country

| N° | Start Date    | Action  | Completion Date    | Responsibility                | Resources |
|----|---------------|---|--------------------|-------------------------------|-----------|
| 1  | March 2022    | Send a letter to the Secretary of Education, accompanied by the International Education Standards (IES) published by IFAC, with the purpose of recommending you to carry out a review and adaptation of the program of studies of the Bachelor's degree in Accounting and Finance, in order that In this program of study, the requirements established in IESs are gradually incorporated.                     | March 2022         | Board of Directors of CPMCPH  |           |
| 2  | January 2022  | Publish the electronic address of the IAESB on the CPMCPH website with the purpose of disseminating the HEIs, so that the authorities responsible for the educational processes of our country, the academic community, the business class and any other related population sector and/or or interested in the training of Honduran accounting professionals, may know the content and scope of said Standards. | Permanent Activity | Training Department of CPMCPH |           |
| 3  | February 2022 | Resume the elaboration, discussion and approval of the draft amendments to the Organic Law of the CPMCPH by the General Assembly of CPMCPH, with the purpose of adapting it to the circumstances that are currently required to regulate the practice of the Commercial Expert and Public Accountant.   | June 2022          | Board of Directors of CPMCPH  |           |
| 4  | August 2022   | To manage the approval of the reforms to the Organic Law of the CPMCPH before the National Congress of the Republic.  | December 2022      | Board of Directors of CPMCPH  |           |
| 5  | June 2022     | Strengthen, expand coverage and continue to develop its voluntary continuing education program by providing free courses and seminars to its affiliates.  | Permanent Activity | Training Department of CPMCPH |           |





**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB

**Action Plan Objective:** Disseminate and promote the mandatory application of the International Standards of Audit issued by the IAASB

### **Background**

In November 2004, the National Congress approved the Law on Accounting and Auditing Standards (Decree 189-2004), which came into force in February 2005. This Act establishes the Technical Board of Accounting Standards (JUNTEC), which was given the legal attribution of adopting the International Auditing Standards (NIAs) in Honduras, as of 2008. In July 2008, JUNTEC published Agreement No. 2 through Which approves the adoption and application of the International Standards on Auditing (NIA's), as of 2008, which must be applied by individual Public Accountants, as Offices or Audit Firms, when work is carried out Audit of financial statements and other attestation work.

Similarly, the National Banking and Insurance Commission (CNBS), in articles 12; 13; 21 and 23 of the Regulations for the Registration and Recruitment of Labor of the External Auditors (RAE), published by Resolution SB No. 392/03/03-2011 and Circular CNBS No. 075/2011, requires that the contracting, planning, Execution and supervision of the external audit work carried out in the institutions of the financial system, are conducted in accordance with ISAs.

Despite its formal adoption since 2008, the use of NIAs in our country to date remains very limited. At present, the application of the ISAs is performed almost exclusively by the large audit firms, however, significant efforts have been made in the dissemination of the ISAs and the need for its implementation has been understood and accepted. On the other hand, JUNTEC does not have the technical and financial capacity to carry out the supervision and monitoring of compliance with the Law on Accounting and Auditing Standards, as a result, at present, no monitoring is carried out on compliance with ISAs. On the other hand, the JUNTEC has not defined the procedure to follow to incorporate the changes that have occurred in the ISAs since 2008, the year in which the initial adoption was made in Honduras.

The responsibility of CPMCPH in relation to SMO 3 will focus on further disseminating the ISAs through courses and seminars given to its affiliates. Likewise, JUNTEC, of which the CPMCPH is an integral member, will be recommended to take the necessary actions to try to strengthen its operational capacity, so that it can adequately fulfill its main objective of monitoring compliance with the Law On Accounting and Auditing Standards. Likewise, it will be recommended and accompanied by the actions carried out by JUNTEC, so that, starting in 2017, the Board will define a procedure to be followed to adopt and incorporate the changes that will occur in the ISAs, which should be applied in the Conducting the audit of financial statements and other work to certify that they are carried out in Honduras.



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

**Action Plan Objective:** Disseminate and promote the mandatory application of the International Standards of Audit issued by the IAASB

| N° | Start Date     | Action   | Completion Date    | Responsibility                | Resources |
|----|----------------|--|--------------------|-------------------------------|-----------|
| 1  | January 2022   | Recommend and accompany JUNTEC so that it can design and implement a short-term Strategic Plan, which should be aimed at strengthening its technical and operational capacity, with the purpose of monitoring and demanding compliance with the ISAs in the conduct of construction works. audit, particularly in the cases of auditing the financial statements of those entities that have a public obligation to render accounts. | June 2022          | Board of Directors of CPMCPH  |           |
| 2  | January 2022   | Recommend to JUNTEC, that starting in 2022, it define a standardized procedure to identify, adopt, disclose and implement in a timely manner, the changes or modifications that occur in the ISAs by the IAASB.  | January 2022       | Board of Directors of CPMCPH  |           |
| 3  | January 2022   | Collaborate with JUNTEC, so that said organization periodically monitors the degree of compliance with the ISAs in our country.  | Permanent          | Board of Directors of CPMCPH  |           |
| 4  | January 2022   | Request to IFAC the pertinent information, with the purpose of analyzing the possibility of the CPMCPH to pay the respective rights and to obtain the authorization to use the official text of the NIAs published by IFAC, in order to develop its program of continuing education In matters of International Standards of Audit and Quality Control.  | February 2022      | Board of Directors of CPMCPH  |           |
| 5  | September 2022 | Conduct of two (2) courses on International Standards of Auditing (ISA's), with the participation of approximately eighty (80) collegiate auditors.  | October 2022       | Training Department of CPMCPH |           |
| 6  | January 2022   | Disseminate the ISAs and their updates among members affiliated with the Association, audit firms, universities and other sectors that affect the development of the profession.   | Permanent Activity | Training Department of CPMCPH |           |
| 7  | March 2022     | Coordinate actions and collaborate with JUNTEC to try to prepare some guides that facilitate the implementation of the NIA, particularly, in the audit of financial statements prepared based on the IFRS for SMEs.  | December 2022      | Special Commission of CPMCPH  |           |



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

**Action Plan Objective:** Adopt the Code of Ethics for Professional Accountants published by IFAC

### **Background**

The CPMCPH Organic Law (Decree 71-2004) empowers this institution to issue its own ethical standards and to sanction the improper professional conduct of its members.

Currently, CPMCPH has a Code of Ethics, which, while true, contains the basic principles of ethics, such as: objectivity, integrity, independence and confidentiality or professional secrecy, it is much less demanding and is far from the requirements established in the Code of Ethics for Professional Accountants, issued by IFAC.

In May 2022, the CPMCPH will submit for the consideration and approval of the General Assembly the adoption of the Code of Ethics published by IFAC in 2018, translated into Spanish in September 2019.

In relation to SMO 4, CPMCPH, as a member of IFAC, undertakes to adopt, as of 2022 the Code of Ethics for Professional Accountants published by IFAC in 2018, translated into Spanish in September 2019. The adoption of said Code will be submitted for approval by the CPMCPH General Assembly. Once the adoption is approved, the CPMCPH will carry out an intensive publicity campaign among its affiliates and other sectors directly related to the accounting profession.

Activities to be carried out by the CPMCPH, with the purpose of procuring compliance with the SMO 4:



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

**Action Plan Objective:** Adopt the Code of Ethics for Professional Accountants published by IFAC

| N° | Start Date    | Action   | Completion Date | Responsibility               | Resources |
|----|---------------|--|-----------------|------------------------------|-----------|
| 1  | January 2022  | Carrying out socialization and training events on the Code of Ethics for Professional Accountants published by IFAC and adopted by CPMCPH.<br>This activity will be complemented by activity 2 of SMO 1.   | March 2022      | Board of Directors of CPMCPH |           |
| 2  | Febraury 2022 | Request to IFAC the necessary information, in order to manage the possibility that the CPMCPH pay the respective rights and obtain authorization, to use the official text of the IFAC Code of Ethics, in order to continue with the continuing education program On issues of ethics and professional values. | June 2022       | Board of Directors of CPMCPH |           |



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

**Action Plan Objective:** Promote and accompany the implementation of IPSAS in the Public Sector

### **Background**

According to Article 4 of the Organic Budget Law of Honduras (Decree 83-2004), the Public Sector Financial Administration comprises the subsystems of budget, public credit, treasury and accounting, as well as mechanisms and internal control elements Incorporated therein.

Article 96 of the same Law establishes that the accounting subsystem will have the following objectives: Establish and maintain accounting plans and manuals that respond to a single accounting and information model that integrates financial transactions, both budgetary and equity, In accordance with Generally Accepted Accounting Principles and International Accounting Standards, applicable to the Public Sector."

In the meantime, article 102 establishes that the General Accounting Office of the Republic (CGR), dependent on the Ministry of Finance (SEFIN), is the Technical Organizing Coordinator of the Accounting Subsystem, therefore, it is the entity responsible for Standards and technical procedures of mandatory compliance, for the registration of the economic and financial operations of the Public Sector units.

Based on the legal provisions referred to above and considering that the Law on Accounting and Auditing Standards (Decree 189-2004) has a very particular scope of application on private sector entities and its main purpose is to establish the regulatory framework for Application of complete IFRS and IFRS for SMEs, but not for IPSAS. In 2012, SEFIN as an interested party, creates the Committee for the Adoption of International Accounting Standards applicable to the Public Sector (IPSAS).

In August 2014, JUNTEC reviewed the draft adoption of the IAS-SP prepared by SEFIN and despite its limited legal powers, once it agrees with the adoption project, JUNTEC issues resolution 60-08/2014, through which is adopted in Honduras by the IPSAS, as of 2017. The resolution was subsequently ratified by the CGR and by SEFIN through presidential agreement N° 223-2015.

In relation to SMO 5, the actions to be followed by the CPMCPH will consist of recommending to JUNTEC to define a monitoring plan on the implementation of the IPSAS. Likewise, permanent communication with the CGR will be maintained, with the purpose of knowing the degree of compliance with IPSAS. Likewise, the CPMCPH will provide the necessary accompaniment to the activities carried out by JUNTEC and the CGR for the implementation of the IPSAS. In addition, it will be recommended to JUNTEC to clearly define the version of the adopted IPSAS and to establish a specific procedure for adopting and incorporating in a timely manner the changes that IFAC introduces to those Standards.



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

**Action Plan Objective:** Promote and accompany the implementation of IPSAS in the Public Sector

| N° | Start Date   | Action  | Completion Date | Responsibility                      | Resources |
|----|--------------|---|-----------------|-------------------------------------|-----------|
| 1  | January 2022 | As a member of JUNTEC, the CPMCPH will send a letter to said Board, with the purpose of recommending that it establish a monitoring and evaluation plan on the degree of compliance of the IAS-SP, by Public Sector companies that Present financial statements.  | January 2022    | Board of Directors of CPMCPH        |           |
| 2  | January 2022 | Recommend to JUNTEC that, starting in 2022, it define the procedure it will use to timely update, adopt and implement the changes or modifications that occur in the IAS-SP   | January 2022    | Board of Directors of CPMCPH        |           |
| 3  | January 2022 | Request IFAC the information from the case, in order to analyze the possibility that the CPMCPH will pay the respective rights and obtain the authorization to use the official text of the IPSAS's issued by IPSASB, in order to continue the program of continuing education in subjects of International Public Sector Accounting Pronouncement. | January 2022    | Board of Directors of CPMCPH        |           |
| 4  | June 2022    | Coordinate actions with the General Accounting Office (CRG) and the Superior Court of Accounts (TSC), with the purpose of carrying out a campaign of diffusion of the IAS-SP in the companies of the Public Sector.   | December 2022   | Administrative Department of CPMCPH |           |



**Action Plan Subject:** SMO 6–Investigation and Discipline

**Action Plan Objective:** To strengthen the research and discipline processes for those who engage in inappropriate professional conduct

### **Background**

Article 31 of the Organic Law of CPMCPH provides that the Court of Honor of the College is the internal body responsible for knowing, investigating and recommending the sanctions that should be applied to those members who engage in inappropriate professional conduct. Likewise, both the Code of Ethics and the Sanctions Regulation approved by the General Assembly of the College establish the circumstances that may lead to the application of sanctions and the classification of sanctions, in accordance with the seriousness of the sanctions. Faults committed.

Notwithstanding the above, to date the Court of Honor has acted only when some interested person has filed a complaint against a collegiate. In these circumstances, the work of investigation and discipline, practically does not exist, therefore, the function of the Court of Honor, today, is reduced to a role of conciliator between the parties.

In order to comply with SMO 6, the CPMCPH's commitment and responsibility will be directed to creating and implementing an adequate procedure for investigating the professional performance of its members and imposing the corresponding sanctions, when there is evidence of inadequate professional conduct of the members School. The Sanctions Regulation will be revised in order to align it with the requirements of the SMO N° 6. This would be complemented by the adoption of the IFAC Code of Ethics discussed in SMO No. 4.



**Action Plan Subject:** SMO 6–Investigation and Discipline

**Action Plan Objective:** To strengthen the research and discipline processes for those who engage in inappropriate professional conduct

| N° | Start Date     | Action  | Completion Date   | Responsibility                      | Resources |
|----|----------------|---|-------------------|-------------------------------------|-----------|
| 1  | June 2022      | To request the Court of Honor of the CPMCPH that, simultaneously with the adoption of the IFAC Code of Ethics, to proceed to elaborate a new Regulation that establishes the procedures for the systematic investigation of the professional conduct of members of the CPMCPH and the application of the measures Disciplinary, in accordance with the guidelines established in SMO 6. | Septiembre 2022   | Court of Honor of CPMCPH            |           |
| 2  | September 2022 | Review and approval of the new Regulations for the investigation of the inappropriate professional conduct of the members and the application of the corresponding disciplinary measures.   | October 2022      | Board of Directors of CPMCPH        |           |
| 3  | May 2023       | Approval of the new regulation by the General Assembly of the CPMCPH, which would apply from 2018.  | May 2023          | Assembly General of the CPMCPH      |           |
| 4  | June 2023      | Disseminate through the CPMCPH website, the Sanctions Regulation and the methodology to be used to carry out the research and disciplinary processes.   | Permanet Activity | Administrative Department of CPMCPH |           |





**Action Plan Subject:** SMO 7—International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Promote and support the implementation of the full International Financial Reporting Standards (IFRS) and the IFRS for SMEs

### **Background**

In February 2005, Legislative Decree 189-2004 was published, whereby the National Congress of Honduras approved the adoption and implementation of the complete International Financial Reporting Standards (IFRS), based on the financial statements that began on December 1, Of January 2008. The Technical Board of Accounting and Auditing Standards (JUNTEC), the exclusive body responsible for carrying out the process of adoption of IFRS in Honduras, is hereby created.

In December 2007, through Legislative Decree 186-2007, amendments were introduced to the Law on Accounting and Auditing Standards, through which the deadline for the adoption of complete IFRSs was modified. In this reform, it was defined that the adoption of IFRSs would be carried out gradually during the years from 2008 to 2011. For that purpose, JUNTEC issued Agreement No. 3. Finally, in 2010, JUNTEC repealed the Agreement No. 3 and issued Resolution JUNTEC 01/2010, which establishes that effective adoption of the complete IFRS and the IFRS for SMEs will be carried out from 2012, establishing 2011 as the year of transition. Banking and other institutions of the financial system, which according to Resolution SB No. 2496 / 16-12-2013 and Circular SBO No. 9/2016, issued by the National Banking and Insurance Commission (CNBS), whose adoption and implementation Of full IFRSs will be from 2016.

In order to promote compliance with SMO 7, the CPMCPH, which is an active member of JUNTEC, will recommend and accompany the activities carried out by JUNTEC in order to strengthen its technical and operational capacity to monitor and enforce compliance with the IFRS. Preparation and presentation of financial statements. In addition, JUNTEC will be asked to define, from 2022, the procedure that the institution will follow to adopt and incorporate the changes that the IFRS Foundation is permanently performing in IFRS.

In addition, CPMCPH will continue with its training program on IFRS, especially the IFRS for SMEs, with the purpose of disseminating these Standards and keeping its members updated on this matter.



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

**Action Plan Objective:** Promote and support the implementation of the full International Financial Reporting Standards (IFRS) and the IFRS for SMEs

| N° | Start Date   | Action  | Completion Date    | Responsibility                    | Resources |
|----|--------------|---|--------------------|-----------------------------------|-----------|
| 1  | April 2022   | Request JUNTEC to define, from 2022, the procedure it will use to update, adopt and implement, in a timely manner, the changes and / or modifications that the IFRS Foundation introduces in complete IFRSs and the IFRS for SMEs.  | April 2022         | Board of Directors of CPMCPH      |           |
| 2  | April 2022   | Request the IFRS Foundation the corresponding information, with the purpose of obtaining the authorization and paying the respective rights, for the use of the official text of the complete IFRS and the IFRS F for SMEs, with the purpose of continuing to develop the College's continuing education program. | April 2022         | Board of Directors of CPMCPH      |           |
| 3  | January 2022 | Collaborate with JUNTEC, for this organization to permanently monitor the degree of compliance with IFRS in our country.  | Permanent activity | Board of Directors of CPMCPH      |           |
| 4  | July 2022    | Continue with the training program on IFRSs, especially on the IFRS for SMEs and the amendments to those Standards, which came into effect in 2017.   | Permanent activity | Training Department of the CPMCPH |           |

### Main Requirements of SMO 6

| Requirements   | Y        | N        | Partially | Comments  |
|--|----------|----------|-----------|---|
| <b>Scope of the System</b>   |          |          |           |   |
| 1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.           |          |          | <b>X</b>  | Both the CPMCPH and the COHPUCP have a Court of Honor, whose function is to know and punish inappropriate professional conduct. However, this instance works only if someone affected files a complaint against a collegiate. This Tribunal functions as a conciliatory body. |
| 2. Information about the types of misconduct which may bring about investigative actions is publicly available.                  |          | <b>X</b> |           |   |
| <b>Initiation of Proceedings</b>   |          |          |           |   |
| 3. Both a “complaints-based” and an “information-based” approach are adopted.  |          |          | <b>X</b>  | The investigation is only conducted when a complaint is filed.  |
| 4. Link with the results of QA reviews has been established.   |          | <b>X</b> |           |   |
| <b>Investigative Process</b>   |          |          |           |   |
| 5. A committee or similar body exists for performing investigations.   | <b>X</b> |          |           | Court of Honor of CPMCPH and the COHPUCP.   |
| 6. Members of a committee are independent of the subject of the investigation and other related parties.                         | <b>X</b> |          |           |   |
| <b>Disciplinary Process</b>  |          |          |           |   |
| 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee. | <b>X</b> |          |           | Board of Director of the CPMCPH.  |
| 8. Members of the committee/entity include professional accountants as well as non-accountants.                                  |          | <b>X</b> |           | No. Only professional accountants who are members of the CPMCPH with the advice of a lawyer.  |
| 9. The tribunal exhibits independence of the subject of the investigation and other related parties.                             | <b>X</b> |          |           |   |
| <b>Sanctions</b>   |          |          |           |   |
| 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include             | <b>X</b> |          |           |   |



| Requirements  | Y        | N        | Partially | Comments                     |
|---|----------|----------|-----------|------------------------------|
| (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.                |          |          |           |                              |
| <b>Rights of Representation and Appeal</b>  |          |          |           | The CPMCPH General Assembly. |
| 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.                       | <b>X</b> |          |           |                              |
| <b>Administrative Processes</b>   |          |          |           |                              |
| 12. Timeframe targets for disposal of all cases are set.  |          | <b>X</b> |           |                              |
| 13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.                       |          | <b>X</b> |           |                              |
| 14. Records of investigations and disciplinary processes are established.   |          | <b>X</b> |           |                              |
| <b>Public Interest Considerations</b>   |          |          |           |                              |
| 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction. |          | <b>X</b> |           |                              |
| 16. A process for the independent review of complaints on which there was no follow-up is established.                                    |          | <b>X</b> |           |                              |
| 17. The results of the investigative and disciplinary proceedings are made available to the public.                                       |          | <b>X</b> |           |                              |



| Requirements  | Y | N | Partially | Comments |
|---|---|---|-----------|----------|
| <b>Liaison with Outside Bodies</b><br>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.                       |   | X |           |          |
| <b>Regular Review of Implementation and Effectiveness</b><br>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented. |   | X |           |          |