

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

1. The legal and regulatory environment for the profession;
2. The status of adoption of international standards and best practices in the jurisdiction; and
3. The level of a Member's or Associate's fulfillment of IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (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. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have different timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

Regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#).

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 affect 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.

Use of Information

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

ACTION PLAN

IFAC Member: Conselho Federal de Contabilidade (CFC)

Approved by Governing Body: Board of Directors















Original Publish Date: March 2019

Last Update: September 2022

Next Update: September 2025

IFAC's Summary Assessment: PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

	PAO Level of Responsibility for Adoption	Adoption Status as of 2022	Level of SMO Fulfillment as of 2022
QA / SMO 1	Shared	 Partially Adopted	 Review & Improve
IES / SMO 2	Shared	 Partially Adopted	 Review & Improve
ISA / SMO 3	Direct	 Adopted	 Sustain
IESBA / SMO 4	Direct	 Partially Adopted	 Execute
IPSAS / SMO 5	Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Sustain
IFRS / SMO 7	Direct	 Adopted	 Sustain

Attestation of SMO Compliance

The **Conselho Federal de Contabilidade (CFC)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the **CFC** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute* the **CFC** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **CFC**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication 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.

Glossary

BCB	Central Bank of Brazil
CFC	Federal Council of Accounting
CNA	IBRACON Auditing IBRACON Auditing Standards Committee
CNNT	IBRACON National Technical Standards Commission
CPC	Accounting Statements Committee
CRC	Regional Council of Accounting
CRE	Managing of Quality External Review Program Committee
CVM	Security Exchange Commission
GEs	Study Group
GTs	Work Groups
IAASB	International Auditing and Assurance Standards Board
IASB	International Accounting Standards Board
IBRACON	Brazilian Institute of Independent Auditors
IESBA	International Ethics Standards Board for Accountants
IES	International Education Standards
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISAES	International Standards on Assurance Engagements
ISQC	International Standard on Quality Control
ISRE	International Standards on Review Engagements
LCE	Less Complex Entities
MEC	Ministry of Education
NBC	Brazilian Accounting Standards
NBC P	Brazilian Professional Accounting Standards for the Independent Auditor
NBC TSP	Brazilian Technical Accounting Standards Applied to the Public Sector
NPO	Standards and Statements from Other Assurance Services
PREVIC	National Superintendence for Complementary Pensions
STN	National Secretariat of the Treasury
SUSEP	Private Insurance Superintendence

ONGOING ACTIONS

Subject of the Action Plan: Overall Information on the Action Plan for Brazil

Objective of the Action Plan: Establishment of Structures and Mechanisms to implement the Action Plan in the country for convergence of International Standards.

<u>Item</u>	<u>Start</u>	<u>Actions</u>	<u>Term</u>	<u>Responsible</u>	<u>Resources</u>
<p><i>Background:</i></p> <p>Since 2005, CFC and IBRACON have been working together on a plan for convergence of International Standards, known as the Convergence Plan in Brazil, which is comprised of CFC and IBRACON members aiming at seeking convergence between the Brazilian Standards to IFRSs, ISAs, ISAEs, ISREs, and IPSASs. Currently, the majority of the convergence actions have been implemented, including full harmonization of Accountants Code of Ethics with the International Code of Ethics, remaining only specific procedures, such as IPSASs implementation and training. The Brazilian Accounting Standards are in conformity with the IFRSs after issuance of standards by the CPC and approval by the major regulatory agencies (CFC, CVM, SUSEP, BCB (partially). Auditing, Assurance, Review, and Correlated Services are also equivalent to the ISAs since the issuance of, by the CFC, the corresponding Brazilian Accounting Standards (NBCs). The convergence of the IPSAS have been done gradually for the sector public entities through implementation of the Brazilian Accounting Standards for the Public Sector – NBC TSP, which are aligned to the IPSASs. CFC and IBRACON have been reinforcing actions concerning professionals’ capacity-building for adoption of IFRSs for SMEs which had its amendments translated and adopted in 2016. Considering the large number of firms in Brazil and the number of accounting professionals who are affected by such standard, trainings are necessary to improve professionals’ competences in this subject. Regional Councils of Accounting (CRCs) are promoting a lot of panels, seminars and trainings in order to disseminate the standards.</p> <p>Auditors are regulated by CFC. In addition, auditors serving entities regulated by certain market regulators are also subject to their regulation as well, including listed companies and mutual funds (CVM), financial institutions (BCB), insurance companies (SUSEP) and supplementary pension plan funds (Previc).</p>					
<p><i>Convergence – Action Plan Project</i></p>					
1.	8/31/2007	Review of the Action Plan defined herein.	Ongoing	Convergence Coordinating Team	Own Resources, with 4 representatives from CFC and IBRACON
2.	8/31/2007	Convergence Review and approval by the Managing Committee in Brazil.	Ongoing	Convergence Coordinating	Own Resources, with 3 representatives from CFC and IBRACON

<u>Item</u>	<u>Start</u>	<u>Actions</u>	<u>Term</u>	<u>Responsible</u>	<u>Resources</u>
				Team and Managing Committee	

Subject of the Action Plan: SMO 1 - Quality Assurance

Objective of the Action Plan: Improvement of the quality review

Note: Completed actions are presented at the end of this SMO Action Plan

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
<p>Background:</p> <p>In 1999, the CVM issued Instruction No. 308 to regulate the Independent Auditor's profession in the capital market, including among other requirements, an external review assurance system. Resolution CVM 23/21 reedited the requirements of Instruction 308/99, including peer review. Brazil became, consequently, the first Latin American country to set up an external quality assurance system (QA), introduced in 2001 as a peer review system. The system is managed by the External Quality Review Managing Committee Program (CRE), comprised by representatives from CFC and IBRACON, with CVM, PREVIC and SUSEP as observers. The system is based on the National Auditing Standards, issued by CFC, which is aligned with international standards. Since its establishment, CFC and IBRACON have reviewed the program periodically, including analysis of its conformity with SMO 1. This external quality control system is applied to auditing firms working in the capital markets, finance market, and in insurance companies. The review is carried out by other firms, in conformity with the requirements and standards set up by the CRE, which include the description of scope and the design of the quality assurance program and related procedures, followed by undertaken evaluations. The objectives of these external evaluations are targeted to get a reasonable assurance that the firm's audit work under review is in accordance with the Brazilian Auditing Standards. The Peer Review Program already in place requires reviews every 4 years. Significant numbers of auditors or audit firms are in a cycle shorter than 4 years, since reviews with qualified reports are automatically rescheduled for the following year. It is important to highlight that CVM required rotation of audit firms for the Brazilian listed companies in 2012. The rotation cycle is of five years, except if the company establishes an auditing committee in its articles of incorporation in accordance with CVM specific requirements, then the rotation term is of ten years. From 2012 to 2021, CRE with the support of CFC and IBRACON has offered thirty seven training and workshop sessions to members of peer review process. In 2017, the standard was revised, including: participation of regulators as observers, definition of the advisory group's roles and activities and detailed disclosure of the review process and results. The revised standard became effective in 2019.</p>					
<i>Review Cycle</i>					
1.	1/01/13	Carrying out studies and evaluating the impact of change for the next cycle, creating different cycles for audit firms that audit public companies effectively (3 years) and audit firms that do not audit public companies (4 or 6 years). The effective changing depends on the negotiation with other market players, including the regulator of the capital market		CFC and CRE Technical VP	Own resources 13 representatives

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		(CVM). This action is maintained at hold since it requires extensive negotiation with other regulators. In 2019, CFC created the Cadastro Nacional dos Auditores Independentes Pessoa Jurídica (CNAI-PJ), a voluntary register of audit firms providing services to non-PIEs. This new certificate could be an indicator for the period of quality reviews.			
<i>Maintenance of the Ongoing Process</i>					
2.	Ongoing	Review of the External Quality Control System (QA) in a continuous basis comparing to the best international practices of the SMO1. This includes plans of re-evaluation and updating the Action Plan, if necessary. In the second semester of 2012, CFC has constituted a working group to review the current resolution on the peer review system aiming to align its structure and operation to the best international practices. The new system became effective in 2019. Next steps for the revision process include incorporating Quality Management and LCE Standards requirements.	Ongoing	CFC/IBRACON Chairmen, with CFC Technical VP and IBRACON Technical Director	Own Resources – 4 representatives
<i>Review of CFC & IBRACON's Compliance Information</i>					
3.	09/2013	Perform periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary, informing IFAC any changes, permitting IFAC staff to republish updated Action Plan, if applicable.	Ongoing	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources - 3 CFC and IBRACON representatives

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the System 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	Y			
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Y			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	Y			ISQM 1 and 2 adoption will be required from 2023.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			
Review Cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y			As established in NBC PA 11 if there are specific problems reported by the Reviewer in the last review, the CRE may decide to determine shorter periods for review in the Revised work. The External Quality Review Committee may also, as a result of specific problems that may be identified in the Reviewer, decide to include it in the review program of the same or the following year, or to determine shorter periods for your review.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Y			The Peer Review Program already in place requires reviews every 4 years. Significant numbers of auditors or audit firms are in a cycle shorter than 4 years already, since reviews with qualified reports are automatically rescheduled for being reviewed again in the following

Requirements	Y	N	Partially	Comments
				year. The average period of assessment in the last cycle (2019 to 2022) is 2.91 years.
QA Review Team 7. Independence of the QA Team is assessed and documented.	y			The Review is made by another audit firm.
8. QA Team possesses appropriate levels of expertise.	Y			
Reporting 9. Documentation of evidence supporting the quality control review report is required.	Y			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y			
Corrective and Disciplinary Actions 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y			
12. QA review system is linked to the Investigation and Discipline system.	Y			
Consideration of Public Oversight 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Y			

Requirements	Y	N	Partially	Comments
Regular Review of Implementation and Effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	Y			

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

Objective of the Action Plan: Concordance with the IESs

Note: Completed actions are presented at the end of this SMO Action Plan

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>In Brazil, having an university degree is the primary requirement to access the accounting profession, which takes place by means registration in the Regional Councils of Accounting after being approved in a sufficiency exam. Professionals who work as Independent Auditors are subject to fulfill the requirements of the CFC standard related to Continuous Professional Development. The Ministry of Education regulates the contents of curricula of undergraduate courses in Accounting Sciences. In Brazil, it is the competence of the Ministry of Education to regularize education in the country. Approval of Bill 12,249/10, which changed some clauses of the law governing CFC (Decree-Law 9,295/46), brought, in addition to recognize the profession, the mandatory Sufficiency Exam to exercise the accounting profession in Brazil. Accounting professionals in Brazil will be able to be an accountant after (I) regular completion of the Bachelor's Degree in Accounting Sciences, in an institution recognized by the Ministry of Education, (II) being approved in Sufficiency Exam, and (III) registration in the Regional Council of Accounting, whose jurisdiction he is subject. IBRACON, CFC, other Accounting Institutions and the Brazilian Universities developed one of the Latin Americas most advanced continued education project. The CFC participates in the process of authorization, recognition of authorization, recognition and renewal of course recognition in the accounting area, issuing an opinion that subsidizes the MEC in the course recognition process. In May 2022, CFC promoted a public consultation to collect inputs in order to propose amendments to the curricula of undergraduate courses in Accounting Sciences and present them to MEC.</p> <p>Accounting professionals who works as Independent Auditors in the capital, financial, insurance markets and complementary pension funds, need to be approved in the Technical Qualification Exam (EQT), and, since 2002, they also must fulfill a minimum continued education requirement. The time spent in education activities is converted into credits that are yearly informed to CRC/CFC. One current challenge is implementing educational requirements not only for auditors, but for professionals who prepares accounting statements as well, in order reinforce the convergence process and the quality communication process. The current CPD Standard states that professionals who prepares accounting statements such as accountants of public interest entities and those providing services to companies participating in the securities market, closed pension funds and companies with a turnover over R\$78 million must fulfill a minimum number of credits. CFC is planning to gradually include those requirements to other professional accountants.</p> <p>The International Standard of Education (IES) No. 5 requires that prior to registration of an accountant it is required practical experience. Given the current educational system in Brazil and the respective legal framework, there is a legal impediment for CFC to set this requirement. In this regard, we clarify that the pedagogical project of the undergraduate courses in Accounting Sciences in Brazil, in its majority, has the supervised internship (part-time work with legal provision determining the maximum hours of work) which provides practical experience to the students. In addition, the majority of the students enters into the working market even before the undergraduate coursework is finished.</p>			

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
<i>Development of approximation plan to Academic Entities</i>					
1.	February 2008	Communication activities targeted to disseminate the Convergence Plan in the academic environment.	Ongoing	CFC and Managing Committee Professional Development Chairman and VP	Own Resources - 4 CFC representatives
<p><i>Maintenance of the Ongoing Process</i> Please clarify is there in any timeline to adopt IES 8. If yes, please consider include an specific action</p> <p>The actions foreseen on IES 8 go beyond the regulatory competence of the CFC. The Ministry of Education established the rules related to education in the country. However, CFC has sought to align actions with the competent Ministry to enable the adoption of IES 8.</p>					
2.	7/13/2009	To follow up issued International Educational Standards and ensuring their dissemination in Brazilian academic environment and working for its adoption by educational institutions.	Ongoing	CFC Professional Development VP	Own Resources
3.	01/11/2011	To undertake studies, through establishment of own commission, aiming at expanding the requirements for all accountants, supported by a change in the governing legislation that took effect in 2010, initially and gradually considering accountants working in regulated entities. The discussions were initiated in the second semester of 2012 in the Brazilian accounting system by CFC with conclusions of those studies estimated to the end of 2014. A new professional standard that extends the mandatory continuing education program for accountants who act as prepares of the financial statements or that oversee the preparation of financial statements for public interest entities (listed companies, mutual funds, financial institution, insurance companies and large entities as defined by relevant law) was placed in a public audience in September 2014 and issued in 2015, subjecting accountants of public interest entities to fulfill a minimum number of CPD credits. CFC is planning to spread	Ongoing	CFC Technical VP and Professional Development VP	Own Resources

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>gradually those requirements to other professional accountants. Our advice would be to make more emphasis on this activity, establishing a timeline and activities</p> <p>Yearly, CFC has included several segments of the Brazilian accounting class in the scope of Continuing Education. Public accountants will be included in the program gradually. Currently, the independent auditors working in the markets regulated by the CVM, BCB, Susep and Previc, as well as the professionals responsible for the preparation of the financial statements of the companies considered large (according to Law 11,638/07) are required to comply with continuing education. From 2018 on, it is intended to include the technical Heads of the accounting organizations within the scope of NBC PG 12. As for 2021, accountants of closed pension funds became obliged to CPD requirements. CFC is planning to gradually include those requirements to other professional accountants.</p>			
4.	07/13/2009	Periodic review of the standards and continuous debate to ensure that new and reviewed Standards in auditing, accounting, and ethics has been incorporated in the educational and training requirements in Brazil.	Ongoing	CFC Professional Development VP	Own Resources
<i>Review of CFC's Compliance Information</i>					
5.	09/2013	<p>Perform periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary, informing IFAC any changes permitting IFAC staff to republish updated Action Plan.</p> <p>The Convergence Managing Committee shall hold periodic reviews every four months from January/2014.</p>	07/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources - 3 CFC and IBRACON representatives

Subject of the Action Plan: SMO 3 - International Standards and Other Pronouncements Issued by the IAASB

Objective of the Action Plan: To ensure Ongoing Convergence to ISAs and other IAASB Statements

Note: Completed actions are presented at the end of this SMO Action Plan

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
<p><i>Background:</i> CFC and IBRACON agreed in 2007 to converge Brazilian Auditing Standards to the international standards for auditing, assurance, and other related standards issued by the IAASB. This decision is also aligned to BCB's view that accounting statements from financial institutions should be prepared, in 2010, in accordance with the IFRS and audited according to the ISAs. This convergence was applicable first for audits of public interest entities with periods ended from January 1, 2010. Small and medium size audits implemented the converged Auditing Standards for audits in periods initiated in or after January 1, 2012, with early adoption permitted. We fully adopted standards issued in 2017 by IAASB, such as ISA 701 and amendments of 700, 705, 706 and other standards related to the new auditor's report. The translation of very important amendments of standards issued recently like ISA 540, ISA 315 and other conforming amendments was made. All audits are performed under current version of ISAs.</p> <p>The Brazilian Auditing Standards effective in Brazil are those included in the 2020 handbook.</p>					
<i>Implementation of ISAs for SMPs</i>					
1.	Ongoing	Provide training sessions for Small and Medium Size firms auditing professionals.	Ongoing	CFC/IBRACON Professional Development VP	Own Resources
<i>Maintenance of the Ongoing Process</i>					
2.	Ongoing	Follow up and review of statements according to IAASB work program, and updating of the Action Plan for future activities, whenever necessary.	Ongoing	IBRACON and CFC Technical VP	Own Resources 12 IBRACON and CFC members
3.	2016	We fully adopted standards issued in 2017 by IAASB, such as ISA 701 and amendments of 700, 705, 706 and other standards related to the new auditor's report.	01/2017	IBRACON and CFC	Own Resources
4.	2016	Provided 40 training sessions related to the new auditor's report.	2016/2017	IBRACON and CFC	Own Resources

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>As for the Continuing Vocational Education Program, it follows the link with the courses / events promoted by IBRACON.</p> <p>As well as all courses and events promoted by the CFC approved training companies.</p>			
5.	2016	Promoted or participated in 10 panels, conferences, workshop to regulators, investor, market in general, presenting the new auditor's report, its main changes, benefits, people affected, necessary actions, interaction, communication, etc.	2016/2017	IBRACON and CFC	Own Resources
6.	2021	The translation of ISQM 1, ISQM2 and very important amendments of standards issued recently like ISA 240, ISA 540, ISA 315 and other conforming amendments. Ibracon and CFC promoted or participated in 5 training sessions related to the new Quality Management Standards.	2023	IBRACON and CFC	Own Resources
<i>Review of CFC's Compliance Information</i>					
7.	09/2013	Perform a periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary and reporting them to IFAC so the staff can proceed with the publication of the updated Action Plan.	07/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources 2 people

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

Objective of the Action Plan: Convergence and Implementation of IFAC Code of Ethics

Note: Completed actions are presented at the end of this SMO Action Plan

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
<i>Background:</i>					
<p>Convergence Managing Committee activities throughout 2010 were concentrated in education and in communication of IESBA revised Code of Ethics, carrying out a comparison between codes, targeting dissemination of the IESBA Code among Brazilian professionals. The goal was full convergence in Brazil and implementing the IESBA revised Code in 2012, having set a sound educational basis during 2010 and 2011. With the objective of converging the Brazilian Technical and Professional Auditing Standards to the international standards for auditing, assurance, and other related standards, in 2010, the Brazilian Ethics Standard was compared to the IESBA Code – Section 8, updated in 2009 to eliminate identified gaps. During 2013 and 2014, CFC and IBRACON completed the convergence project of the IESBA Code, adopting a Code of Ethics fully aligned to it on March 25, 2014. In July 2017, the Noncompliance with Law and Regulation standard became effective, however this could not be fully adopted as certain requirements are not aligned to Brazilian legislation. In September 2017, CFC issued Resolution 1,530, which obliges professional accountants and auditors to report transactions that may be involved in money laundering and occultation of property, rights and values.</p>					
<i>Incorporation of IESBA Code of Ethics</i>					
1.	November 2010	Complete final analysis of converged Code of Ethics.	12/31/12	CFC Plenary and IBRACON members	Own Resources
2.	12/31/12	CFC issued the sessions 100, 200 and 300 of the Code of Ethics, and Professional Standards in Accounting March 25, 2014.	03/25/14	CFC Plenary	Own Resources - 27 CFC Plenary representatives
3.	Ongoing	<p>Development of a plan for education, training, promotion and dissemination of the revised Brazilian Code of Ethics. This plan will include detailed activities to be implemented, such as communication to all Brazilian accountants, the inclusion in every accounting event agenda, communication with regulating agencies, etc.</p> <p>It would be beneficial to include some examples of training by providing links or technical notes (articles) of the events</p>	2015 and 2016	CFC Technical VP and IBRACON Technical Director	Own Resources – CFC and IBRACON representatives

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		As for the Continuing Education Program, it follows all courses and events promoted by the CFC approved training companies.			
<i>Maintenance of the Ongoing Process</i>					
4.	Ongoing	Monitor changes in IESBA Code of Ethics to proceed proper translation, debates, reviews and subsequently approve these changes issuing new sections of the Brazilian Code of Ethics or amending those existent when necessary. Follow up on IESBA work and update the Action Plan, if necessary.	Ongoing	CFC Technical VP and IBRACON Technical Director	Own Resources
5.	10/2016	<p>Translation and analysis of the new edition of the IESBA Code including the new Sections 225 and 360 addressing professional accountants' responsibilities when they become aware of non-compliance or suspected non-compliance with laws and regulations (NOCLAR) committed by a client or employer and consequential and conforming changes made to Sections 100, 140, 150, 210, and 270 of the Code. CFC and IBRACON plan to finish this analysis in the first semester of 2017, so those changes can be effective on July 15, 2017.</p> <p>The CFC and Ibracon are making efforts to change Brazilian legislation so that it is possible to adopt the NOCLAR in Brazil. This point has already been the subject of a letter sent to IFAC, issued by Ibracon.</p>	11/2016	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>Another challenge for this change are the the regulation guidance issued by the Financial Activities Control Council (Coaf), especially in the aspects related to money laundering.</p> <p>The interactions activities that CFC has maintained with other regulators and members of the Legislative power aims to improve relations between the public administration and the private sector, thus serving the public interest.</p>			
6.	11/2016	Promoted an outreach about NOCLAR in collaboration with IESBA that included multiple stakeholders in Brasilia and São Paulo.		Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources
7.	01/2019	Translation and analysis of the Final Pronouncement - The Restructured Code and amendments made in Part 4A.	05/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources
<i>Review of CFC's Compliance Information</i>					
8.	09/2013	Perform a periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary and reporting them to IFAC so the staff can proceed with the publication of the updated Action Plan.	05/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources

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

Objective of the Action Plan: Promoting use of IPSASs in the Public Sector

Note: Completed actions are presented at the end of this SMO Action Plan

<u>#</u>	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
<p><i>Background:</i></p> <p>The attribution of the Convergence Managing Committee is to guide the Brazilian convergence process on the International Public Sector Accounting Standards (IPSAS) applied to the Public Sector issued by the IPSASB. This decision was made with deep involvement of Brazilian government representative to ensure all Brazilian the states' commitment. Implementation will be carried out gradually for federal, state and municipalities after the consolidation of the Brazilian accounting standards for the public sector – NBCT SP, which are aligned to the IPSAS.</p> <p>The STN publishes the MCASP summarizing procedures that should be adopted gradually based on the NBC TSP and the PCASP which is the plan that the entire public sector should apply in Accounting activities (federal, state governments, municipal and public bodies. The convergence is taking place in phases and all standards will be adopted in 2021, to be fully adopted in 2024.</p> <p>Beginning in 2017, a <i>gradual adoption began</i> as follows:</p> <ul style="list-style-type: none"> • In 2017, the IPSAS framework was established and 5 IPSAS were translated into Portuguese; • During 2017 and 2018, 15 IPSAS were translated and will be effective from 2019; • In 2019, 5 IPSAS were translated and will be effective from 2021; • In 2020, 3 IPSAS were issued. IPSAS 18 and 22 will be effective by 2022 and IPSAS 42 will be effective from 2024. • In 2021, 4 IPSAS about financial instruments were issued and will be effective from 2024; • CFC will issue IPSAS 43 – Leases in 2022. • New IPSAS issued by IPSASB since 2016 will be translated and adopted by 2022; and • Amendments to the standards already adopted will be translated during the year of issuance and become effective in the following year. <p>The Committee is also responsible for the dissemination of the knowledge, research, handbooks, mailing, and training as well.</p>					
<i>Dissemination and training of IPSAS to Accounting Professionals working in the Brazilian Public Sector</i>					
1.	6/30/2012 Completed	Availability of IPSAS, in printed (books) and digital formats. In June/2012 the digital version was made available. In August/2012, the free distribution of the printed version was initiated.	Concluded in August/2012	CFC Technical VP	Own Resources

#	Start Date	Actions	Completion Date	Responsible	Resources
2.	Ongoing	The most recent versions of the standards are the ones considered to undertake IPSAS training sessions for accountants from state and government entities.. The working group in charge of it has reviewed the planning for undertaking IPSAS training sessions, prioritizing the free distribution of the Standards's translated versions and among the stakeholders.	Ongoing	CFC Professional Development VP and Technical VP	Own Resources
<i>Enforcement of Brazilian Accounting Standards Applied to the Public Sector (NBC TSPs) Converged to the International Standards (IPSASs)</i>					
3.	12/30/2016	<p>The framework and 5 IPSASs were translated in 2016 being effective from 2017.</p> <p>By December 2021, CFC had already achieved the convergence of the conceptual framework and a further 34 IPSAS, as described below:</p> <p>NBC TSP EC - Conceptual Framework NBC TSP 01 Receita de Transação sem Contraprestação – IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) NBC TSP 02 Receita de Transação com Contraprestação – IPSAS 09 Revenue from Exchange Transactions NBC TSP 03 Provisões, Passivos Contingentes e Ativos Contingentes – IPSAS 19 Provisions, Contingent Liabilities, Contingent Assets NBC TSP 04 Estoques – iPSAS 12 Inventories NBC TSP 05 Contratos de Concessão de Serviços Públicos: Concedente – IPSAS 32 Service Concession Arrangements: Grantor NBC TSP 06 Propriedades para Investimento – IPSAS 16 Investment Property NBC TSP 07 Ativo Imobilizado – IPSAS 17 Property, Plant and Equipment</p>	Concluded in 2021	CFC	Own Resources

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>NBC TSP 08 Ativo Intangível – IPSAS 31 Intangible Assets</p> <p>NBC TSP 09 Redução ao Valor Recuperável de Ativo Não- Gerador de Caixa – IPSAS 21 Impairment of Non-Cash-Generating Assets</p> <p>NBC TSP 10 Redução ao Valor Recuperável de Ativo Gerador de Caixa – IPSAS 26 Impairment of Cash-Generating Assets</p> <p>NBC TSP 11 Apresentação das Demonstrações Contábeis IPSAS 1 Presentation of Financial Statements</p> <p>NBC TSP 12 Demonstração dos Fluxos de Caixa IPSAS 2 Cash Flow Statements</p> <p>NBC TSP 13 Apresentação de Informação Orçamentária nas Demonstrações Contábeis IPSAS 24 Presentation of Budget Information in Financial Statements</p> <p>NBC TSP 14 Custos de Empréstimos IPSAS 5 Borrowing Costs</p> <p>NBC TSP 15 Benefícios a Empregados IPSAS 39 Employee Benefits</p> <p>NBC TSP 16 Demonstrações Contábeis Separadas IPSAS 34 Separate Financial Statements</p> <p>NBC TSP 17 Demonstrações Contábeis Consolidadas IPSAS 35 Consolidated Financial Statements</p> <p>NBC TSP 18 Investimento em Coligada e em Empreendimento Controlado em Conjunto IPSAS 36 Investments in Associates and Joint Ventures</p> <p>NBC TSP 19 Acordos em Conjunto IPSAS 37 Joint Arrangements</p> <p>NBC TSP 20 Divulgação de Participações em Outras Entidades IPSAS 38 Disclosure of Interests in Other Entities</p> <p>NBC TSP 21 Combinações no Setor Público IPSAS 40 Public Sector Combinations</p> <p>NBC TSP 22 Divulgação sobre Partes Relacionadas IPSAS 20 Related Party Disclosures</p>			

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		<p>NBC TSP 23 Políticas Contábeis, Mudança de Estimativa e Retificação de Erro IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors</p> <p>NBC TSP 24 Efeitos das Mudanças nas Taxas de Câmbio e Conversão de Demonstrações Contábeis IPSAS 4 The Effects of Changes in Foreign Exchange Rates</p> <p>NBC TSP 25 Evento Subsequente IPSAS 14 Events After the Reporting Date</p> <p>NBC TSP 26 Ativo Biológico e Produto Agrícola IPSAS 27 Agriculture</p> <p>NBC TSP 27 Informações por Segmento IPSAS 18 Segment Reporting</p> <p>NBC TSP 28 Divulgação de informação Financeira do Setor Governo Geral IPSAS 22 Disclosure of Financial Information about the General Government Sector</p> <p>NBC TSP 29 Benefícios Sociais IPSAS 42 Social Benefits</p> <p>NBC TSP 30 Instrumentos Financeiros: Apresentação IPSAS 28 Financial Instruments: Presentation</p> <p>NBC TSP 31 Instrumentos Financeiros: Reconhecimento e Mensuração IPSAS 41 Financial Instruments</p> <p>NBC TSP 32 Instrumentos Financeiros: Reconhecimento e Mensuração (Contabilidade de Hedge - Aplicação Residual) IPSAS 29 Financial Instruments: Recognition and Measurement (Paragraphs 80-113)</p> <p>NBC TSP 33 Instrumentos Financeiros: Divulgações IPSAS 30 Financial Instruments: Disclosures</p>			
<i>Maintenance of the Ongoing Process</i>					
4.	Ongoing	CFC will issue IPSAS 43 – Leases in 2022.	Ongoing	CFC Technical VP	Own Resources

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsible</u>	<u>Resources</u>
		Amendments to the standards already adopted will be translated during the year of issuance, being effective in the following year.			
5.	Ongoing	Continuous identification of opportunities to define the best strategy for the effective IPSAS implementation in Brazil. This includes reviewing existing activities and preparation of the Action Plan for future activities, whenever necessary.	Ongoing	CFC Technical VP	Own Resources
<i>Review of CFC's Compliance Information</i>					
6.	09/2013	Perform a periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary and reporting them to IFAC so the staff can proceed with the publication of the updated Action Plan.	07/2022	Convergence Coordinating Team with the support of the CFC Technical VP	Own Resources

Subject of the Action Plan: SMO 6 - Investigation and Discipline

Objective of the Action Plan: Inclusion of non-accountants in the Discipline Court

Note: Completed actions are presented at the end of this SMO Action Plan

#	Start Date	Actions	Completion Date	Responsible	Resources
<p><i>Background:</i></p> <p>CFC is the regulatory agency of the accountant profession in Brazil, and has legal authority to take disciplinary action. Additionally, Brazilian regulators have the authority for discipline inquiries and actions in their respective regulated markets or industries. In this context, CFC received recommendation from IFAC to implement SMO 6 requirement to include non-accountants in the Ethics and Discipline Court. Since CFC competence derives from the Brazilian legislation, today, there is a legal impediment for such recommendation to be introduced in the professional legal system in as much as, in accordance with the legislation in force, the Superior Ethics and Discipline Court (TSED) is part of the CFC and, therefore, can be comprised only by regularly registered accounting professionals. It is highlighted that the Accounting Councils, established by the Decree-law 9,295/46, aims at the Inspection of the Professional Exercise. Thus, the work developed by the Federal and Regional Councils aims to ensure ethics and discipline of aAccounting professionals and works as a protection factor for society. Based on the mandatories set forth in Article 12 of the Governing Law (Decree Law 9,295/46, updated by the Law 12,249/10), the Accounting Councils are comprised solely by regular professionals and with technical-professional competence to analyze documents submitted to ethical-disciplinary processes.</p> <p>As an independent board, CVM is allowed to regulate its I&D system at its own discretion. Nevertheless, our preliminary analysis found that CVM's I&D system is as aligned with SMO 6.</p> <p>Ibracon is an Institute is not in charge of I&D. Represent the political aspects of the auditors, however has no regulatory authorities</p>					
1.	2012	CFC goals include reinforcement of technical competence of CFC and CRCs disciplinary committees in order to achieve better results in inspecting registered professionals.	Ongoing	CFC President	Own Resources
<p><i>Maintenance of the Ongoing Process</i></p>					
2.	Ongoing	Continuing to identify opportunities to define the best strategy for the effective implementation of SMO 6 requirements in Brazil. This includes reviewing existing activities and preparation of the Action Plan for future activities, whenever necessary.	Ongoing	CFC Technical VP	Own Resources

#	Start Date	Actions	Completion Date	Responsible	Resources
<i>Review of CFC's Compliance Information</i>					
3.	09/2013	Perform a periodic review of revised SMOs and CFC's SMO Action Plan updating relevant sections when necessary and reporting them to IFAC so the staff can proceed with the publication of the updated Action Plan.CFC's	07/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Director	Own Resources

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System 1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Y			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			CFC Resolution No. 1,603/20 amended the rules for administrative inspection processes, among them, it provides for the publication of Ethical and Disciplinary penalties for final and unappealable cases. Additionally, the decisions of the collegiate bodies related to the processes are published through the minutes of ordinary meetings.
Initiation of Proceedings 3. Both a "complaints-based" and an "information-based" approach are adopted.	Y			
4. Link with the results of QA reviews has been established.	Y			

Requirements	Y	N	Partially	Comments
Investigative Process				
5. A committee or similar body exists for performing investigations.	Y			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			All inspection actions that involve the opening of an ethical-disciplinary process are assessed by a collegiate body that seeks to preserve the legislation of the accounting profession.
8. Members of the committee/entity include professional accountants as well as non-accountants.		N		
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			
Sanctions				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Y			
Rights of Representation and Appeal	Y			

Requirements	Y	N	Partially	Comments
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.				
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	Y			All administrative proceedings are regulated by CFC Resolution No. 1,603/20 which follows the principles of Administrative Law with a term of 15 working days for presentation of defense and in case of application of penalty plus 15 days to appeal to higher instance, which in this case is CFC.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			
14. Records of investigations and disciplinary processes are established.	Y			
Public Interest Considerations 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			The processual parts of ethical-disciplinary administrative processes are not public. Their contents are accessible only to the involved, as stated by law (DL 9.295/46.) CFC Resolution No. 1,603/20 states that all Court and Chambers of Ethics and Discipline sessions must be public.
16. A process for the independent review of complaints on which there was no follow-up established.	Y			

Requirements	Y	N	Partially	Comments
17. The results of the investigative and disciplinary proceedings are made available to the public.			P	The results of the investigative and disciplinary actions are public.
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	Y			

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

Objective of the Action Plan: Continued Improvement of the Convergence Process

Note: Completed actions are presented at the end of this SMO Action Plan

#	Start Date	Actions	Completion Date	Responsible	Resources
<p><i>Background:</i></p> <p>Several regulators have worked, since 2006, to promote convergence of the Brazilian Standards to IFRS due to unquestionable benefits for the sustainable development of the Brazilian economy. The establishment of CPC and later changes in Corporate legislation in 2007 are clear examples of such decisions. CPC, in 2005, was set through CFC Resolution No. 1,055, and has as its members: Abrasca (Brazilian Association of Listed Companies), APIMEC (Association of Capital Market Investment Analysts and Professionals), B3 (Sao Paulo Stock Exchange), CFC, FIECAFI, and IBRACON. This accounting body works on the convergence of accounting Standards issued by IASB. After issuance by the CPC, the technical statements must be approved by regulators, such as BCB, CFC, CVM, PREVIC, and SUSEP to enforced for respective jurisdiction. The first major set of Converged Brazilian Standards was issued in 2008. A set of 30 standards was approved throughout 2009 and implemented in 2010. Therefore, the convergence to IFRS was achieved in 2010, including for SME. Brazil keeps adopting all revision and edition of the standards issued by IASB and actively participates on public comments processes. It is worth noting the importance of the creation of GLASS - Group of Latin American Accounting Standard Setters and the role it has been developing with IASB representing the opinion of the accountants of the Latin America region.</p>					
<p><i>Convergence of Corporate Accounting</i></p> <p>The CFC through the CFC / CRC System promotes updating courses on SMEs and IFRS, which counts for the Continuing Professional Education Program.</p>					
1.	2005	Continued support for the agenda of Accounting Statements Committee (CPC). It is worth noting that CFC and IBRACON are active CPC's funders. In addition, CFC supports a working group with the objective of responding all exposure drafts issued by IASB/IFRIC for public comments.	Ongoing	CFC / IBRACON	Own Resources 4 representatives
2.	Ongoing	Follow up of eventual divergences between NBCs and Provisions for Sectors Regulators (ANS, etc.) aiming at implementing actions towards convergence.	Ongoing	CFC/IBRACON	Own Resources

#	Start Date	Actions	Completion Date	Responsible	Resources
3.	Ongoing	Preparation and Review of “business cases” for Convergence.	Ongoing	Convergence Coordinating Committee with CFC/IBRACON Presidency	Own Resources
4.	Ongoing	Individual discussions with regulators.	Ongoing	TG with CFC/IBRACON Presidency	Own Resources
<i>Training</i>					
5.	Ongoing	Development of a training program to be supported by CFC/CRCs and IBRACON, including IFRS for SME.	Ongoing	Areas of Professional Development in CFC/IBRACON	Own resources
6.	Ongoing	Presentation and implementation of the Training Program.	Ongoing	Areas of Professional Development in CFC/IBRACON	Own Resources
<i>Maintenance of the Ongoing Process</i>					
7.	Ongoing	Continued undertake of the best efforts to identify new opportunities for advanced application of IFRS in Brazil. This includes reviewing existing activities and updating the Action Plan for future activities, whenever necessary. The Brazilian standard setter Board has deliberated not permitting early adoption of all standards issued by IASB.	Ongoing	Convergence Coordinating Team	Own Resources – 10 CFC and IBRACON representatives
<i>Review of CFC’s Compliance Information</i>					
8.	09/2013	Perform a periodic review of revised SMOs and CFC and IBRACON’s SMO Action Plan updating relevant sections when necessary and reporting them to IFAC so the staff can proceed with the publication of the updated Action Plan.	07/2022	Convergence Coordinating Team with the support of the CFC Technical VP and IBRACON Technical Board	Own Resources – 3 CFC and IBRACON representatives

APPENDIX: IMPLEMENTED ACTIONS

Action Plan Subject: General Information on the Action Plan for Brazil
Action Plan Objective: Establishment of Structures and Mechanisms for Country Convergence Plan

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Political Integration of the Management Committee of Convergence in Brazil</i>					
1.	8/31/2007	Presentation, for review and approval, of the Action Plan for Brazil by CFC.	Done 8/31/2007	Plenary of CFC	Own resources with 27 effective members of the plenary of CFC
2.	9/30/2007	Meeting with the CVM and BCB about the Country Convergence Project.	Done 9/30/2007	Presidents of CFC and IBRACON	Own resources 6 representatives from CFC, IBRACON, CVM and Central Bank
3.	5/30/2008	Meeting with the Economy Minister and Secretary of Treasury about the Country Convergence Plan.	Done 5/30/2008	President of CFC	Own resources 5 representatives from CFC, Economy Minister and Secretary of Treasury
4.	7/15/2009	Meeting with SUSEP about Country Convergence Plan.	Done 7/15/2009	President of CFC and Ibracon	Own resources 5 representatives from CFC and SUSEP
5.	4/30/2009	Meeting with the Federal Audit Court about the Country Convergence Plan.	Done 4/30/2009	President of CFC and Ibracon	Own resources 5 representatives from CFC and Federal audit. Court
6.	6/30/2009	Issuance of the CFC Ordinance nº 37/2008 including all representatives of the entities that support the convergence plan.	Done 4/07/2008	President of CFC	Own resources
<i>General Review of NBCs as the basis for the convergence of Accounting and Auditing Standards</i>					
6.	5/30/2007	Review of structure and application of NBCs considering the requirements of IFAC and IASB to	Done 10/11/2007	Legal and Technical Vice President (VP) of CFC/ Technical	Own resources: 10 representatives from CFC, IBRACON, CVM and BCB

#	Start Date	Actions	Completion Date	Responsibility	Resource
		accept local standards as corresponding to international standards.		Director (DT) of IBRACON	
7.	02/28/2008	Meeting with the WGs to explain the objectives of the project, and support and commitment required from presidencies of CFCs and IBRACON.	Done 02/28/2008	Convergence Coordination Team	Own resources: 6 representatives from CFC and IBRACON
8.	6/25/2008	Review of the structure of NBC - CFC Resolution No. 751. The new resolution establishes the structure of the standards published by CFC which includes professional and technical standards, standards on accounting (for private and public sector), independent auditing, internal auditing and accounting witness.	Done 02/13/2009 (Res. CFC n.º 1.156/09)	Technical VP of CFCs with the support of DT IBRACON	Own resources 6 representatives from CFC and IBRACON
9.	6/25/2008	Review existing NBCs to determine necessary updates. A special working group was created with this purpose.	Done 3/22/2011 (Res. CFC n.º 1.328/11)	Technical VP of CFC	Own resources 20 representatives from CFC

Action Plan Subject: SMO 1 – “Quality Assurance”
Action Plan Objective: Further Improvement of the Quality Assurance Review Program

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Implementation of ISQC 1 and ISA 220 as part of convergence to ISAs</i>					
<i>Adoption of ISQC 01</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	01/15/2008	Formation of the Auditing Working Group, for elaboration and revision of NBC P1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements which will reflect the current IFAC ISQC 1.	Done 01/15/2008	CFC/IBRACON	Own resources 3 representatives from CFC and IBRACON
2.	01/30/2009	Review of NBC PA 11 – Peer Review to identify opportunities for improvements and better alignment with SMO 1.	Done 01/30/2009	CRE	Own resources 8 representatives from CFC and IBRACON with CVM as observer
3.	01/30/2009	Elaboration of NBC PA 01 according to clarified ISQC 1.	Done 07/06/2009	Working Group	Own resources 18 representatives from CFC and IBRACON
4.	6/10/2009	Final revisions.	Done 6/27/2009	Working Group	Own resources 3 representatives from CFC and IBRACON
5.	6/30/2009	Public Exposure by CFC/IBRACON. All public exposure processes are conducted jointly by CFC and IBRACON for the period of 30 days. The objective of this process is to confirm adequacy of the translation performed.	Done 7/30/2009	Technical VP of CFC/DT of IBRACON	Own resources
6.	11/27/2009	Issuance by CFC.	Done 11/27/2009	Technical VP of CFC/Plenary	Own resources: 27 effective representatives of Plenary of CFC
<i>Implementation Support</i>					
7.	9/01/2009	Presentation at the first National Seminar for Independent auditors. This event has being held annually.	Done 9/01/2009	CFC and IBRACON	Own resources: 15 speakers from CFC and IBRACON

#	Start Date	Actions	Completion Date	Responsibility	Resource
8.	6/30/2011	Translation and publication in digital format of the second edition of the Guide to Using ISAs in the Audits of Small and Medium-Sized Entities	Done 6/30/2012	CFC and IBRACON	Own resources
<i>Review Cycle</i>					
9.	1/30/2009	Evaluation of the impacts to reduce from 4 to 3 years the cycle of peer reviews. The conclusion is that a significant number of auditors or audit firms are already in a cycle lower than 4 years, since reviews with non-clean conclusions are automatically rescheduled for the following year. Consequently, no change would be introduced for the time frame. Additional consideration to this recommendation will be given in the context of a revision of the Supervision system in Brazil.	Ongoing	Technical VP of CFC and CRE	Own resources 4 representatives from CFC and 4 representatives from IBRACON

Action Plan Subject: SMO 2 – “International Education Standards”
Action Plan Objective: Compliance with IESs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Development of plan for approximation with academic entities</i>					
1.	6/30/ 2008	Meetings with MEC (Ministry of Education) to promote the update of the academic curriculum in Brazil.	Done 6/30/2008	President and VP of professional Development of CFC	Own resources 2 representatives from CFC
2.	8/28/2009	Assessment of the basic curriculum of the accounting degree as authorized by MEC and signature of an agreement of technical collaboration to ensure participation of CFC in the approval processes to recognize and renewal of new accounting courses at universities.	Done 8/28/2009	President and VP of professional Development of CFC	Own resources 2 representatives from CFC

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	10/21/2010	CFC constituted a working group composed by teachers, doctors in accountancy in charge of evaluating academic and pedagogical projects elaborated by the Entities of Under graduation Courses, aiming to issue a technical opinion to be sent to MEC regarding approval, accreditation and authorization of the Bachelor's Courses in Accounting Sciences.	Done 10/21/2010	VP of professional Development of CFC	Own resources

Action Plan Subject: SMO 3 – “International Auditing and Assurance Standards”

Action Plan Objective: Ensuring Ongoing Convergence with ISAs and other IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of the translation of the glossary of the Handbook of International Auditing, Assurance, and Ethics Pronouncements</i>					
1.	February 2007	Completed the review of the translation of the glossary with the CNA/IBRACON.	Done 08/10/2007	CNA/IBRACON - final review Coordinator of CNNT and DT of IBRACON	Own resources Group of professionals of C.N.A. (10 members)
<i>Translation of the IFAC Standards for International Auditing, Assurance, and Ethics Pronouncements</i>					
2.	October 2007	Proposal of an action plan for translations considering the priorities of the IAASB revision program of Clarity Project (Project Timetable). Currently, all auditing standards are adopted in Brazil.	Done 12/31/2007	CNA Coordinator/Technical Director of IBRACON/CFC	Own resources 3 people
3.	December 2007	Approval of timetable.	Done 12/31/2007	Convergence Managing Team	Own resources 3 members
4.	January 2008	Collection of 4 budgets and presentation to the Technical VP of CFC.	Done 15/01/2008	CNA/Superintendency of IBRACON	Own resources Translation costs R\$ 79.990,00 , equivalent to US\$ 35.709,82

#	Start Date	Actions	Completion Date	Responsibility	Resource
					Review process estimated at 1400 hours at to US\$ 280.000,00
5.	January 2008	Approval by the Presidency of CFC.	Done 01/31/2008	President of CFC	Own resources one person from CFC
6.	July 2008	Completion of the translation.	Done 4/30/2009	Translators	External resources – Translators as above
<i>Approval of the Conceptual Framework on auditing and assurance standards</i>					
7.	April 2007	Conclusion of the document by CNA/IBRACON but several wording changes were provided during translation process of ISAs.	Done 08/31/07 Wording changes approved on June 30, 2009	CNA/ IBRACON	Own resources Prepared by CNA coordinator, discussed in meetings of C.N.A. Group (10 members) and final approval by CNNT coordinator
8.	August 2007	Technical committee/IBRACON review.	Done 01/31/2008	CNNT/IBRACON	Own resources as above
9.	July 2009	Review of the final document.	10/31/2009	DT do IBRACON and Technical VP of CFC	Own resources 3 representatives from IBRACON and CFC
10.	October 2009	Public exposure of CFC's Resolution by CFC/IBRACON.	Done November 2009	Technical VP of CFC/DT of IBRACON	Own resources
11.	11/27/2009	Final Approval by CFC Plenary.	Done 11/27/2009	Plenary of CFC, National Board of IBRACON	Own resources 27 effective members of the plenary of the CFC
<i>Review, Approval and Issuance of the new Auditing Standards</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	October 2007	Formation of the Working Group with participation of partners and senior managers of assurance departments from Auditing Firms with experience in application of ISAs.	Done 01/15/2008	CFC/IBRACON	Own resources, basically 2 from IBRACON
13.	October 2007	Discussion of the proposed agenda, IAASB agenda and translations: Here the discussion focus on the need to reconcile the translation timetable with the Clarity Project in order to ensure that standards for translation are those approved by IAASB as clarified version.	Done 01/31/2008	DT, Coordinator CNNT and can of IBRACON	Own resources: Subgroup canCNA with Technical Director of IBRACON (3 people)
14.	01/31/2008	Schedule Approval.	Done 02/28/2008	Convergence Coordination Teamcanth CNA/IBRACON of IBRACON	Own resources: 2 members of convergence coordination team ancan from CNA
15.	7/15/2008	Execution of translations, following the schedule.	Done 6/30/2009	External translators	External resources detailed as above
16.	7/1/2008	Distribution for review: For each individual standard a person within the WG took the responsibility to lead the review discussion on the translation.	Done 6/30/2009	CNA coordinator	Own resources - 1 person
17.	7/1/2008	Final reviews. This review comprised the following: (i) review by the WG (ii) review by CNA coordinator (iii) review by President of IBRACON and (iv) review by a representative from Technical VP of CFC.	Done 10/01/2009	WG and Technical VP of CFC/CNNT of IBRACON/DT of IBRACON	Own resources WG with 10 people and more 3 representatives for the final review
18.	3/01/2009	Public exposure by CFC/IBRACON.	Done 10/30/ 2009	Technical VP of CFC	Own resources
19.	11/27/2009	Issuance by CFC.	Done 11/27/2009	Technical VP of CFC/Plenary	Own resources 27 effective members of the plenary of the CFC
<i>Standards on Review engagements</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	10/01/2007	Formation of the Working Group.	Done 01/15/2008	CFC/IBRACON	Own resources Same as item 12 above
21.	7/01/2008	Translations: as described above.	Done 02/28/2009	GTA	Same as item 4 above
22.	7/01/2008	Distribution for review as described item 16.	Done 02/28/2009	C.N.A. coordinator	Own resources 2 people from IBRACON
23.	7/01/2008	Final reviews as described above item 17.	Done 10/30/2009	WG and Technical VP of CFC/CNNT of IBRACON/DT of IBRACON	Own resources Same as item 17 above
24.	3/01/2009	Public Exposure by CFC/IBRACON.	Done 10/30/2009	Technical VP of CFC/CNNT of IBRACON/DT of IBRACON (Period of 30 days)	Own resources
25.	January 2010	Issuance by CFC.	Done 22/01/2010	Technical VP of CFC/Plenary	Own resources 27 effective members of the plenary of the CFC
<i>Assurance Standards</i>					
26.	3/01/2007	Issue of Standards and Pronouncements of other assurance services (NPO), by IBRACON. The issuance of the ISAE 3000 as a Brazilian standard was first introduced by a pronouncement issued by IBRACON in 2007.	Done 07/20/2007	DT IBRACON/CNNT IBRACON	Own resources CNNT with 12 members
27.	01/15/2008	.IBRACON's presentation about the Standard for analysis of the CFC's Vice-presidency.	Done 01/15/2008	DT IBRACON	Own resources - 1 representative from IBRACON
28.	January 2009	Public exposure by CFC and Ibracon.	Done 01/30/2009	Technical VP of CFC	Own resources

#	Start Date	Actions	Completion Date	Responsibility	Resource
29.	February 2009	Issuance of NBC TO 3000, the Portuguese version of ISAE 3000 approved as Brazilian Assurance Standard.	Done 02/13/2009	CFC Plenary	Own resources 27 effective members of the plenary of the CFC
30.	7/15/2011	Issuance NBC TO 3402	Done 7/15/2011	CFC Plenary	Own resources 27 effective members of the plenary of the CFC
31.	6/26/2013	Issuance NBC TO 3420	Done 6/26/2013	CFC Plenary	Own resources 27 effective members of the plenary of the CFC
<i>Standards for Related Services</i>					
32.	Before 2007	Complementing the review by CNNT of IBRACON The review of the standard for agreed-upon procedures is under review by C.N.A. and CNNT Groups since 2007, waiting for the update from IFAC.	Done 6/30/2009	CNNT of IBRACON	Own resources 3 representatives from IBRACON
33.	October 2009	Final review by IBRACON and CFC.	Done 6/30/2009	DT of IBRACON and Technical VP of CFC	Own resources
34.	12/26/2009	Public exposure by CFC/IBRACON as stated above.	Done 1/31/2010	Technical VP of CFC/DT of IBRACON	Own resources
35.	02/26/2010	Final approval by CFC.	Done 02/26/2010	Plenary of CFC	Own resources 27 effective members of the plenary of the CFC
<i>Regulatory Convergence – Auditing</i>					
36.	8/01/2009	Monitor any divergences in the regulatory environment, by comparing the CFC Standards and International Standards and best international regulatory practices, seeking to implement actions to their convergence.	Done 12/31/2009	Regulatory group of IBRACON and Technical VP of CFC	Own resources mainly 6 members from IBRACON and 2 from CFC

#	Start Date	Actions	Completion Date	Responsibility	Resource
37.		Elaboration of "business cases" for the convergence of each regulated segment (CVM, BCB, SUSEP, etc.): the objective is to develop the rationale for the changes required for full internal and external convergence.	Done 12/31/2009	Regulatory group of IBRACON/Technical VP of CFC	Own resources
38.		Revision of "business cases" as above.	Done 12/31/2009	Convergence coordination team with CFC/IBRACON presidencies	Own resources
39.		Individual discussions with regulators on the main divergences identified between the Standard and the Business Case to identify the need of possible amendments.	Done 12/31/2009	President of IBRACON with support from Convergence committee and President of CFC	Own resources
40.		Meeting of CFC and Ibracon's presidencies with the group of regulators aiming at the approval of the convergence.	Done 12/31/2009	Presidencies of CFC/IBRACON, Convergence coordination team Presidents of CVM, BCB and SUSEP	Own resources 5 members from CFC and IBRACON
41.		Implementation: Once business cases for internal convergence are agreed with regulators, regulators need to implement this action.	Done 12/31/2009	CFC/IBRACON and regulators	It will depend on regulators approach
<i>Implementation Support</i>					
42.	6/30/2009	Presentation of the whole project to the profession through the 1 st Brazilian Seminar for Independent Auditors, explaining the reasons for the changes, the due process, discussing the most important changes and announcing the training program.	Done September 1 st , 2009	Presidents of CFC and IBRACON and member of the WG	Own resources involving around 10 members of the WG

#	Start Date	Actions	Completion Date	Responsibility	Resource
43.	5/31/2009	Develop training program (e-learning) to be provided by CFC/CRCs System with support from IBRACON.	Done 3/31/2010	Professional Development areas of CFC/IBRACON	Own resources - Estimated 400 hours at total of US\$ 80.000,00.
44.	01/01/2011	Develop training programs, including the training of multipliers, to be provided by the System CFC / CRCs with support from IBRACON.	Done 12/31/2011	Professional Development areas of CFC/IBRACON	Own resources - Estimated 400 hours at total of US\$ 80.000,00.
45.		Introduction and Implementation of Training Program.	Done 12/31/2011	Professional Development areas of CFC/IBRACON.	Owns resources
46.	02/28/2010	2 nd . Brazilian Seminar for Independent Auditors development and realization, discussing the most significant changes in auditing standards.	Done 6/09/2010	Presidents from CFC and Ibracon, Technical VP, members of CNA.	Owns resources around 10 members at total
47.		Presentation of the training program.	Done 12/31/2011	Professional Development areas of CFC/IBRACON.	Own resources to be determined
48.		The Brazilian Seminar for Independent Auditors has become annual since 2011.	Done annually	IBRACON with CFC's support	Own resources

Action Plan Subject: SMO 4 – “IESBA Code of Ethics”
Action Plan Objective: Convergence and Implementing the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Incorporation of the IFAC Code of Ethics:</i>					
1.	7/01/2009	Formation of the Working Group for elaboration and revision of NBC P1 under the approved terms for this NBC by CFC.	Done 7/31/2009	Convergence Managing Team Ethics Working Group of IBRACON	Own resources: 3 representatives from CFC and IBRACON

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Review of the Brazilian Code of Ethics and Brazilian Professional Standards to determine gaps to be covered by a complement to current Brazilian standards on independence.		reporting to the Convergence Managing Team	Own resources 8 representatives from IBRACON
2.	9/01/2009	Mapping of existing differences between Brazilian Code of Ethics and existing IFAC Code and discussion with Inspection VP of CFC.	Done 10/30/2010	Working Group	Own resources 8 representatives from IBRACON
3.	10/30/2009	Complementation of existing Independent Standard to ensure alignment with IFAC Code of Ethics.	Done 10/30/2010	Working Group	Own resources 8 representatives from IBRACON
4.	11/30/2009	Translation of the new Code of Ethics.	Done 12/31/2010	Working Group	Own resources
5.	01/01/2010	Preparation of the revised Brazilian Code of Ethics fully converged with IESBA Code.	Done 6/03/2011	Working Group	Own resources 13 representatives from CFC and IBRACON
6.	6/30/2010	Public exposure.	Done 9/30/2011	Technical VP of CFC	Own resources
7.	October/ 2010	Issuance by CFC.	Done 11/31/2010	Plenary of CFC	Own resources - 27 effective members of the plenary of the CFC
8.	November/ 2010	Completion of the final analysis of the converged Ethics Code.	Done 12/31/2012	Plenary of CFC and IBRACON	Own resources

Action Plan Subject: SMO 5 – “International Public Sector Accounting Standards”

Action Plan Objective: Promoting Use of IPSASs in the Public Sector

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Accounting Convergence for Public Sector</i>					
1.	06/20/2008	Formation of Working Group to coordinate the translation of IPSAS and convergence of NBC TSP – Brazilian Accounting Standards for the Public Sector.	Done 06/20/2008	Technical VP of CFC and Convergence coordination team.	Own resources
<i>Translation of IPSAS as published by IFAC</i>					
2.	11/1/2008	Approval by the President of CFC of the bidding process for the translation agency.	Done 11/01/08	Technical VP of CFC	Own resources
3.	11/1/2008	Presentation of the IPSAS Portuguese version for WGs analysis..	Done 5/15/2009	Convergence coordination team.	Own resources Translation costs R\$ 7.990,00 equivalent to US\$ 3.566,96 Review process estimated at 768 hours at to US\$ 115,200.
4.	6/30/2012	IPSAS available in electronic and printed formats. In June/2012 they were available in electronic format only. In August/2012 the free distribution of the printed format was initiated.	Done August/2012	Technical VP of CFC	Own resources
<i>Formation of Working Groups</i>					
4.	March 2010	Distribution the IPSAS for content analysis of the members of the Working Group (CFC/STN/FGV).	Done 02/23/2011	Coordinating team of Public Sector from Management	Own resources

#	Start Date	Actions	Completion Date	Responsibility	Resource
				Committee of Convergence	
5.	April 2010	Content review by Technical VP of CFC.	Done 11/16/2011	Technical VP of CFC	Own resources
<i>Approval and issuance by CFC of the NBC TSP converged to International Standards</i>					
6.	August 2009	Preparation of the Drafts of NBC TSP converged.	Done 6/30/11	Coordinator of GTCP and coordinating team and Management Committee of Convergence	Own resources - 12 representatives from WG of CFC.
7.	November 2010	Public exposure of exposure drafts	Done 10/31/2011	Technical VP of CFC	Own resources
8.	2016	Issuance of the framework and 5 NBC TSP converged with IPSASs.	Done 12/31/2016	Technical VP of CFC	Own resources
9.	2021	Issuance of 28 NBC TSP converged with IPSASs.	Done 12/31/2021	Technical VP of CFC	Own resources

Action Plan Subject: SMO 7 – “International Financial Reporting Standards”

Action Plan Objective: Further Improvement of the Convergence Process

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Accounting Convergence</i>					
1.	December 2008	Translation into Portuguese of the full 2008 IFRS.	Done 10/30/2009	IBRACON	Translation costs: R\$ 151.706 equivalent to US\$ 62,878

#	<u>Start Date</u>	<u>Actions</u>	<u>Completion Date</u>	<u>Responsibility</u>	<u>Resource</u>
					Technical review: estimated at 1,400 hours estimated at some R\$ 627,700 equivalent to US\$ 280,000
2.		Issuany of the book with IFRS translated into Portuguese.	Done 10/30/2009	IBRACON	Own resources
3.	May 2007	Drafting comments on the IASB project for small and medium enterprises (SMEs).	Done 6/09/2007	CFC/IBRACON	Own resources 5 representatives from CFC and IBRACON
4.	6/25/2008	Formation of Working Groups to review NBCs on accounting matters not included in IFRS (like non-for profit organizations, hotels, cooperatives, etc).	Done 8/05/2008	Technical VP of CFC	Own resources
5.	6/25/2008	Review of NBC T On Accounting Matters by the Working Group to analise eventual revocations or actions aming to upgrading the set of standards.	Done 3/22/2011	CFC/IBRACON - CNC Group	Own resources 4 representatives from CFC and Ibracon
6.	Permanent	Permanent follow up of the CPC to ensure the convergence and compliance until 2010.	Done	CFC/IBRACON	Own resources 4 representatives from CFC
7.	Permanent	Brazil keeps adopting all revision and edition of all standards issued by IASB and actively participates on the public comment processes.	Permanent	CFC/CPC	Own resources
	Ongoing	Ongoing follow up of CPC to ensure the convergence and compliance until 2010.	Concluded	CFC/IBRACON	Own Resources - 4 CFC representatives
<i>Regulatory convergence - Accounting matters</i>					
6.	02/15/2008	Formation of WG.	Done 02/15/2008	Technical VP of CFC	Own resources representatives from CFC