The Path to Developing Strong PAOs: IFAC Statements of Membership Obligations (SMOs)

Dr. Ahmad Almeghames
Deputy Chairman
IFAC PAO Development Committee

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Statements of Membership Obligations (1 to 7)

What are Statements of Membership Obligations (SMOs) ?

► Clear benchmarks to current and potential IFAC members

► Obligations to support the work of IFAC and international standard setting boards.

► Obligations regarding quality assurance and investigation and discipline.

مقدمة:

إن بيانات التزامات العضوية توفر لأعضاء الاتحاد الدولي للمحاسبين، الحاليين والمرتقبين، معايير قياسية واضحة تساعدهم في التأكد من أداء المحاسبين المهنيين بدرجة عالية من الجودة.

هذه البيانات تغطي التزامات الهيئة ذات العضوية بدعم الأعمال التي يقوم بها الاتحاد الدولي للمحاسبين، أعمال مجلس معايير المحاسبة الدولية، والالتزامات المتعلقة بضمان الجودة والتحقيق والتأديب.
Preface to the Statements of Membership Obligations

Applicability:

► Provide a path for the development of Member Body PAOs.

Best Endeavors:

► Member PAOs are required to use their “best endeavors” to meet the obligations.

► “Best endeavors” = PAO could not reasonably do more than it has done and is doing to meet SMOs.
Statement 1 Quality Assurance (QA)

A Member PAO should ensure...

- A mandatory QA review program exists – at a minimum for listed companies
- Establishment & publication of criteria for evaluating other audits of financial statements
- Engagements meeting criteria are reviewed

International Federation of Accountants
Statement 1 Quality Assurance (QA)

QA Program Design:

- The subject of the quality assurance review program may be either a firm or a partner as determined by the member body.

- The member body should publish a description of the scope and design of QA program and related procedures to be followed by quality assurance review teams.
Statement 1 Quality Assurance (QA)

Review Cycle Structure

Risk Based OR Cyclical
The member body should require quality assurance review teams to follow procedures that are based on published guidelines.

These procedures should include reviews of engagement working papers and discussions with appropriate personnel.
Isn’t Audit Documentation CONFIDENTIAL?

As stated in the IESBA Code of Ethics for Professional Accountants or relevant national codes of ethics, the member body should exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews.
البيان 1 ( ضمان الجودة )
Statement 1 Quality Assurance (QA)

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التقارير:
ينبغي على رئيس فريق فحص ضمان الجودة إصدار تقرير كتابي عن عملية الفحص، يقدمه إلى الشريك أو المكتب الذي تمت مراجعته.

- QA Review
- Written Quality Assurance Review Report
- Corrective & Disciplinary Measures
Member Bodies should…

▶ Notify their members of all IESs, and other guidance issued by the IAESB.

▶ Use their best endeavors to incorporate the essential elements of the IESs into their national education and development requirements for the accountancy profession.
Statement 2 International Education Standards (IESs)
Member Bodies should…

► Notify their members of all International Standards, related Practice Statements and other papers issued by the International Auditing and Assurance Standards Board (IAASB).

► Use their “best endeavors” to incorporate the International Standards issued by the IAASB into their national standards or related other pronouncements.
Member Bodies should…

► Assist with the implementation of International Standards or national standards.

► Member bodies should have convergence of national standards or related other pronouncements with IAASB as a central objective.

► Implement a process that provides for the timely, accurate and complete translation of International Standards.
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قواعد سلوك وآداب المهنة الخاصة بالمحاسبين المهنيين الصادرة من الاتحاد الدولي للمحاسبين

Statement 4 - IESBA Code of Ethics for Professional Accountants

Member Bodies should ...

► Notify their members of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and other pronouncements.

► Not apply less stringent standards than those stated in the IESBA Code.

الالتزامات

• ينبغي على الهيئات الأعضاء إخطار أعضاءها بأحكام قواعد سلوك وآداب المهنة الصادرة من الاتحاد الدولي للمحاسبين والإصدارات الأخرى التي قام بتطويرها مجلس المعايير الدولية لسلوك وآداب المهنة.

لا ينبغي للهيئات العضو أن تطبق معايير أقل تشددًا من تلك المنصوص عليها بقواعد سلوك وآداب المهنة الصادرة من الاتحاد الدولي للمحاسبين.

وفي حال أن منع القانون أو النظام هيئة عضو من الالتزام بجزء معين من القواعد، فيجب عليها أن تلتزم بكافة الأجزاء الأخرى.

What if you are legally unable to comply with parts of the Code?

Comply with all other parts of the Code.
Statement 5 IPSASB Standards and Guidance

Member Bodies should…

► Incorporate OR work to persuade those with responsibility for standard setting to incorporate IPSAS into the national public sector requirements.

► Implement a process that provides for the timely, accurate and complete translation of IPSAS.

► Assist with the implementation of IPSAS.
Statement 6 - Investigation and Discipline (I&D) System

Member Bodies should include in their constitution and rules a system for the Investigation and Discipline (I&D) of misconduct, including breaches of professional standards and rules by their individual members.

► This system should allow for the imposition of a range of penalties if laws permit.

► Member Bodies should make members aware of all aspects of this system.
Investigative Powers & Processes:

- Where the Member Body has responsibility for I&D, its rules should, to the extent that local laws permit, include all powers necessary to enable authorized personnel to carry out an effective investigation.
Investigative Powers and Processes:
Individuals assisting in the investigation process must be:

- Independent of the subject
- Independent of anyone connected in the matter
Statement 6
Investigation and Discipline

Initiation of the Case
Complaints
Information

Investigation

Disciplinary Proceedings
Composed of accountants & non-accountants

Sanctions

Appeals
Statement 7 – International Financial Reporting Standards (IFRS)

Member Body should...

► Assist with the implementation of IFRS or national accounting standards that incorporate IFRSs.

► Member bodies should have convergence of national standards or related other pronouncements with IFRS as a central objective.

► Implement a process that provides for the timely, accurate and complete translation of International Standards.
THANK YOU!

شكراً

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