
COMMENTS TO THE EXPOSURE DRAFT OF THE REVISED SMOS (National Association of Accountants and Auditors of Uzbekistan)

We think that CAP team and task forces have done substantive excellent work on improvement of SMOs to enhance the understanding and promote better application of the statements by the member-organizations. We believe the proposed clarifications in SMOs would help to maintain better quality of the professional services for the public interest in future.

Overall comments

Change of terminology from “Incorporation” to “Adoption and Implementation” in SMOs in our view brings more clarity and strength into understanding of the way of SMOs’ implementation by member-organizations which is expected by IFAC. Moreover the application guidance for the terms “adoption” and “implementation” in each SMO is very useful for broadening understanding and convincing of the national regulatory bodies and partners of the member-organizations in a convergence process to eliminate/minimize differences between the international and national standards. The guidance helps very much in proper understanding and further use of the standards in practice. However, we think that the term “adoption” should emphasize that the process should be systematic which includes review, translation, providing feedback, approval, incorporation, etc. of the amendments and revisions of the international standards on ongoing basis.

While translation of all international standards into the national languages is very desirable in many countries, the addition of translation requirement in each SMO (of IFRS, ISA, IES, IPSAS) implies additional expenses for us (and other member-organizations) since we will have to look for scarce sources of available funding and this requires time also. In addition translation of future amendments and revisions of the standards will bring additional costs. So we think appropriate time should be given to us for implementing this requirement and this should be noted in the effective date of the revised SMO. Also it would be interesting to know how IFAC would see its role in providing assistance/guidance to the member-organizations in future to solve this issue?

In our view (taking in account the requirement on translation of the international standards), it would be useful to add the effective date for the last amendments of the SMOs (not only the date when the amendments are made).

We think new section on Applicability Framework provides sufficient clarity on what is expected of member-organizations (while meaning stricter approach to those with shared responsibility).

Specific comments

SMO 1

While more clarity is made overall in the standard, we think leaving of the “Definitions” section at the beginning of the standard would serve to better understanding of the SMO’s requirements further throughout the text, especially for the first-time readers.

In our view, in pa.7 of revised SMO 1 term of “due consideration to ensure there is no undue overlap” needs more clarification in terms of the approach to be used in practice. The previous version of the standard specifically required that if the scope of the review performed by external authorities is essentially less than required by the standard then the member-organization shall introduce review program which will cover the aspects not considered by the review systems of the external authorities.

We support widening of scope of QA review systems as it will help to maintain equal approach to all audit firms performing audit of the financial statements (not based on the selected criteria) and serve better quality of the profession.

See above the comments for new translation requirement and addition of section on Applicability Framework.

SMOs 2 – 5 and SMO 7

We think that the term of “best endeavors” should be included as a separate “Definitions” section since it applies to not only “No responsibility” framework (f.i in pa.13 of the revised SMO).

See above the comments for new translation requirement and addition of section on Applicability Framework.

SMO 6

We think leaving of the “Definitions” section at the beginning of the standard would serve to better understanding of the SMO’s requirements further throughout the text and serve for uniformity purpose.

We support adding requirements on proportionality of the sanctions and proportionality of response in relation to the individual member’s responsibility versus an issue with the firm.

In our view, requirement of pa. 50 of the revised SMO on making the report on the results of the investigative and disciplinary proceedings available to the public is enough for informing the POAs in circumstances when the member holds two or more memberships since the member-organization may even not know until certain time in which other POAs the member holds membership, so we think the pa.53 could be omitted. Instead it would be useful to consider whether dual membership may give rise to the concerns on the ethical behavior of such member since the ethics requirements of the other POA (especially, if it doesn’t support international IESBA Code of Ethics) may differ from the ethics requirements of IFAC member-organization.

See above the comments for addition of section on Applicability Framework.