



## Self-Assessment Against Main Requirements of SMO 6–Investigation & Discipline

The IFAC Statement of Membership Obligation (SMO) 6, Investigation & Discipline (I&D) sets out the requirements of an IFAC member organization with respect to mechanisms that provide for the investigation and discipline of those professionals who fail to exercise and maintain the professional standards and related obligations of an IFAC member. SMO 6 establishes the framework and additional guidance with respect to three key aspects of an I&D process: investigation, discipline, and appeal. A well-functioning, comprehensive I&D system is in the best interest of professional accountants, the PAOs, and the public as it maintains public confidence and trust in the profession and professional services. A robust I&D system allows the PAO or licensing authority to deal with failure to uphold ethical standards and professional regulations.

Although all IFAC member organizations may not be directly involved in all aspects of I&D aspects, as member organizations of IFAC, they must [fulfill or demonstrate plans](#) to meet [IFAC Statement of Membership Obligation 6](#), which requires PAOs to establish or support the establishment and operation of an I&D system. IFAC members should be a knowledgeable stakeholder regarding the ongoing, sustainable enforcement processes and results in their jurisdictions.

Where the IFAC member organization has no authority or shared authority for establishing such a system, the IFAC member organization should identify and assume the appropriate set of actions to address the requirements of SMO 6 (e.g., advocate to those responsible to implement the SMO 6 best practices; liaise with those responsible regarding the outcomes of I&D procedures to implement additional training or other sanctions as necessary)

This checklist is intended to assist PAOs, in:

- ✓ **facilitating a high-level assessment** of the I&D system in their jurisdictions against the SMO 6 global benchmark, with a view to develop roadmaps to close gaps as necessary, thus furthering public trust in their jurisdiction;
- ✓ **raising awareness about SMO6 and its requirements** among stakeholders, and assisting them in understanding how the SMO 6 requirements should be incorporated to I&D systems; and
- ✓ **encouraging open collaboration and communication** in jurisdictions where enforcement is carried out by a public oversight board, the government, or other regulatory agency.

*This checklist supplements the detailed requirements contained in SMO 6 and does not cover all the requirements in relevant professional standards. IFAC member organizations should familiarize themselves with the [SMOs](#) and the [international standards](#) directly. IFAC member organizations can find success stories from PAOs related to I&D on the IFAC Global Knowledge Gateway under [Developing the Accountancy Profession](#).*



SMO 6 Best Practices	Yes	No	Partially	Additional / Explanatory Comments
<p><b>Scope of the system</b></p> <p>A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>				
<p>Information about the types of misconduct which may bring about investigative actions is publicly available.</p>				
<p><b>Initiation of Proceedings</b></p> <p>Both a “complaints-based” and an “information-based” approach are adopted.<sup>1</sup></p>				
<p>Link with the results of QA reviews has been established.</p>				
<p><b>Investigative process</b></p> <p>A committee or similar body exists for performing investigations.</p>				
<p>Members of a committee are independent of the subject of the investigation and other related parties (no conflict of interests).</p>				
<p><b>Disciplinary process<sup>2</sup></b></p> <p>A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>				
<p>Members of the committee/entity include professional accountants as well as non-accountants.</p>				
<p>The tribunal exhibits independence of the subject of the investigation and other related parties (no conflict of interests).</p>				

<sup>1</sup> The information-based approach is not a substitute for the complaints-based approach, but an additional process that offers the public further protection. It does so by permitting the investigative and disciplinary arm of the responsible body to commence an investigation (even when there has been no complaint) when information is received from reliable sources that indicates the possibility of misconduct.

<sup>2</sup> A committee or panel with responsibility for disciplinary matters should be established to hear cases where the investigation committee has decided to bring professional charges. A balance of professional expertise and outside judgment strengthens objectivity and for this reason, the disciplinary committee should include accountants and non-accountants. No person is to be a member of **both** the investigation committee and the disciplinary panel at the same time.



SMO 6 Best Practices	Yes	No	Partially	Additional / Explanatory Comments
<p><b>Sanctions</b></p> <p>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.</p>				
<p><b>Rights of representation and appeal</b></p> <p>A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>				
<p><b>Administrative Processes<sup>3</sup></b></p> <p>Timeframe targets for disposal of all cases are set.</p>				
<p>Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.</p>				
<p>Records of investigations and disciplinary processes are established.</p>				
<p><b>Public Interest Considerations</b></p> <p>Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>				
<p>A process for the independent review of complaints on which there was no follow-up is established.<sup>4</sup></p>				

<sup>3</sup> The organization responsible for the I&D system should have timeframe targets for complete processing of all cases and aim to meet them whenever possible. Normally, any timeframe should begin on the date sufficient information to justify an investigation was received. Tracking mechanisms ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at the appropriate stage. Unnecessary delays can threaten effective I&D of cases. It is potentially unfair to complainants and defendants alike and can be detrimental to an otherwise substantiated case. Tracking mechanisms are important to monitor progress in investigations and prosecutions, and to prompt timely action to minimize delay.

<sup>4</sup> The objective of this independent review process (i.e., when the matter is investigated and subsequently not referred to a disciplinary panel) is to study available information and decide whether the investigation committee reached a reasonable decision based on complete information. The details of the process are a matter for the body responsible for the investigation and disciplinary system to determine. However, the existence of an effective independent review process is essential to demonstrate that the investigative processes recognize human rights and natural justice and effectively serve the public interest. This is important not only to the defendant, the complainant, and others involved in the investigative and disciplinary process, but also to the reputation of the responsible body and the profession at the national and international level.



SMO 6 Best Practices	Yes	No	Partially	Additional / Explanatory Comments
The results of the investigative and disciplinary proceedings are made available to the public.				
<b>Liaison with Outside Bodies</b> There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
<b>Regular review of implementation and effectiveness</b> Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.				

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