

Revised Statements of Membership Obligations (SMOs)

Final Pronouncement
November 2012

The Board of the International Federation of
Accountants

Statements of Membership
Obligations (SMOs) 1-7
(Revised)



Background

1. IFAC staff, reporting to the IFAC CEO review the relevance, sufficiency, and efficacy of the SMOs on a regular basis, and make related recommendations to the IFAC Board, which approves the SMOs, including any amendments.
2. Under its Terms of Reference, the IFAC Membership Committee is responsible for advising IFAC staff on their recommendation to the IFAC Board regarding any changes to the membership criteria, which include the SMOs.
3. In 2021, IFAC initiated a project to review the SMOs to ensure that they continue to be relevant, sufficient, and effective as a framework for credible and high-quality professional accountancy organizations focused on serving the public interest.

Project Scope

Conforming amendments resulting from changes in independent standard-setting boards, IFAC committees, public oversight arrangements, and changes in the international standards

A focus on SMO 1 on Quality Assurance and SMO 6 on Investigation and Discipline to ensure both remain relevant in reflecting current best practices

An editorial review to ensure a clear, consistent presentation of the SMOs.

Summary of Edits

Conforming changes have been made to SMO 1 to SMO 7 to reflect changes and current language to IFAC, SSBs, and the standards.

With regards to SMO 1 and IAASB quality management (QM) standards, staff have not made any substantial changes to SMO 1, keeping the original text and only adding text to raise awareness of the QM standards that have a later effective date.

SMO 1 remain in its original form, until there is additional information on how the existing PAO QA systems will review the systems of quality management, and time is given for best practices to be included in any future updates to SMO 1.

Considerations for SMO 1

Following discussions regarding the effective date of quality management (QM) standards, staff have concluded that at this current time, no substantial technical changes will be made to SMO 1. Points below for consideration:

- Ultimately, SMO 1 is about the PAO's quality assurance review system, not just QM. The principles and need for a quality assurance (QA) review system persist, and the overall current requirements of SMO 1 remain relevant.
- IFAC will continue to monitor and support adoption of QA and remain engaged with PAOs on their initiatives and efforts around the adoption of QM standards as part of SMOs 1 & 3.
- Most PAOs are in an advocacy and awareness raising phase on the adoption, implementation, and impacts of QM. PAOs have informed IFAC that they are concurrently exploring how to review systems of quality management and their input will be important as best practices to shape future SMO revisions.
- IFAC will continue to engage and leverage its relationship with development partners on MOSAIC, who have been involved in supporting the establishment of QA systems in jurisdictions based on SMO 1.

Future Project Considerations

SMO 1 – Quality Assurance and QM Standards

Sustainability / Non-Financial Reporting / ISSB



Thank You!
