

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 actions of a Member or Associate to fulfill the 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 differing 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](#).

Use of Information

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















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.

ACTION PLAN

IFAC Member: CNDCEC
 Approved by Governing Body: Board
 Last Update: May 2023

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 Dashboard Reports and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of Statements of Membership Obligations (SMO) requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

	CNDCEC Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	No Direct	 Partially Adopted	 Sustain
IES / SMO 2	Shared	 Adopted	 Sustain
ISA / SMO 3	Shared	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Partially Adopted	 Review & Improve
IPSAS / SMO 5	No Direct	 Not Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Consider
IFRS / SMO 7	No Direct	 Partially Adopted	 Sustain

Attestation of SMO Compliance

The **Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (CNDCEC)** 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 **CNDCEC** 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, Plan, or Consider* the **CNDCEC** 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 **CNDCEC**, 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

CNDCEC	Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili
CPD	Continuous Professional Development
CONSOB	Commissione Nazionale Società e Borsa
D.lgs.	Legislative Decree (Decreto Legislativo)
EC	European Commission
EFRAG	European Financial Reporting Advisory Group
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IESs	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IPD	Initial professional development
IPSASB	International Public Sector Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
IFRSs	International Financial Reporting Standards
ISA	International Standards on Auditing
ISQC	International Standard on Quality Control
ISRE	International Standard on Review Engagements
MoF	Ministry of Economics and Finance
PIE	Public Interest Entities
QCS	Quality Control system
SMO	Statement on Membership Obligation
SMP	Small and Medium Practices

Action Plan Subject: SMO 1–Quality Assurance

Action Plan Objective: Use best endeavors to ensure an effective quality review program is in place for all members offering audit and assurance services, considering larger entities as well as SMPs.

Background:

Following implementation of the European audit directive (2006/43/EC), by means of the delegate Decree Nr. 39 dated 29 January 2010 (publication in the Official Gazette 24 March 2010) a quality control system has to be implemented for all audits and for all registered auditors and audit firms, both for PIEs and non PIEs. The delegated Decree nr. 135 of 17 July 2016, implementing the Directive 2014/56/EU partially updated this QCS. The final oversight authority is the Ministry of Finance and Economics for all audits of non PIEs and Consob for PIEs.

A special advisory panel has been set within the Ministry of Finance to support the development of the various implementation measures (ministerial decision, ministerial decrees, recommendations etc..), including quality assurance system. The panel, in accordance with the law provision, is formed by professional bodies and associations representing the accountancy profession and is formed by CNDCEC, Assirevi and Istituto Nazionale Revisori Legali (INRL).

Within the legal framework of delegated Decree 39/2010, CNDCEC can be assigned by the Ministry of Finance and Economics with the management functions related to the Quality Control System; CNDCEC has made clear that it is available to manage the QCS and will pursue this target. As basically all members registered as Dottori Commercialisti or Esperti Contabili are also registered as Statutory auditors, and given the expertise gained in the area, the activities of CNDCEC will aim at supporting the legislative activity in cooperation with the Ministerial authorities, by providing proposals on the possible structure of the QCS, for non-public interest entities' (PIEs) audits, translation and support to members in adoption of International Standards on Quality Management (ISQM1, ISQM 2 and ISA 220 Revised) by providing guidance to establish, implement, maintain and monitor a quality control system. ISQC Italia 1 is effective for all audits of financial statements since 1 January 2015 and will be replaced by the new quality management standards (ISQM 1, ISQM 2 and ISA 220 Revised) for audits of financial statements for periods beginning on January 1°, 2025 with possibility of early adoption already on January 1° 2024. At the end of 2009 CNDCEC has also completed translation of the first edition of the Quality Control Guide, developed by the Small and Medium Practices Committee of IFAC, and completed the update of the third version in mid-2012 and published in January 2013.

With regard to disciplinary aspects, CNDCEC will also need to consider the linkage and relationship between the disciplinary measures resulting from QC and disciplinary measures provided for in the general regulatory framework of the accountancy profession, as a situation that indicates behavioral negligence.

Under current legislation audit firms that carry out audit engagement of PIEs (about 30 audit firms in Italy) are subject to a quality assurance program conducted by CONSOB (market and securities regulator), and based on internal regulation. The Consob system is in compliance with ISQC1 which has been adopted by the Italy together with ISAs.

Quality Control of audits of non-PIEs The MoF will also address. It is therefore foreseen to have two different models, one for PIEs and one for non-PIEs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
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Supporting Implementation of Quality Control Standards and Guidance					
1.	2018	Definition and publication of a sample of quality control manual for firms led by a sole practitioner with non-professional staff, strictly based on IFAC Guide to Quality Control for Small and Medium Sized Practices (Third edition).	April 2018	Board	CNDCEC auditing working party
2.	2018	Translate and review translation of the Framework for quality control and any Guide to Quality Control or supporting materials, developed by the IFAC SMP Committee.		Board	CNDCEC translation dept. CNDCEC auditing Working Party
3.	2018	Develop materials for Continuous Professional Development (CPD) based on ISQC 1 and the IFAC Guide to Quality Control for training and effective implementation by Italian addressee of quality control reviews.		Board	CNDCEC auditing working party.
4.	2014	Adoption of ISQC 1 by Ministry of Finance and Economics (MoF). ISQC1 is applicable from 1.1.2015.	2014	Board	MoF Advisory panel formed by CNDCEC, Assirevi and INRL
Assisting with the Design of Quality Assurance Review Program					
5.	2017	Technical support within the advisory panel for enactment of the ministerial decree on quality assurance.		CNDCEC council member delegated to audit	CNDCEC staff
Maintaining Ongoing Mechanisms					
6.	Ongoing	Continue to provide support to the Ministerial authorities in further developing the QCS in conformity with the requirements of SMO 1. This includes activities aimed at reviewing translation of ISQC 1 and updating the Action Plan for future activities as necessary.	Ongoing	Board	CNDCEC auditing Working Party (Quality sub group)
Review of CNDCEC's Compliance Information					
7.	April 2018	Update information further to enactment of the Decree on the QCS and perform periodic review of CNDCEC's response to SMO 1 as necessary.	Ongoing	Chief Executive Officer	CNDCEC Auditing Working Party Board member delegated to International (Intl). Affairs Dept.

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			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y			This activity is being conducted within CPD programs and general publications but not as a work with single firms.
Review Cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Y			Quality control review of non-PIEs are planned on the basis of a risk analysis but where the auditors perform audit of companies other than SMEs QC review are carried out at least every six years. Quality control reviews of PIEs take place every three years.
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			
QA Review Team				
7. Independence of the QA Team is assessed and documented.	Y			Quality control reviews of PIEs are performed by Consob (an independent authority). Quality control reviews of non-PIEs are assigned by MoF to entity or natural person after verification of the requirements of

				independence and the absence of even potential conflicts of interest.
8. QA Team possesses appropriate levels of expertise.	Y			QA team possesses at least 5 years of expertise.
Reporting 9. Documentation of evidence supporting the quality control review report is required.	Y			The persons in charge of the QC review draft a report containing a description of the results of the review and any recommendations for specific action to be taken to the statutory auditor indicating the period within which such action must be undertaken.
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			The statutory auditor shall carry out the action indicated in the report within the period set out in it. In case of failure, incomplete or late implementation of these actions, the MoF and Consob in the scope of their respective competencies, may apply the sanctions provided.
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			
Regular Review of Implementation and Effectiveness 14. Regular reviews of implementation and effectiveness of the system are performed.	Y			

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements

Action Plan Objective: Continue to develop and ensure a combined theoretical, practical and skill's education, in compliance with IESs.

Background:

The basic education system for becoming Dottore Commercialista or Esperto Contabile is based on a combined system of Academic education, at Master of Science or Bachelor level respectively, eighteen month of practical training and a State examination, differentiated as to the content, for the two sections of the professional roll. Members must then comply with CPD requirements, in accordance with the relevant legal and regulatory requirements.

This basic system also applies to the qualification as statutory auditors, whose practical training period is of three years as required by relevant EU directive. The new legislative Decree, Nr. 39/2010, implementing the Audit Directive (2006/43/EC) has confirmed the previous initial education requirements, with an integration of some educational content and with CPD requirement. The Ministry of Finance enacted the final regulations regarding registration requirements and procedures for Statutory auditors and for trainees in June 2012. The new delegated Decree nr. 135 of 17 July 2016, implementing the Directive 2014/56/EU has provided for additional regulation of CPD system defining the requirements for CPD providers.

Dottori Commercialisti having passed the State examination are not required to sit the exam to access the Auditors' Register, they are only required to take an additional test on audit and complete the three-year traineeship period.

Based on an agreement between MEF (Italian Ministry of Economics and Finance) and CNDCEC, the fulfilment of CPD obligation by dottori commercialisti is effective also for the purposes of auditors' CPD, provided that it includes specific subject matters on audit

The current system of Initial Professional Development (IPD) and CPD is convergent with International Education Standards (IESs). CNDCEC is not directly involved in the regulation and the management of the Initial Education system. CNDCEC will reexamine in 2017 the IESs to ensure full compliance with all recent changes.

As to IPD - the academic education is defined by Universities and the content of the State examination is defined by the law (delegated Decree 139/05 and delegated Decree 39/2010 for auditors). An agreement between CNDCEC and Ministry of Education, University and Research requires cooperation among universities and territorial chapters of CNDCEC in order to promote bilateral agreements for the definition of specific educational content, which can be taken into consideration for the exemption from some parts of the State examination. In this area CNDCEC has signed an important framework agreement with the Ministry of Education, University and Research and the Ministry of Justice, to be used as guideline for its Territorial branches and Universities. The agreement provides both for the exemption from one written examination and for the possibility of starting the practical training period already during the University studies. On the basis of this framework agreement (updated in 2014), the Territorial chapters are now signing agreements with universities that provide relevant courses in the professional domain areas.

Within its institutional function of national coordination of Territorial chapters, and representation of the profession, CNDCEC is engaged in an ongoing consultation process with relevant Ministries. Practical training is provided by members and is subject to oversight by the relevant territorial Chapter.

The regulation of the training period is formally enacted by the Ministry of Education, University and Research, on the basis of CNDCEC opinion. CNDCEC can also address guidelines with regard to organization of courses to trainees. CNDCEC has adopted guidance with regard to training semesters in the EU countries.

In the area of CPD CNDCEC, according to the legislative Decree 139/05, is directly responsible for enacting the relevant regulation, while territorial chapters are responsible for the delivery. Courses for trainees are generally organized by Territorial chapters. The proposed courses or conferences need to be approved by CNDCEC also to assign the relevant CPD points. At the end of 2010 the national CPD regulation has been updated in order to comply with 120 CPD credits and review of the various CPD subjects. CNDCEC regularly updates its CPD regulation mainly with regard to CPD providers and some exemptions linked to the age and to non-practicing members. More specifically, the mandatory CPD has been extended to all ages and categories, reducing it to 1/3 for persons older than 65 of age and not practicing professionals. For some courses, it is possible to consider a special “heavy credit” (beyond the usual 1 hour=1 credit).

CPD regulation of CNDCEC is enacted after receiving the opinion of Ministry of Justice on a proposed draft.

Within the CPD area, in mid-2015, CNDCEC has approved a new important project for the establishment, at regional level, of high specialization schools (SAF) – these special education institutions are established directly by the Territorial chapters of a certain region, with special support of CNDCEC, and also in cooperation with academic institutions, are providing special courses, with a strong practical approach, in a selected number of professional domains which require high specialization.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Contributing to Improving University Education</i>					
8.	2017	Monitor regulatory developments and mainly with regard to CPD regulation for Statutory auditors.	Ongoing	Board Council member delegated to audit and Board member delegated to Education	CNDCEC staff CNDCEC Institutional affairs dept
9.	2017	Enhance cooperation with Ministerial authorities with respect to the development of university education. Monitor and encourage the signature of local agreements between Territorial chapters and Universities.	Ongoing Ongoing	Board member delegated to Education	Education Working Party CNDCEC Institutional affairs dept.
10.	2017	Monitor initiatives of Territorial branches, which include seminars, conferences, on line training sessions, and publications.	Ongoing	Board member delegated to Education	Education Working Party CNDCEC Institutional affairs dept.

#	Start Date	Actions	Completion Date	Responsibility	Resource
11.	2016	Monitor developments related to the CPD regulations to be enacted with regard to statutory auditors. Audit CPD Regulation in force as of 1 January 2017.	2017 expected by December 2017	MOF Board member delegated to Audit	Auditing Working Party CNDCEC Institutional affairs dept.
<i>Monitoring Regulatory Developments Related to Training and Supporting the Implementation of the Regulation</i>					
12.	2016	Monitor regulatory developments related to training of statutory auditors involved by the new legislation (Delegated Decree 39/2010). Input provided to MoF on proposed regulation for training of Commercialisti consistently with training of auditors.	Ongoing December 2017	Board Board	Auditing Working Party CNDCEC Institutional affairs dept. Board member in charge of auditing, and supporting task force
<i>Assisting with the Regulatory Developments Related to State Examination</i>					
13.	2016	Monitor Requirements for State Examination of Statutory auditors' approval and ensure consistency with examination of Dottore Commercialista and Esperto Contabile and application of exemptions provided by DM 63/2016.	2017	Min. of Justice MOF Board	Education Working Party CNDCEC Institutional affairs dept.
14.	2017	Monitor and engage in consultation with relevant authorities to encourage incorporation of relevant updated IES in most recent regulations related to State examination for statutory auditor.	December 2017	MOF Board	CNDCEC Institutional affairs dept.
<i>Contributing to Regulatory Developments Related to CPD Requirements</i>					
15.	2017 2016	Comment new CPD requirements for statutory auditors; ensure consistency with CPD for Commercialist and monitor related regulatory developments in this area. Monitor implementation of updated CPD regulation and new project of high specialization schools (SAF).	2017 2016 Ongoing	Board	Council member in charge of auditing Education Working Party

#	Start Date	Actions	Completion Date	Responsibility	Resource
Implementation of IESs and other IAESB Pronouncements					
16.	2017	Consider translation of expected revised IES.	2018	Education working party of CNDCEC	CNDCEC Translation Dept. Education Working Party
17.	2016	Comment of IES ED and consider IESs in the development of IPD and CPD guidelines, and through participation at various cooperative international projects in the area of education.	Ongoing	Board	Education working party
Maintaining Ongoing Processes					
18.	Ongoing	Monitor and promote the incorporation of new and amended pronouncements issues by the International Accounting Education Standards Board (IAESB) into the national regulation. Update the Action Plan as necessary.	Ongoing	Board	CNDCEC Education working party
Review of CNDCEC's Compliance Information					
19.	Ongoing	Update CNDCEC members with relevant information further to enactment of the Decree and perform periodic review of CNDCEC's response update section relevant to SMO 2.	Ongoing	Chief Executive Officer	CNDCEC Education Working Party Council member delegated to Intl. Affairs Intl. Affairs Dept.

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to use best endeavors to maintain an ongoing process of adoption and implementation of ISAs and other IAASB pronouncements.

Background:

The delegated Decree nr. 39/2010, implementing the audit directive 2006/43/EC, assigns the final competency for standard setting to the Ministry of Finance and Economy, having heard Consob. A special advisory panel has been set by the Ministry of Economy and Finance, together with CONSOB, to support the development of regulations regarding the adoption of ISAs and the quality assurance system. The panel, in accordance with the law provision, is formed by professional bodies and associations representing the accountancy profession and is currently formed by CNDCEC, Assirevi and Istituto Nazionale Revisori Legali. This panel has reviewed, and to the extent needed adapted, the translation of ISAs produced by CNDCEC.

ISA (Clarified version 2009) have been formally adopted in Italy – with a set called ISA Italia - with a special Ministerial act at the end of 2014 and are applicable to audits of financial statements that cover periods starting from 1 January 2015.

Updates 2017

- Adoption of ISAs affected by the IAASB project “**Auditor Reporting Standards**” (2015), that is: ISA Italia n. 260, 570, 700, 701, 705, 706 e 710, which became effective:
 - with reference to non-PIEs, for audits of financial statements for periods beginning on or after August 6, 2016;
 - with reference to PIEs, for audits of financial statements for periods beginning on or after June 17, 2016.

Non-PIEs have been allowed an earlier application for audits of financial statements for periods beginning on June 17, 2016.

Updates 2018

- Adoption of ISAs affected by the Conforming Amendments (CA) of the IAASB project “Auditor Reporting Standards” (2015), that is: ISA Italia n. 200, 210, 220, 230, 510, 540, 600, which became effective for audits of financial statements for periods ended on or after December 31, 2017.

Updates 2020

- Adoption of ISAs affected by the following IAASB projects:
 - i. “**Accounting Estimates**” (2018);
 - ii. “**Non-Compliance with Laws and Regulations**” (**NO-CLAR**) (2016);
 - iii. “**Addressing Disclosures in the Audit of Financial Statements**” (2015);
 - iv. “**Using the work of internal auditors**” (2012- 2013).

With a view to reflecting the mentioned projects on the set of ISA Italia, the new versions of the ISA Italia n. 200, 210, 220, 230, 240, 250, 260, 265, 300, 315, 320, 330, 402, 450, 500, 540, 550, 580, 610, 700, 701, 705 have been developed. These standards became effective for audits of financial statements for periods beginning on or after January 1°, 2020.

Updates 2022

- Adoption of the new **ISA 315 Revised 2019** and related Conforming Amendments (i.e. ISA n. 200, 210, 230, 240, 250, 260, 265, 300, 330, 402, 500, 501, 530, 540, 550, 600, 610, 620, 701). These standards are effective for audits of financial statements for periods beginning on or after January 1°, 2022 (in accordance with IAASB indications);
- Adoption of ISAs affected by the Conforming Amendments as a result of the Revised IESBA Code (i.e. ISA n. 200, 240, 250, 260, 610, 620, 700, 720). These standards are effective for audits of financial statements for periods beginning on or after January 1°, 2022.

Updates under way

- Adoption of ISAs affected by the IAASB project “**Quality Management**”, which should become effective for audits of financial statements for periods beginning on January 1°, 2025 (two years later than IAASB’s indication), with possibility of early adoption already on January 1° 2024.

CPD and training programs are continually updated to support awareness and implementation of the new standards.

CNDCEC is increasing its engagement and activity in the area of audit of public sector entities, with regard both to the requirements and composition of audit committees or single auditors and to the standard and guidance to be adopted.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Adoption of IAASB Pronouncements					
20.	2022	Adoption of the new ISA 315 Revised 2019 and related Conforming Amendments; Adoption of ISAs affected by the Conforming Amendments as a result of the Revised IESBA Code.	January 2022	MoF, Consob, CNDCEC, Assirevi, INRL	MoF, Consob, CNDCEC, Assirevi, INRL;

	2020	Adoption of the following IAASB projects: 1. "Accounting Estimates" (2018); 2. "Non-Compliance with Laws and Regulations" (NO-CLAR) (2016); 3. "Addressing Disclosures in the Audit of Financial Statements" (2015); 4. "Using the work of internal auditors" (2012-2013).	January 2020		CNDCEC Board member in charge of Auditing Standards; CNDCEC translation dept.; Auditing working party
	2017-2018	Adoption of new Auditors Reporting Standards	January 2018		
	2014	Full adoption of ISA Clarified and enactment of ISA Italia.	December 2014		
21.	2017-2018	Publication of the following translation: Preface; Framework; ISRE 2400-2410; ISAE 3000, 3400, 3402, 3420; ISRS 4400-4410.	March 2018	CNDCEC Board	CNDCEC Board member in charge of Auditing Standards; CNDCEC translation dept.; Auditing working party
22.	2016	Monitor developments at EU level and overall impact of the new regulation and directive on the audit function.	Ongoing	Board member delegated to audit	International department
Assisting with the Implementation of ISAs					
	2016	Consider recent implementation materials, videos and guidance, developed by the IAASB, for CPD purposes.	Ongoing	Council member delegated to audit	Auditing working Party Education Working Party
23.	2015	Publication of CNDCEC guidance to the use of ISA in auditing engagements; Publication of behavioral guidelines for members of Audit committees in both PIEs and non-PIES entities.	2015	Task force	
Maintaining Ongoing Processes					

24.	Ongoing	Continue to monitor and incorporate new and amended pronouncements issues by the IAASB into the Italian Auditing Standards and to support their implementation by providing training and guidance to members. Update the Action Plan for future activities as necessary.	Ongoing	Board	CNDCEC auditing Working Party (Quality sub group)
Review of CNDCEC's Compliance Information					
25.	Ongoing	Update information further to enactment of the Decree and perform periodic review of CNDCEC's response and update section relevant to SMO 3.	Ongoing	Chief Executive Officer	CNDCEC Auditing Working Party Council member delegated to Intl. affairs Intl. Affairs Dept.

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to support convergence of Italian Ethics Standards with the IESBA Code of Ethics

Background:

The Code of Ethics for Dottori Commercialisti and Esperti Contabili has been renewed and issued in 2009, and reflects the new regulatory environment in which professional accountants, members of CNDCEC, exercise their activity after the merger, effective since 2008, of the two previous IFAC member bodies in Italy. Compared with the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), some of the requirements, mainly in the area of independence, are set directly by the Italian legislation with respect to financial markets, corporate law and statutory auditing. The adoption of the code is a competency of CNDCEC as defined by the professional law 139/05. The combination of the legal requirements and ethics code, overall, is set in accordance with the IESBA requirements, although more restrictive than the international requirements in some respects. The Code has been further updated during 2015 and innovative clauses are now addressing mandatory insurance requirements, applicability to professional firms, termination of engagement in the case of a client disappearance, written acceptance of professional engagement and indication of detailed fees, transparency requirements for professionals that cover also institutional roles within the profession, enhanced provisions regarding abuse of professional qualifications, precisions regarding advertisement and use of academic titles. The Code has been updated also during 2019 introducing a note regarding information requirements in case of replacement of the professional accountant with another professional.

The development of independence rules and ethics code dedicated to statutory auditors have been introduced as a requirement in the delegated Decree 39/2010, implementing the audit directive. This task is assigned to CNDCEC within the Panel established by the MoF, together with Assirevi and Istituto Nazionale Revisori Legali and CONSOB. During 2012-2013 the Advisory panel completed the translation and adaptation of the code of ethics for statutory audit activity in Italy. The Panel has decided to base its entire work on the IESBA code (Edition 2012). Translation and adaptation have been conducted considering the applicability of such requirements to statutory audit activity as provided for by Delegated decree 39/2010.

As the new European Directive (2014/56/EU) and Regulation (537/2014) include additional requirements related to Independence, their implementation, has been completed in 2016 and the Panel will consider the impact of the new legislative rules on the Italian code and on the drafted code for statutory auditors.

Consequently, on 21 November 2018 the MoF, with Determina (ministerial act) has enacted principles relating ethics and confidentiality obligation for statutory audit activity in Italy (based on IESBA Code, Edition 2012) while specific independence rules will be enacted within March 2023 to be applied as of 1° January 2023 (based on IESBA Code, Edition 2018).

This set of independence rules is specifically dedicated to auditors and is to be distinguished from the code of ethics for Dottori Commercialisti and Esperti Contabili. Proper linkage between the codes will be ensured.

Comparative studies on ethics rules regarding Anti-money laundering and taxation have been conducted by CNDCEC Ethics working party.

#	Start Date	Actions	Completion Date	Responsibility	Resource
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Adopting the Code of Ethics for Professional Accountants					
26.	2016	Monitor adoption of new and amended standards by the IESBA and consider needs for adaptation at the national level.	Ongoing	Board member delegated to Ethics working party	Ethics working party
27.	2010	Analysis and proposals to the IESBA on the relevance of Ethics code of the IESBA to SMPs and SME audit engagements, specifically in consideration of a think small first and scalability approach to be promoted at the international level also in the field of ethics.	Ongoing	Board member delegated to Ethics working party	Ethics working party
Drafting the Code of Ethics for Statutory Auditors					
28.	2018	Adoption of principles relating to ethics and confidentiality obligation with Ministry of Finance Determina on 21 November 2018 for the activity of statutory audit (based on IESBA Code, Edition 2012)	21 November 2018	MoF, Consob, CNDCEC, Assirevi, INRL	Ethics working party
29.	2010	Adoption of principles relating to ethics, confidentiality obligation and independence for the activity of statutory audit (based on IESBA Code, Edition 2018)	Ongoing	MoF, Consob, CNDCEC, Assirevi, INRL	Ethics working party
Monitoring Transposition of the new Audit Directive and Audit Regulation					
30.	2014	Monitor and support MoF in transposition of Audit Directive (2014/46/EU) and Audit regulation, with regard to independence rules (join audits, rotation of audit firms etc.).	June 2016	Board and Audit Working Party	Ethics working party CNDCEC dept. for Institutional Affairs
Maintaining Ongoing Processes					
31.	Ongoing	Continue to monitor and incorporate new and amended pronouncements issues by the IESBA into the Codes of Ethics for Professional Accountants and Statutory Auditors and to support their implementation by providing training and guidance to members. Update the Action Plan for future activities as necessary.	Ongoing	Board	Ethics Working Party Council member delegated to Intl. Affairs Intl. Affairs Dept.
Review of CNDCEC's Compliance Information					
32.	Ongoing	Periodically review responses to and update sections relevant to SMO 4.	Ongoing	Chief Executive Officer	As above

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Activities to promote IPSASB Pronouncements

Background:

Public Sector Accounting Standards are set in the relevant Italian legislation (Law 196/2009) and are strongly supported by the competent bodies for the area that are the Corte dei Conti (Auditor general), and Ragioneria Generale dello Stato (RGS -State Comptroller), a unit of the Ministry of Economics and Finance. Legislative changes in this area are speeding and there is feasible strong support to accrual basis accounting for public sector entities, also due to the developments at EU level and the Eurostat project.

The article 9, paragraph 14, of Decree Law No. 152 of Nov. 6, 2021, converted with amendments by Law No. 233 of Dec. 29, 2021, delegated to the Italian Public Sector Accounting Standards Board, established by Determination of the State Accountant General No. 35518 of March 5, 2020, the implementation of activities related to the implementation of Reform 1.15 of the National Recovery and Resilience Plan, called "Equipping Public Administrations with a Single Accrual Economic and Capital Accounting System". The process is oriented to define a new set of Italian Public Sector Accounting Standards (ITASs), based on EPSASs and IPSASs. This path will be initiated from the second quarter of 2024 and will last until the first quarter of 2026. This quite complex project has to be finalized by 2023 and will imply a progressive implementation process;

- an initial phase of implementation of the new regulatory framework, accounting standards and multidimensional chart of accounts, covering a representative sample of the public administrations, to be launched by the fourth quarter of 2024;
- the production, by the second quarter of 2026, of financial statements for at least 90% of the public sector entities, prepared in accordance with the rules (conceptual framework and accounting standards) of accrual accounting defined by the Italian Standard Setter Board.

Given the relevance of this sector to CNDCEC members, as professional accountants are engaged as auditors and Chief Financial Officers of public entities, this is an important research area for CNDCEC, which has a dedicated working party. CNDCEC does not have a direct responsibility in the standard setting process, but plays a role in the consultations and research activities, by producing guidance and organizing conferences and studies.

CNDCEC considers the International Public Sector Accounting Standards Board (IPSASB) as a source of reference by actively contributing to the standard setting process.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Supporting Convergence with IPSAS					
33.	2016	Complete translation of all the International Public Sector Accounting Standards (IPSASs).	July 2017	Executive Director Institutional affairs	CNDCEC translation dept.
34.	2016	Publication of IPSAS translation and information to relevant stakeholders about new translation available.	December 2016	International dept.	Public Sector working party (review subgroup)

Promoting IPSAS					
35.	2016	Participation at the task force set by the Accountant General (within MOF) on Impact assessment study of application of IPSAS to different public sector entities.	2016	Council member delegated to Public sector	CNDCEC staff and international delegates
	2017	Define conclusions, collect opinions on the impact assessment study.	2017		
Maintaining Ongoing Processes					
36.	Ongoing	Continue to monitor new and amended pronouncements issues by the IPSASB and promote their dissemination and adoption at the national level. Respond to Exposure draft directly or through other regional organizations participated by CNDCEC. Update the Action Plan for future activities as necessary.	Ongoing	Council member delegated to Public sector	Public Sector working party and international delegates.
Review of CNDCEC's Compliance Information					
37.	2016	Monitor national legislation developments and accordingly review SMO 5 section.	Ongoing	Board	Public Sector working party

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Further Development of the Disciplinary Mechanisms

Background:

CNDCEC has a regulatory competency in the area of discipline, as the professional law (delegated Decree 139/05) assigns to CNDCEC the function of defining the relevant regulation, based on the Ministry of Justice opinion. The exercise of the disciplinary power is the competency of the territorial chapters in accordance with their supervising powers on the members and to territorial competency criteria.

In 2013 the new regulation on disciplinary procedures has been enacted, incorporating important innovations, as to the composition of the Board acting in a Disciplinary judgment. CNDCEC complies with SMO 6 requirements.

At local level the members of the Disciplinary Board are appointed by the President of the Court, based on a proposed list of members presented by the local chapter. The number varies according the local dimensions and can also include non-professionals, namely judges.

Within the disciplinary procedure CNDCEC acts as an appeal court. Decisions taken by the competent territorial committees can be appealed and be judged, at a second hearing, by CNDCEC. Against the decisions of CNDCEC it is possible to file an appeal to the ordinary Court. In all cases, all decisions are notified to the Ministry of Justice. The procedure is governed by the same constitutional rights and rules which apply to criminal procedures. Disciplinary sanctions are set in the professional law (139/05). CNDCEC does not have investigative powers.

In 2016 CNDCEC has updated some of the provisions of its ethics code to reflect changes in AML regulation and has enacted a “code of sanctions” in order to provide guidance to the local chapters on the range of sanctions to be applied in different cases and favor convergence of approaches to determination of sanctions among the 144 Italian territorial chapters.

The new legislative Decree implementing the audit directive (2006/43/EC) has provided the legal framework for a full disciplinary system for statutory auditors. This system is to be further defined with a few ministerial Decrees, expected to be enacted by 2017 also on the basis of the new delegated decree 135/2016. The basic requirements outline a system that complies with SMO 6.

With regard to the regulatory powers in this area, CNDCEC plays an advisory role and is not directly responsible for the enactment of the Decree, nor for the management of the procedures.

#	Start Date	Actions	Completion Date	Responsibility	Resource
Monitoring Transposition of Audit Directive					
38.	2016	Monitor developments with regard to statutory auditors and assess need of coordination with disciplinary requirements for CNDCEC members who are also registered as statutory auditors, and the disciplinary system for statutory auditors.	2016 Ongoing	Council member delegated to ethics and disciplinary proceedings	Legal affairs

Maintaining Ongoing Processes					
39.	2016	Provide guidance to Territorial chapters in order to ensure uniformity and consistency of the procedures managed at local level.	Ongoing	Board	Legal affairs
40.	Ongoing 2016	Assess the I&D mechanisms to ensure they incorporate SMO 6 requirements and are properly implemented. Monitor advancement and enactment of the new Decree for the auditors and level of compliance with SMO 6.	Ongoing	Board	CEO and Legal Affairs
41.	Ongoing	Update the Action Plan for future activities as necessary.	Ongoing	Board	Legal Affairs
42.	2016	Translation of CNDCEC code of ethics and information on the code to international stakeholders and foreign member bodies.	2016	Council member delegated to ethics	Translation department
Review of CNDCEC's Compliance Information					
43.	Ongoing	Perform periodic review of responses and update sections relevant to SMO 6 as necessary, also providing further information about the final adoption of the disciplinary regulation by CNDCEC.	Ongoing	Board	Legal affairs

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.	X			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	X			
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.	X			

Requirements	Y	N	Partially	Comments
4. Link with the results of QA reviews has been established.			X	
Investigative Process				
5. A committee or similar body exists for performing investigations.	X			
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.		X		Within the disciplinary panel a member is responsible for the investigation and collection of documents.
8. Members of the committee/entity include professional accountants as well as non-accountants.			X	Disciplinary committees may include also persons who are external to the profession – and namely a magistrate – but it is not considered as mandatory.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	X			
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.	X			With regard to letter a) of the example – it is not per se a sanction but a consequence of the removal or suspension.
Rights of Representation and Appeal				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	X			

Requirements	Y	N	Partially	Comments
Administrative Processes				
12. Timeframe targets for disposal of all cases are set.	X			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	X			
14. Records of investigations and disciplinary processes are established.	X			
Public Interest Considerations				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	X			
16. A process for the independent review of complaints on which there was no follow-up is established.	X			
17. The results of the investigative and disciplinary proceedings are made available to the public.	X			At a local level only the final sanction is indicated in the professional roll. At national level only an extract of the decision is published.
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	X			
Regular Review of Implementation and Effectiveness				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	X			

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to use best endeavors to support adoption and implementation of IFRS

Background:					
<p>As endorsed by EU regulation, IFRS are adopted for the preparation of financial statements of public interest entities. In general terms, the Italian accounting standards are applied to non-PIEs. The Organismo Italiano di Contabilità (OIC), established as a non-profit entity (Foundation), includes various stakeholders in its composition and is responsible for setting the accounting standards. CNDCEC is one of the founding members of OIC and contributes to its technical activities. At the same time, CNDCEC publishes -alone or jointly with other relevant institutions- documents of best practice. In June 2013 the new Accounting Directive (2013/34/EU) has been enacted and in September 2015 the new Italian delegated decree (n. 136/2015) has implemented the Directive. It is worth observing that OIC has nominated a permanent advisory committee dedicated to the analysis of IFRSs in order to contribute to the development of the IASB's pronouncements. CNDCEC has established an ad hoc committee for the analysis of IFRSs, in order to comprehend the impact of international pronouncements on chartered accountants. The committee is not alternative to the OIC's committee and should interact with OIC as well.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
Participating in the Ongoing Adoption of IFRS					
44.	2016	Define, within OIC (Organismo Italiano di Contabilità) the scope of IFRS application, as mandatory are as an option, in the different market segments (mandatory for PIEs, mandatory or allowed to certain companies in certain conditions) and consequences for SMEs.	Completed	Board	Accounting working party
	2016	Monitor -directly or through the OIC, the Italian standard setter-new and amended IFRS, especially IFRS 9, IFRS 15 and IFRS 16.			
45.	2016	CNDCEC is involved in the debate on the standard setting approach to be adopted for accounting of Small and Medium Enterprises, monitoring and promoting a think small first approach in this field.	Ongoing	Board	Accounting working party
Supporting the Implementation of IFRS					
46.	2016	Develop guidance and CPD materials at national and local level.	Ongoing	Board	Accounting working party
Maintaining Ongoing Processes					
47.	Ongoing	Continue to monitor new and amended pronouncements issues by the IASB as well as related regulatory developments and to assist with their implementation at the national level. Publish ad hoc paper in order to highlight best practices on specific issues.	Ongoing	Board	Accounting working party

Review of CNDCEC's Compliance Information					
48.	2016	Perform periodic review of responses and update sections relevant to SMO 7 as necessary.	2018	Board	Accounting working party