

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The level of a Member's or Associate's fulfillment of 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: The Malaysian Institute of Certified Public Accountants (MICPA)
Approved by Governing Body: **Board**
Original Publish Date: October 2010
Last Updated: Jan 2024
Next Update:

IFAC's Summary Assessment: *IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. 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](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	MICPA Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	No Direct	 Adopted	 Sustain
IES / SMO 2	Shared	 Adopted	 Sustain
ISA / SMO 3	No Direct	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Partially Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Sustain
IFRS / SMO 7	No Direct	 Adopted	 Sustain

Attestation of SMO Compliance

The **MICPA** 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 **MICPA** 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, Consider, or Not Active* the **MICPA** 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 **MICPA**, 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

AATC	Accounting and Auditing Technical Committee
AASB	Audit and Assurance Standards Board
AG	Auditor General
AOB	Audit Oversight Board
CAANZ	Chartered Accountants of Australia and New Zealand
CPD	Continuing Professional Development
CSAP	Committee to Strengthen the Accountancy Profession in Malaysia
GAC	Government Affairs Committee
IAASB	international Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IESBA	International Ethics Standards Board for Accountants
IES	International Education Standards
IFAC	International Federation of Accountants
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC 1	International Standard on Quality Control 1
MASB	Malaysian Accounting Standards Board
MIA	Malaysian Institute of Accountants
MIAC	Malaysian Application and Implementation Committee
MICPA	The Malaysian Institute of Certified Public Accountants
NACRA	National Annual Corporate Report Awards
QA	Quality Assurance

Action Plan Subject: SMO 1 - Quality Assurance (QA)

Action Plan Objective: Continue to Use Best Endeavors to Promote the Importance of a Quality Assurance Review System, which Incorporates the Requirements of SMO 1, Quality Assurance

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>The Financial Statements Review Committee (“FSRC”) of MICPA is tasked with the review of published financial statements of public listed entities audited by MICPA members to ensure compliance with standards. MICPA has also published an Audit Guide for Practitioners (“AGP”) and an Illustrative Audit Working Papers (“IAWP”) to assist members in carrying out audits of financial statements in compliance with approved auditing standards. In addition, as part of the MICPA’s continuous effort to support the professional development of members, MICPA has also produced an implementation guide, namely ‘ISQM1 Guide and Illustrative Manual’ (‘IGIM’). IGIM is intended to help members understand the requirements of the ISQM1 and implement the ISQM1 in the manner intended. These books, i.e. AGP, IAWP and IGIM are maintained and updated regularly aimed at providing the latest resource and support to members. Furthermore, MICPA organizes ongoing training courses on ISQM 1, ISQM 2, and other pronouncements issued by the IAASB, ISSB and IASB.</p> <p>In Malaysia, all firms of auditors are subject to the Practice Review Programme conducted by the Malaysian Institute of Accountants (MIA). For more information about the Practice Review Programme, please refer to the MIA Action Plan. Section 6(c) of the Accountants Act 1967 states that one of the functions of MIA is to regulate the practice of the profession of accountancy in Malaysia. MIA has established the Practice Review Committee which is tasked with the review of working papers of the auditors in Malaysia. In addition, on April 1, 2010, the Audit Oversight Board (AOB) was established under the auspices of the Securities Commission with the objective to overseeing the auditors of public interest entities and to protect the interest of investors by promoting confidence in the quality and reliability of the audited financial statements of public interest entities. AOB will work together with other regulatory agencies to ensure a holistic regulatory framework for auditors in Malaysia is in place, which will promote the growth of the Malaysian auditing profession with good governance. Please visit the AOB’s website at www.sc.com.my for more information on the AOB. MICPA reviews financial statements of public interest entities audited by MICPA members, or MICPA members who are sitting in those companies as board of directors.</p> <p>MICPA has collaborated with MIA to carry out the Quality Assessment Programme (“QAP”) since 2016 aimed at enhancing the audit quality of small and medium-sized practices (“SMPs”). MICPA’s roles under this collaboration is to carry out reviews of audit working papers performed by SMPs and reviews of the implementation of ISQM 1 while MIA is responsible for sourcing participants for the programme.</p> <p>MICPA has also collaborated with a vendor to produce audit software which incorporated the AGP and IAWP of MICPA into the audit software, aimed at supporting SMPs to embrace automation of audit and enhancing audit quality of SMPs in Malaysia.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>To uphold the standards of the accountancy profession in Malaysia by supporting members in enhancing the quality of financial statements reporting</i>					
<i>Maintaining Ongoing Processes:</i>					
1.	Ongoing	Continue to monitor the audit quality and quality of financial reporting performed by members by carrying out reviews of published financial statements audited by members.	Ongoing	Technical Director and FSRC Members	MICPA Staff and FSRC Members
2.	Ongoing	Appointed as a member of GASAC. Continue to provide comment and support for adoption of IPSAS as the national standard, MPSAS, for the use of public sector.	Ongoing	Technical Director	MICPA Staff
3.	Ongoing	Collaborate with the stock exchange regulator and MIA in organising National Annual Corporate Report Awards (NACRA) with the following objectives: <ul style="list-style-type: none"> • To promote effective communication by organisations through the publication of timely, informative, transparent and reader-friendly annual reports • To raise the bar for quality corporate reporting in Malaysia • To recognise and encourage excellence in the presentation of financial and corporate information • To create public awareness of the objective measures of an organisation and their value creation over time, and greater understanding of the financial performance and results an organisation has achieved. 	Ongoing	Technical Director and NACRA Committee	MICPA Staff and MIA Staff

4.	Ongoing	Provide guidance to questions and issues submitted by members who may have difficulties in application of laws and regulations, regulatory requirements, applicable approved accounting standards in Malaysia and International Standards on Auditing (ISAs).	Ongoing	Technical Director	MICPA Staff
5.	January 2019	Participate and contribute in MFRS Application and Implementation Committee (MAIC) established by Malaysian Accounting Standard Board (MASB) which is entrusted to look into issues where there are existing and potential divergent practices as well as facilitate consistent application and implementation of Malaysia Financial Reporting Standards (MFRS) for the benefit of the capital market.	Ongoing	Accounting and Auditing Technical Committee (AATC) Member	AATC Member
<i>Education & Training</i>					
6.	Ongoing	Organise training courses to enhance members' knowledge of laws and regulations, regulatory requirements, applicable approved accounting standards in Malaysia and ISAs.	Ongoing	Head of Continuing Professional Development (CPD) and Education Training Committee (ETC)	MICPA Staff and appointed speakers

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	September 2020	Update of the <i>Audit Guide for Practitioners (AGP)</i> incorporating all the newly issued/revised/redrafted ISAs and ISQMs published by the IAASB. This publication was first published in 2006. AGP reflects the ISAs and other pronouncements adopted and issued by MICPA. The publication is intended to provide guidance on the performance of audits of financial statements in accordance with the ISAs and to enhance audit quality.	Ongoing	Technical Director and Public Practice Committee – AGP & IAWP Task Force	MICPA Staff and AGP & IAWP Task Force
8.	September 2020	Update of the <i>Illustrative Audit Working Papers (IAWP)</i> . The publication is intended to provide guidance on the performance of audits of financial statements in accordance with the ISAs and to enhance audit quality.	Ongoing	Technical Director and Public Practice Committee (PPC) - AGP & IAWP Task Force	MICPA Staff and AGP & IAWP Task Force
9.	April 2017	Quality Assessment Programme (QAP) was launched in April 2017, where audit practitioners voluntarily participate in the reviewing of their audit file by MICPA's appointed representatives. The purpose of the review is to help audit practitioners enhance their audit quality.	Ongoing	Technical Director and PPC – QAP Task Force	MICPA Staff and the Large Firms
10.	August 2017	A series of joint workshops with MIA on Practical Audit Methodology (PAM) were rolled out in 2017, aimed at introducing the practical aspects of auditing in accordance with the objectives of the AGP and IAWP. So that the audit quality of Small Medium Practices (SMPs) can be enhanced.	Ongoing	Head of CPD and ETC	MICPA Staff and ETC

11.	August 2023	Carry out a series of workshops for AOB registrants (auditors registered with AOB as PIE auditors) aimed at enhancing audit quality of the AOB registrants.	Oct and Nov 2023	Technical Director	Technical Team and the Large Firms
<i>Review of MICPA's Compliance Information</i>					
12.	Ongoing	MICPA will review regularly the MICPA SMO Action Plan and update the SMO 1 when necessary.	Ongoing	Technical Director and CEO	MICPA Staff

Action Plan Subject: SMO 2 - International Education Standards (IESs)
Action Plan Objective: Continue to Monitor Work Programme of International Accounting Education Standards Board to Ensure all IES Requirements are Implemented in the MICPA's Professional Accountancy Education Programme

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Members of the MICPA are required to observe the Constitution of MICPA and By-laws of MICPA. Please visit the MICPA's website at www.micpa.com.my on the Constitution and Bye-laws.</p> <p>MICPA has developed a professional accountancy education programme that addresses the requirements set out in the International Education Standards (IES). Candidates for MICPA membership are required to complete the professional accountancy education programme and satisfy the practical experience requirements.</p> <p><u>Professional Accountancy Education Programme</u></p> <p>MICPA's professional accountancy education programme was revised in July 2009 and is administered under the MICPA By-Law. Under the revised programme, MICPA will adopt the examination papers of Chartered Accountants of Australia and New Zealand (CA ANZ) with the exception of Taxation which is still assessed by the MICPA as it based on Malaysia tax law. Substantially, the admission requirements of membership remained unchanged except that candidates who complete the revised programme would be eligible for membership of MICPA and the CA ANZ. MICPA programme is developed in line with IES. Please visit the MICPA's website at www.micpa.com.my on the professional accountancy education programme.</p> <p><u>Practical Experience Requirements</u></p> <p>Members are required to submit an annual declaration of Continuing Professional Development (CPD) requirements to MICPA at the time of their annual membership renewal. An annual audit of members' compliance with the CPD requirements will be conducted by MICPA on a random sample of members. Members selected will be required to submit to MICPA their CPD records for each CPD year of the rolling three-year period, together with all relevant documentary evidence, to support attendance or completion of the CPD activities stated in their CPD records.</p> <p>MICPA also participates in the various working group and dialogue of the development and review of the syllabus and curriculum of the public universities and institutions in Malaysia. Seminars related to updates of financial reporting and auditing standards were organised by the Institute for academicians.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing Professional Development</i>					
13.	January 2007	MICPA has issued a Statement on Continuing Professional Development in January 2007 for members' compliance. The requirements of the Statement are effective for CPD reporting periods beginning on or after January 1, 2007. Hence, the first rolling three-year period for which the requirements of the Statement are applicable runs from January 1, 2007 to December 31, 2009. MICPA completed revising its Statement	November 2021	Head of CPD	MICPA Staff
14.	January 2009	Yearly declaration of compliance with the CPD requirements by members of the Institute. Members were selected randomly to provide documentation of compliance with the CPD requirements.	Ongoing	Head of Membership	MICPA Staff
<i>Maintaining Ongoing Processes</i>					
15.	Ongoing	Maintain an ongoing process to ensure that members are informed of the relevant International Accounting Education Standards Board (IAESB) standards.	Ongoing	Head of Education	MICPA Staff
16.	Ongoing	Maintain an ongoing process to ensure that new and revised standards on auditing, financial reporting and ethics are incorporated into the MICPA's professional accountancy education programme.	Ongoing	Head of Education	MICPA Staff
17.	Ongoing	Maintain an ongoing process to ensure that the MICPA's professional accountancy education programme is in full compliance with all the IAESB's standards.	Ongoing	Head of Education and Head of Examination	MICPA Staff

18.	Ongoing	MICPA participates in the various working group and dialogue organised by the relevant agencies in the development and review of syllabus and curriculum of universities and institutions in Malaysia.	Ongoing	Head of Education and ETC	MICPA Staff
19.	Ongoing	MICPA conducts quality assurance audit/review of universities and institutions in the delivery of the undergraduate accounting programmes in Malaysia.	Ongoing	Head of Education and ETC	MICPA Staff
<i>Education & Training</i>					
20.	Ongoing	Seminars relating to financial reporting and auditing standards were organised by the MICPA for academicians in order to update them on the latest developments in the profession.	Ongoing	Head of Education and CPD	MICPA Staff
21.	August 2017	MICPA and MIA jointly organised audit training based on the Audit Guide for Practitioners and Illustrative Audit Working Papers publications.	Ongoing	Head of CPD	MICPA Staff and MIA Staff
22.	October 2022	MICPA organised workshops on ISQM1 Guide and Illustrative Manual	October 2023	Head of CPD	MICPA Staff
23.	October 2023	MICPA and MIA jointly organised training courses based on the ISQM1 Guide and Illustrative Manual publication.	Ongoing	Head of CPD	MICPA Staff and MIA Staff
<i>Review of MICPA's Compliance Information</i>					
24	Ongoing	MICPA will review regularly the MICPA's SMO Action Plan and update the SMO 2 when necessary.	Ongoing	Head of CPD and Head of Education	MICPA Staff

Action Plan Subject: SMO 3 - International Auditing and Assurance Standards Board (IAASB) Pronouncements
Action Plan Objective: Continue to Use Best Endeavors to Support Ongoing Convergence with IAASB Pronouncements in Malaysia

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>MICPA plays an instrumental role in this standard-setting process and support of ongoing implementation of the standards issued. The MICPA being a member body of IFAC has been providing its comments on the exposure drafts issued by IAASB and has also adopted all the International Standards of Auditing issued by the IAASB for its members.</p> <p>In Malaysia, MIA is a statutory body established under the Accountants Act 1967 (the Act). Section 6(c) of the Act states that one of the functions of MIA is to regulate the practice of the profession of accountancy in Malaysia. MIA has established the Auditing and Assurance Standards Board (AASB), an independent standard-setting body to set high quality standards for quality control, auditing, review, other assurance and related services; and to facilitate compliance with such standards. MIA authoritative pronouncements govern audit, review, other assurance and related services engagements that are conducted in accordance with the Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services (Malaysian Approved Standards). The Audit and Assurance Standards Board (AASB) is a functionally independent standard-setting body designated by, and operating under the auspices of the Malaysian Institute of Accountants (MIA). Standards and technical pronouncement issued by the IAASB are reviewed by the AASB through its rigorous process on standard-setting. Information about AASB and its activities is published on the MIA website (www.mia.org.my).</p> <p>To support members and professional accountants implement the standards, MICPA supports implementation of auditing standards include: ensuring that updated and new pronouncements by the IAASB are included in MICPA's Members Handbook; organizing training courses and continuing professional development on ISA; and developing guidance such as audit and technical insights. To support smaller firms, MICPA updated the Audit Guide for Practitioners regularly incorporating all the newly issued and revised ISA. In addition, MICPA has also produced an implementation guide 'ISQM1 Guide and Illustrative Manual' aimed at helping members and professional accountants implement ISQM1.</p>					
<i>Maintaining Ongoing Convergence with the IAASB's Standards</i>					
25.	Ongoing	Update of Members Handbook for adoption of the new/revised/redrafted IAASB's standards.	Ongoing	Technical Director	MICPA Staff
26.	Ongoing	Review of IAASB's exposure drafts and other relevant materials and make submission where necessary.	Ongoing	Technical Director and Accounting and Auditing	MICPA Staff

				Technical Committee (AATC)	
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#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education & Training</i>					
27.	August 2023	Organise training courses and workshops to enhance members' knowledge of IAASB Standards. A series of workshops were rolled out in October 2023. The MICPA workshops are intended to enhance the audit quality of AOB registrants that have less than 10 audit partners.	Nov 2023	Head of CPD and Technical Director	MICPA Staff
28.	August 2017	A series of joint workshops with MIA on Practical Audit Methodology (PAM) were rolled out in 2017, aimed at introducing the practical aspects of auditing in accordance with the objectives of the AGP and IAWP. So that the quality control and quality assurance of Small Medium Practices (SMPs) can be enhanced.	Ongoing	Head of CPD	MICPA Staff and MIA Staff
<i>Technical Support</i>					
29.	Ongoing	Development of publications and Circulars.	Ongoing	Technical Director and AATC	MICPA Staff
30.	Ongoing	Update of the <i>Audit Guide for Practitioners</i> incorporating all the newly issued/revised/redrafted International Standards on Auditing (ISA) and ISQM 1 published by the IAASB of the IFAC.	Ongoing	Technical Director and Public Practice Committee (PPC)	MICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
31.	Ongoing	Update of the <i>Illustrative Audit Working Papers</i> .	Ongoing	Technical Director and PPC	MICPA Staff
31.	April 2017	Quality Assessment Programme was launched in April 2017, where audit practitioners voluntarily participate in the reviewing of their audit file by MICPA's appointed representatives. The review also includes quality review.	Ongoing	Technical Director and PPC	MICPA Staff
<i>Review of MICPA's Compliance Information</i>					
32.	Ongoing	MICPA will review regularly the SMO Action Plan and update the SMO 3 when necessary.	Ongoing	Technical Director	MICPA Staff

Action Plan Subject: SMO 4 - International Ethics Standards Board for Accountants (IESBA) Code of Ethics
Action Plan Objective: To Raise Awareness about the Code of Ethics and Educate Members on its Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
MICPA is responsible for establishing ethical requirements for its members and has adopted the IESBA Code. On an ongoing basis, MICPA works to ensure that the MICPA Code is updated to include updates from IESBA Code. Nevertheless, the adoption of IESBA Code has to be consistent with the MIA's adoption. MICPA has included a Part D in its Code which outlines additional ethical requirements and provides guidance on specific matters relevant to members in public practice.					
<i>MICPA Code of Ethics, Based on the 2018 Edition of IESBA Code of Ethics</i>					
34.	Ongoing	Adoption of IESBA Code of Ethics and other final pronouncements issued by the IESBA as the MICPA Code of Ethics.	Completed	Technical Director	MICPA Staff
<i>Raise Awareness of the MICPA's Code of Ethics</i>					
35.	Ongoing	Update members on the new MICPA's Code of Ethics.	Ongoing	Technical Director	MICPA Staff
36.	Ongoing	Upload of the new MICPA's Code of Ethics in the MICPA's website.	Ongoing	Technical Director	MICPA Staff
37.	Ongoing	Organise training courses to enhance members' knowledge on ethical requirements as well as inform members on current and topical issues on ethics.	Ongoing	Head of CPD	MICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
38.	Ongoing	Review of IESBA exposure drafts and other relevant materials and make submission where applicable.	Ongoing	Technical Director and AATC	MICPA Staff
39.	Ongoing	Update members' Handbook for adoption of newly issued/revised Code of Ethics by the IFAC.	Ongoing	Technical Director	MICPA Staff
<i>Review of MICPA's Compliance Information</i>					
40.	Ongoing	MICPA will review regularly the MICPA SMO Action Plan and update the SMO 4 when necessary.	Ongoing	Technical Director	MICPA Staff

Action Plan Subject: SMO 5 - International Public Sector Accounting Standards (IPSAS)
Action Plan Objective: Continue to Use Best Endeavors to Assist in the Implementation of IPSASs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>The Accountant General’s Department, which is entrusted with the accounting functions of both Federal and State governments in Malaysia, endeavors to comply with the requirement of IPSAS where possible. The AG’s Department has drawn up a road map and implementation plan to adopt IPSAS issued by the International Public Sector Accounting Standards (IPSASB) of the IFAC by January 2016. The implementation of full accrual accounting forms part of the Federal Government’s policy measure in its public sector transformation initiatives of the New Economic Model. Accrual-based accounting using accounting policies which are identical to those to be adopted by the Federal Government will also be extended to all State Governments, local authorities, as well as statutory bodies.</p> <p>Government Accounting Standards Advisory Committee (“GASAC”) is a committee established under the Accountant General’s Department to develop Malaysian Public Sector Accounting Standards (MPSAS). MPSAS have been adopted by converging with IPSAS. MPSAS are endorsed by GASAC and approved by the Accrual Accounting Steering Committee (AASC).</p> <p>MICPA played a key role in the work to develop a roadmap to transition to the accruals basis of accounting in the Malaysian public sector. MICPA continues to use best endeavors to support the implementation of IPSAS and is represented on the relevant GASAC.</p>					
<i>Maintaining Ongoing Processes</i>					
41.	Ongoing	Continue to promote the IPSAS to the Government.	Ongoing	Technical Director and Consumer, Industry and Public Sector Committee (CIPC)	MICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
42.	October 2011	Appointed as a member of the Government Accounting Standard Advisory Committee to advise the Accountant General's Office on the adoption of IPSAS.	Ongoing	Technical Director	MICPA Staff
<i>Education & Training</i>					
43.	Ongoing	Conduct training courses on IPSAS for some Ministries and State Accounting Departments of Malaysia.	Ongoing	Head of CPD	MICPA Staff
<i>Review of MICPA's Compliance Information</i>					
44.	Ongoing	MICPA will review regularly the MICPA SMO Action Plan and update the SMO 5 when necessary.	Ongoing	Technical Director	MICPA Staff

Action Plan Subject: SMO 6 - Investigations and Discipline

Action Plan Objective: Continue to Maintain Investigation and Disciplinary Processes in Compliance with SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
<p>The MICPA investigation and disciplinary system is authorised under MICPA Constitution and By-Law and is in line with SMO 6 IFAC standards.</p> <p>On admission to membership, each member is provided a copy of the MCIPA's Constitution and By-Law which includes the provisions and processes for the investigation and disciplinary proceedings, the Code of Ethics and the Members Handbook which contain the full set of approved accounting and auditing standards. These pronouncements are also accessible from the MICPA websites.</p> <p>The MICPA's investigation and disciplinary process is instigated following a complaint from the public or an observation by a MICPA staff or Council member. The member against whom the complaint is lodged is advised and should evidence be sufficient, the Investigation Committee looks into the matter and requests a response from the member. Should the matter be upheld, it is referred to the Disciplinary Committee which looks at the case and decides on the appropriate sanction from a range that differs depending on the severity of the matter.</p> <p>The Investigation Committee consists of seven members of the Council while the Disciplinary Committee consists of five members of the Council and two lay persons who are members of a national body.</p>					
<i>Maintaining Ongoing Processes</i>					
45.	Ongoing	Continue to ensure MICPA's investigation and disciplinary process is functioning as intended.	Ongoing	Chief Executive Officer / Executive Director	MICPA Staff
46.	Ongoing	<p>Conduct investigation on cases submitted to MICPA.</p> <p>As of February 29, 2024, we had closed 26 cases and concluded 5 cases. We left 7 investigation cases which will be deliberated by Investigation Committee in 2024.</p>	Ongoing	Chief Executive Officer / Executive Director	MICPA Staff
47.	Ongoing	<p>Conduct disciplinary hearing and meeting on cases submitted by Investigation Committee.</p> <p>As of 29 February 2024, we had completed 4 cases.</p>	Ongoing	Chief Executive Officer / Executive Director	MICPA Staff

		We left 2 cases which will be deliberated by the Disciplinary Committee in 2024.			
<i>Review of MICPA's Compliance Information</i>					
48.	Ongoing	MICPA will review regularly the IFAC SMO Action Plan and update the SMO 6 when necessary.	Ongoing	Chief Executive Officer / Executive Director	MICPA Staff

Table to conduct SMO 6 self-assessment

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.	Y			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	Y			
4. Link with the results of QA reviews has been established.	Y			
Investigative process				
5. A committee or similar body exists for performing investigations.	Y			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			
Disciplinary process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			
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.	Y			
Rights of representation and appeal 11. A third appeals body exists which is separated from both the disciplinary committee and investigative committee.	Y			
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	Y			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			
14. Records of investigations and disciplinary processes are established.	Y			

Requirements	Y	N	Partially	Comments
Public Interest Considerations				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			
16. A process for the independent review of complaints on which there was no follow-up is established.	Y			
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			
Liaison with Outside Bodies				
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			
Regular review of implementation and effectiveness				
19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	Y			

Action Plan Subject: SMO 7 - International Financial Reporting Standards (IFRSs)

Action Plan Objective: Continue to Play an Active Role in the Standard Setting Process and to Promote Convergence with International Accounting Standards Board (IASB) Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>The Malaysian Accounting Standards Board (MASB) is established under the Financial Reporting Act 1997 as an independent authority to develop and issue accounting and financial reporting standards for both private entities and non-private entities (public entities) in Malaysia.</p> <p>The set of accounting standards for non-private entities are called Financial Reporting Standards. In 2008, the MASB has adopted the policy of converging all Financial Reporting Standards with the International Financial Reporting Standards issued by the IASB by January 2012. The converged standards are named as Malaysian Financial Reporting Standards. All non-private entities with the exception of transitioning entities shall apply the Malaysian Financial Reporting Standards for annual periods beginning on or after January 1, 2012. Transitioning entities comprise entities that are within the scope of MFRS 141 <i>Agriculture</i> and/or IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, including the parent, significant investor(s) and joint venturer(s) would be required to adopt MFRSs latest by January 1, 2018.</p> <p>In February 2014, the MASB issued the Malaysian Private Entity Reporting Standards (MPERS) that are the word for word of the <i>IFRS for SMEs</i> (International Financial Reporting Standards for Small and Medium-sized Entities) issued by the IASB except for Section 29, <i>Income Tax</i> and Section 34, <i>Specialised Activities (Property Development Activities)</i>. The MPERS is effective for annual periods beginning on or after January 1, 2016 for private entities. Private entities may also apply MFRSs. In October 2015, the MASB issued <i>2015 Amendments to the MPERS</i> which is equivalent to the IASB's <i>2015 Amendments to the IFRS for SMEs</i>. With this issuance, the accounting requirements for Income Tax of the MPERS are word-for-word <i>IFRS for SMEs</i> have been aligned. The <i>2015 Amendments to the MPERS</i> is effective for annual periods beginning on or after January 1, 2017 for private entities, with early application permitted.</p> <p>In May 2023, with endorsement of the Ministry of Finance, the Advisory Committee on Sustainability Reporting (ACSR) was formed to assess the use and application of the standards issued by the International Sustainability Standards Board (ISSB), specifically IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Members of the ACSR comprise representatives from the Audit Oversight Board, Bank Negara Malaysia, the Companies Commission of Malaysia, Bursa Malaysia Berhad and the Financial Reporting Foundation.</p> <p>MICPA participates in the standard setting process through representation at the MASB's Working Groups. MICPA supports implementation of the standards in Malaysia.</p>					
<i>Maintain Ongoing Convergence with IFRS</i>					
49.	Ongoing	Review of the IASB exposure drafts and other relevant materials and make submission where necessary. MICPA also participates in the MASB's Working Groups to provide comments on the IASB	Ongoing	Technical Director and AATC	MICPA Staff and AATC

		exposure drafts.			
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#	Start Date	Actions	Completion Date	Responsibility	Resource
50.	Ongoing	Disseminate emerging issues and updates on Malaysian Private Financial Reporting Standards (MPERs), Malaysian Financial Reporting Standards (MFRSs) and International Financial Reporting Standards to members through the MICPA's e-newsletter and circular.	Ongoing	Technical Director	MICPA Staff
51.	Ongoing	Participation and contribution in MFRS Application and Implementation Committee (MAIC) established by Malaysian Accounting Standard Board (MASB) which entrusted to look into issues where there are existing and potential divergent practices as well as facilitate consistent application and implementation of MFRS for the benefit of the capital market.	Ongoing	AATC Member	AATC Member
<i>Education and Training</i>					
52.	Ongoing	Organise training courses to enhance members' knowledge of newly issued/revised MPERs and MFRSs.	Ongoing	Head of CPD	MICPA Staff
<i>Technical Support</i>					
53.	Ongoing	Provide guidance and technical support to members on accounting standards.	Ongoing	Technical Director	MICPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of MICPA's Compliance Information</i>					
54.	Ongoing	MICPA will review regularly the SMO Action Plan and update the SMO 7 when necessary.	Ongoing	Technical Director	MICPA Staff

