

## **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 adoption<sup>1</sup> and implementation<sup>2</sup> 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](#).

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<sup>1</sup> *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.

<sup>2</sup> *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.

## Use of Information















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

## ACTION PLAN

**IFAC Member:** Malta Institute of Accountants (MIA)  
**Approved by Governing Body:** MIA Council on 5 September 2023  
**Last Update:** May 28, 2024

**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	PAO Level of Responsibility for Adoption	Adoption Status as of 2018	Level of SMO Fulfillment as of 2018
QA / SMO 1	No Direct	 Adopted	 Sustain
IES / SMO 2	Shared	 Partially Adopted	 Review & Improve
ISA / SMO 3	No Direct	 Adopted	 Sustain
IESBA / SMO 4	No Direct	 Partially Adopted	 Review & Improve
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Review & Improve
IFRS / SMO 7	No Direct	 Adopted	 Sustain

### Attestation of SMO Compliance

The **Malta Institute of Accountants (MIA)** 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 **MIA** 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 **MIA** 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 **MIA**, 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**

<b>ACCA</b>	Association of Chartered Certified Accountants
<b>CPE</b>	Continuous Professional Education
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISAs</b>	International Standards on Auditing
<b>ISQC</b>	International Standard on Quality Control
<b>ISRSSs</b>	International Standards on Related Services
<b>MIA</b>	The Malta Institute of Accountants
<b>PAO</b>	Professional Accountancy Organization
<b>QA</b>	Quality Assurance
<b>QAU</b>	Quality Assurance Unit
<b>SMOs</b>	Statements of Membership Obligation
<b>SMP</b>	Small and Medium Practices

<https://www.ifac.org/about-ifac/membership/members/malta-institute-accountants>

The MIA was founded in 1942 and is a voluntary membership organisation uniting over 4,000 professional accountants.

The aims of the MIA are to promote the highest professional, ethical and governance standards and exercise supervision over its members in order to maintain the highest possible professional standards as promulgated by IFAC. It provides members with guidance, resources, technical support and continuous professional development in order to enable them to provide services in the highest professional manner. The MIA promotes, encourages and assists suitable persons to join the accountancy profession and promotes a proper understanding of the role and value of the profession. It also promotes, supports and advances the status and interests of the profession in all aspects, promotes its character, and develops and improves accountancy education and continued professional development while ensuring that its members are represented both locally and internationally.

The MIA is recognised as the approved accountancy body in terms of SL.281.06 (Recognition of the Malta Institute of Accountants Regulations). As at the date of the assessment, the MIA was delegated the duties of CPE Accreditation and CPE monitoring by the competent authority in Malta, the Accountancy Board.

In addition to being a founding Member of IFAC, the MIA is also a member of Accountancy Europe (formerly known as the Federation of European Accountants).

**Action Plan Subject:** SMO 1 – Quality Assurance  
**Action Plan Objective:** Continue to use best endeavors to ensure that Quality Assurance Reviews are conducted in accordance with SMO 1, and that adequate training and practice support tools are made available by the MIA to its Members to assist them in implementing and maintaining appropriate systems of quality control.

<p>Background:</p> <p>All statutory auditors in public practice and statutory audit firms in Malta are subject to a quality assurance review which is intended to provide assurance as to the quality of their professional work and on the appropriate levels of professional standards.</p> <p>The Quality Assurance Review system in Malta falls under the remit of the Accountancy Board, which is the competent authority in Malta. Quality Assurance is governed by <a href="#">Directive 4</a> issued in terms of the Accountancy Profession Act which complies with the requirements set out in the EU Audit Directive 2006/43/EC and IFAC's SMO 1 respectively.</p> <p>The Quality Assurance Unit (QAU) acts on behalf of the Accountancy Board in the implementation and supervision of the quality assurance process. The QAU is made up of a Head of Unit and a team of trained inspectors who have the necessary qualifications, education, expertise and experience to carry out their role.</p> <p>The QAU adopts a risk-based approach when carrying out monitoring visits to statutory auditors and firms, including the selection stage of statutory auditors and firms for review as well as throughout the visit itself from planning to completion. Visits to statutory auditors and firms of public interest entities are carried out at least once every three years whilst visits to other statutory auditors and firms are carried out at least once every six years. Where audit quality issues are noted, follow-up visits (outside the normal visit cycles) are also carried out. Statutory auditors and audit firms are required to rectify their position within a stipulated timeline. The quality assurance system is linked to disciplinary proceedings.</p> <p>Details of QAU reviews undertaken are reported annually in the Accountancy Board's Annual Report.</p> <p>The MIA has no direct responsibility in this area but focuses on related education and practice support initiatives to assist firms in aligning their methodologies with best practice and legal obligations.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Ensure an adequate level of relevant and focused CPE training specifically targeted to Quality Assurance is made available to MIA members.	Ongoing	Technical team	Experienced lecturers & tutors

		<p>The MIA CPE Curriculum included sessions on ISQM 1 and on lessons learnt from the QAU's inspection visits. The latter session was delivered by an audit quality assurance reviewer in the Quality Assurance Unit, while the Head of the Accountancy Board's QAU was one of the speakers during one the sessions on ISQM 1.</p>			
2.	Ongoing	<p>Review the yearly report issued by Accountancy Board to identify knowledge gaps resulting from recent QA visits. These were taken into consideration during the course of drawing up the MIA CPE Curriculum.</p> <p>Technical guidance as detailed in SMO3 was issued to help members in the transition to the new auditor reporting standards and formats. Issue 1 of the MIA's quarterly journal, The Accountant, available online at <a href="https://www.miamalta.org/issue-1-of-2022">https://www.miamalta.org/issue-1-of-2022</a> included:</p> <ul style="list-style-type: none"> <li>• an article on ISQM 1 &amp; 2: Redesigning Quality Management as we know it by the Head of the Accountancy Board's QAU;</li> <li>• the perspectives of the MIA Audit and Assurance Committee and the SMP Group as to whether the New Quality Management Standards are a game changer for auditors; and</li> <li>• an article from the Principal of Strategic Initiatives at IFAC on how firms will apply the Quality Management Standards in Practice.</li> </ul>	Ongoing	Technical team	Technical team & MIA committees

3.	Ongoing	<p>With respect to ISQM 1, MIA published <i>Audit 04/22 - MIA Guidance in relation to the risk-based approach embedded in the requirements of ISQM 1</i>. This is accessible by MIA members on the MIA website. The guidelines note that further technical resources on the subject matter can be found at Quality Management   IFAC. The same link is also available on the MIA's website.</p> <p>The MIA will continue using guidance issued by IFAC as reference for the publication of future guidance notes or technical material. A link to IFAC's website and to IFAC's Knowledge Gateway is also available through the MIA's website.</p>	Ongoing	Technical team	Technical team, MIA Audit and Assurance Committee & MIA SMP Group
<i>Review of MIA's Compliance Information</i>					
4.	Ongoing	Review responses to the IFAC compliance self-assessment questionnaires and update sections relevant to SMO 1. Once updated, inform IFAC compliance staff in order for them to republish updated information.	Ongoing	Technical team	Technical team

#### Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	√			Rule 6 of Directive 4.
<p><b>Quality Control Standards and Other Quality Control Guidance</b></p> <p>2. Firms are required to implement a system of quality control in accordance with the quality control standards.</p>	√			Rule 13 of Directive 4.
<p>3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.</p>	√			The Accountancy Board published a guidance note on the review of the system of Quality Management as a result of the coming

Requirements	Y	N	Partially	Comments
				into force of ISQM 1. Feedback was provided by MIA on a draft version of this guidance note.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	√			The MIA assists through training and guidance. Quality assurance is undertaken by the competent authority in Malta, the Accountancy Board.
<b>Review Cycle</b>				Rule 15 of Directive 4.
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	√			
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).	√			Rule 15 of Directive 4.
<b>QA Review Team</b>				Rule 45 of Directive 4.
7. Independence of the QA Team is assessed and documented.	√			
8. QA Team possesses appropriate levels of expertise.	√			Rule 14 of Directive 4.
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	√			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	√			Rules 11 and 50 of Directive 4.
<b>Corrective and Disciplinary Actions</b>				Rule 24 of Directive 4.
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	√			



Requirements	Y	N	Partially	Comments
12. QA review system is linked to the Investigation and Discipline system.	√			Rules 15 and 24 of Directive 4.
<b>Consideration of Public Oversight</b> 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.	√			Quality assurance is undertaken by the competent authority in Malta, the Accountancy Board.
<b>Regular Review of Implementation and Effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	√			

**Action Plan Subject:** SMO 2 – International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** Continue to use best endeavors to ensure compliance with International Education Standards

The accountancy profession in Malta is regulated by the Accountancy Board in terms of the Accountancy Profession Act (Chapter 281 of the Laws of Malta), and its Subsidiary Legislation and Directives. The law stipulates the requirements (a) to obtain the warrant in order to practice the accountancy profession and (b) to obtain the practicing certificate in auditing in order to work in audit.

For one to be eligible to obtain the warrant/practicing certificate in auditing, he/she must complete the academic qualification and undertake stipulated practical experience.

Regarding the academic qualification, the law stipulates that one must obtain either the course leading to the award of the professional accountancy degree organised by the University of Malta (Masters in Accountancy) or its equivalent. In the case of the latter, one must attain the university entrance or equivalent level, then complete a course of theoretical instruction recognised by the Accountancy Board.

An equivalent level qualification currently available in Malta is the ACCA qualification which is covered by the MIA-ACCA Joint Examination Scheme. Such qualification differs from the ACCA Professional Scheme only to the extent that it includes variant papers applicable to the local market such as tax and law.

Regarding the practical experience, the law stipulates that for one to obtain the warrant to practice the profession, one must complete three years' experience, of which at least one years' experience must be gained after the attainment of the academic qualification. The law also stipulates that for one to obtain the practicing certificate in auditing, one must complete three years' experience full time practical training in inter alia auditing of financial statements:

- (i) at least two-thirds of which shall be with an auditor approved in any Member State; and
- (ii) at least eighteen (18) months of which were gained after obtaining the academic qualification.

Applications to obtain the warrant/practicing certificate in auditing are submitted to the Accountancy Board. Warrants/practicing certificates are issued by the Accountancy Board following internal vetting from their end.

Warrant holders and practicing certificate holders are obliged to keep themselves updated through CPE.

The MIA is the approved professional accountancy organisation in Malta (Subsidiary Legislation 281.06 of the Laws of Malta). Eligibility criteria to join the MIA's membership is stipulated in the Members' Bye-Law.

Members of the MIA are also obliged to keep themselves updated through CPE.

The MIA invites persons who have obtained the qualification locally to join the MIA as Associate members once they obtain their academic qualification. As stipulated in the MIA's Members Bye-Law, such members will be eligible to be upgraded to the second tier of membership (Member) when they obtain the warrant issued by the Accountancy Board. The upgrade, amongst others, subjects the Members to be compliant with CPE obligations. The same criteria apply for the upgrade to the third tier of membership (Fellow) which is applicable once members have been members in the second tier of membership for a continuous period of five years.

The MIA and the Accountancy Board both have their own CPE regulations. The former applies to members of the MIA whereas the latter applies to warrant holders. Both regulations are aligned and based on IFAC IES 7. Malta adopts the input-based approach and one is required to undertake a number of verifiable and unverifiable hours on an annual basis.

The MIA offers its own CPE courses in order to assist its members and warrant holders to meet their CPE obligations. The MIA also accredits courses on behalf of the Accountancy Board – a role which has been delegated to the MIA as the approved accountancy body.

The MIA also undertakes CPE monitoring review on an annual basis covering both members and non-member warrant holders. The latter relates to another delegated task as the approved accountancy body.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Continue to use best endeavors to encourage the Ministry for Education and the Accountancy Board and other relevant stakeholders to put in place rules to align education and CPE requirements with IESs. In the past, the MIA had set up the Education Advisory Group to assess the local situation in terms of the awareness of the accountancy profession in Malta. One of the proposals of the Group was that the MIA should have in-house staff to focus on the education remit. This was eventually implemented in 2020. In fact, the MIA has dedicated staff who are working on promoting the accountancy profession in Malta, seeking to encourage curricula to be in line with international standards, and guiding prospective accountants and accountants in their career.	Ongoing	CEO, Education team, Technical team, Marketing & Engagement team	CEO, Education team, Technical team, Marketing & Engagement team
6.	2021	<p>During the scholastic year 2021-2022, the MIA launched the first edition of the #AccountsForYou campaign, launching a digital marketing campaign and reaching over 1000 students through physical and virtual information sessions, surmounting constraints caused by the COVID-19 pandemic.</p> <p>The second edition of this campaign was launched in 2022, whereas throughout the scholastic year, the MIA continued the digital marketing campaign and reached over 5,000 secondary and post-secondary students who are at a crossroads in their academic path, through 40+ dedicated information sessions as well as 65+ hours participating in educational fairs to represent the accountancy profession.</p> <p>This outreach campaign is supporting students by bringing the accountancy profession closer to the public and providing the necessary information and guidance to make it easier for young and</p>	Annual	CEO, Education team, Technical team, Marketing & Engagement team	CEO, Education team, Technical team, Marketing & Engagement team

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>mature students to consider entering an accounting education programme in line with IES 1.</p> <p>The #AccountsForYou outreach campaign has brought together different stakeholders to achieve the objective of increasing the relevance of the accountancy profession, being done through collaborations with various stakeholders including the MIA's members, dedicated working groups, government officials from the Ministry for Education and its relevant departments, educators from relevant educational institutions, and supporting accountancy firms.</p>			
7.	Ongoing	The MIA is having regular meetings with relevant stakeholders to support the development of accountancy programmes (initial professional development for aspiring accountants) to encourage improvements in pedagogy to portray the accountancy profession in a more realistic manner in the classroom, as well as improvements to curricula through the inclusion of practical elements for the students, in line with the IESs.	Ongoing	CEO, Education team, Technical team, Marketing & Engagement team	CEO, Education team, Technical team, Marketing & Engagement team
8.	Ongoing	The MIA is a member of the Malta Financial Services Advisory Council (MFSAC) which has been formed by Government, in part, to develop a long-term strategy for the Financial Services sector in Malta. One of the objectives of the MFSAC is to further strengthen Malta's position and performance in a professional and regulatory compliant manner. The MIA's remit within the MFSAC is to drive the education and talent pillars for the financial sector in Malta, by expanding projects which have been successfully run by the MIA over the last few years and expand these to amplify the MIA's success and impact to the rest of the financial sector.	Ongoing	CEO, Education team, Technical team, Marketing & Engagement team	CEO, Education team, Technical team, Marketing & Engagement team
<i>Review of MIA's Compliance Information</i>					
9.	Ongoing	Perform periodic review of responses to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 2 as necessary.	Ongoing	Education team & Compliance team	Education team & Compliance team

**Action Plan Subject:** SMO 3 – International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use best endeavors to assist with the implementation of IAASB pronouncements.

**Background:**

To date in Malta all companies, regardless of size are subject to an audit of their financial statements. International Standards on Auditing (ISAs) have been entrenched in the Maltese Companies Act since its enactment in 1995. The MIA's members had been required to comply with ISAs even before their entrenchment in the Companies Act. It was in fact on the MIA's initiative and insistence that these international standards were given the status of national legislation.

The specific requirement to follow ISAs is detailed in S.L. 281.02 Accountancy Profession (Accounting and Auditing Standards) Regulations ( available online at <https://legislation.mt/eli/sl/281.2/eng>), which details the meaning of compliance with generally accepted auditing standards. "Generally Accepted Auditing Standards".

The legislation states that compliance with "generally accepted auditing standards" shall mean adherence to international auditing standards: Provided that international auditing standards as adopted by the EU on a particular subject-matter shall apply instead and to the exclusion of international auditing standards covering the same subject-matter: Provided further that in conducting the statutory audit of small undertakings, the application of the auditing standards is to be proportionate to the scale and the complexity of the activities of such undertakings. Furthermore, it also allows for the Accountancy Board to take measures in order to ensure the proportionate application of the auditing standards of the statutory audits of small undertakings.

Having been influential in the adoption of ISAs in Malta in the early nineties, the MIA's responsibilities today mainly revolve around assisting members with the implementation of the ISAs as well as any other pronouncements issued by the IAASB. In this regard the MIA is primarily involved in the initiatives as detailed below:

- (a) Provides training on ISAs as part of its own CPE curriculum;
- (b) Issues Technical Pronouncements to help members and firms in carrying out specific engagements, very often of an assurance nature;
- (c) Has a Technical Helpdesk to provide, amongst others, technical assistance on the implementation of ISAs to MIA members;
- (d) Creates awareness on international standards proposed by the IAASB from time to time, and on International Standards on Auditing in general, primarily through the MIA's committees and groups, its quarterly journal *The Accountant* available online<sup>3</sup> at <https://www.miamalta.org/the-accountant>, its *Daily news* email (e-newsletter sent to all members) and the MIA website.

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<sup>3</sup> This journal is also issued in print format. However, in its efforts to reduce printing, the MIA provided its members with an option to opt out of receiving the printed journal. When a new issue of *The Accountant* is published, all members are informed through the e-newsletter.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to use best endeavors to assist with the implementation of IAASB pronouncements</i>					
10.	Ongoing	The MIA CPE Curriculum includes sessions on auditing standards, quality and ethics.	Ongoing	Technical team	Technical team, MIA Audit and Assurance Committee & Speakers
11.	Ongoing	To continue organising more specific events focused on auditing standards, quality and ethics.	Ongoing	Technical team	Technical team, MIA Audit and Assurance Committee & Speakers
12.	Various	<p>Issued the following technical guidance (Guidance, Technical Releases and online Periodic Publications) accessible by all members:</p> <ul style="list-style-type: none"> <li>• MIA Sustainability 01/23 - Introduction to the Corporate Sustainability Reporting Directive (CSRD) and Draft European Sustainability Reporting Standards (ESRS)</li> <li>• AUDIT 05/20 (1/23) – Circularisation Exercise - R1-1.16.7 of Part BI of the Investment Services Rules (“R1-1.16.7”) - 27/02/2023</li> <li>• Audit 04/22 - MIA Guidance in relation to the risk-based approach embedded in the requirements of ISQM 1</li> <li>• Audit 03/22 - ISRS 4400 (Revised) Report</li> <li>• Audit 02/22 - MIA Note in view of the war in Ukraine March 2022</li> <li>• Audit 01/22 - MIA European Single Electronic Format (ESEF) Guidance for auditors</li> <li>• Audit 02/21 - Player Funds and jackpot funds</li> <li>• Audit 02/21 - Gaming Tax Payable And levy on gaming devices</li> <li>• Audit 1/21 - The Annual Fund Return</li> <li>• AUDIT 04/20 - ISA 540 (Revised) auditing accounting estimates and disclosures - 25/11/2020</li> <li>• COVID19 01/20 - Guidance on agreed upon procedures (AUPS)</li> </ul>	Completed	Technical team	Technical team, MIA Audit and Assurance Committee & other MIA Committees as applicable

		<ul style="list-style-type: none"> <li>AUDIT 03/20 - Communication in relation to the impact of covid-19 on auditing – detailed</li> <li>AUDIT 02/20 – Communication in relation to the impact of COVID-19 on auditing – High Level</li> <li>AUDIT 05/20 (1/21) - CIRCULARISATION EXERCISE - R1-1.16.7 OF PART BI OF THE INVESTMENT SERVICES RULES (“R1-1.16.7”) - 15/12/2021</li> <li>Audit 01/20 - Circularisation Exercise - R4-3.2.7 of Part Bi of the Investment Services Rules (“R4-3.2.7”)</li> </ul> <p>A link to IFAC’s website and to IFAC’s Knowledge Gateway is also available through the MIA’s website.</p>			
13.	Ongoing	Create awareness about the IAASB International Framework for Assurance Engagements through the MIA’s website.	Ongoing	Technical team	Technical team
<i>Maintaining Ongoing Processes</i>					
14.	Ongoing	Respond to IAASB Exposure Drafts that have a direct impact on the local profession primarily through direct submission of comment letters.	Ongoing	Technical team	Primarily: Technical team & MIA Audit and Assurance Committee
15.	Ongoing	Create awareness on IAASB standard setting initiatives.	Ongoing	Journal editor & Technical team	<i>MIA Website, The Accountant journal, the electronic Daily News &amp; MIA Audit and Assurance Committee</i>
16.	Ongoing	Ensure the continued availability of a Technical Helpdesk Service to MIA members which addresses technical queries on ISAs.	Ongoing	Technical team	Technical team & MIA Audit and Assurance Committee
<i>Review of MIA’s Compliance Information</i>					



17.	Ongoing	Review responses to the sections relevant to SMO 3. Once updated, inform IFAC compliance staff in order for them to republish updated information.	Ongoing	Technical team	Technical team
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**Action Plan Subject:** SMO 4 – IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use best endeavors to incorporate the IFAC Code and to promulgate same with the MIA’s members and on a national level

**Background:**

The Accountancy Board is responsible for issuing ethical standards for warrant holders. The MIA requires that its members follow [‘Directive 2 - Code of Ethics for Warrant Holders’](#) issued by the Accountancy Board, with the approval of the Minister for Finance.

The role of the MIA over the years and its involvement in the adoption of the Code of Ethics was key in ensuring that Directive 2 - Code of Ethics for Warrant Holders is based on the IESBA Code amended in certain areas to reflect additional requirements contained in the EU recommendation.

The latest version of the Code was effective as from 17 June 2016, subject to a few transitional provisions.

Over the years, the MIA was always consulted by the Accountancy Board prior to introducing changes to the Code, and in most cases it initiated the procedure for the change. The MIA was heavily involved in drafting updates to reflect the 2016 NOCLAR changes. However, these have not yet been confirmed by the Accountancy Board and hence are not yet reflected in the Code that is mandatory for all warrant holders and members of the MIA.

The MIA adopted a procedure whereby representatives of the Accountancy Board are present for meetings of the MIA Ethics Committee during which the necessary changes to the Code are discussed. Discussions are underway with respect to recent changes to the IESBA Code. The MIA is committed to ensure that the Accountancy Board is updated on international developments with respect to the code of ethics for accountants.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to use best endeavors to incorporate the changes to the IESBA Code of Ethics in the Code of Ethics applicable to warrant holders and MIA members</i>					
18.	2021	Discussions are underway with respect to recent changes to the IESBA Code. Representatives of the Accountancy Board are present for meetings of the MIA Ethics Committee during which the necessary changes to the Code are discussed.	Ongoing	Technical team	Technical team & MIA Ethics Committee
19.	Ongoing	The MIA will continue following up on proposed changes that have not yet been confirmed by the Accountancy Board.	Ongoing	Technical team	Technical team & MIA Ethics Committee

<i>Maintaining Ongoing Processes</i>					
20.	Ongoing	Raise awareness amongst members on ethical matters with reference to the IESBA Code of Ethics and the Local Code of Ethics primarily through the MIA Website and CPE Curriculum.	Ongoing	Technical team	Technical team & MIA Ethics Committee
21.	Ongoing	Respond to IESBA Exposure Drafts that have a direct impact on the local profession primarily through direct submission of comment letters.	Ongoing	Technical team	Technical team & MIA Ethics Committee
22.	Ongoing	Ensure the continued availability of a Technical Helpdesk Service to MIA members which addresses technical queries on the Code of Ethics.	Ongoing	Technical team	Technical team & MIA Ethics Committee
<i>Review of MIA Compliance Information</i>					
23.	Ongoing	Review responses to the sections relevant to SMO 4. Once updated, inform IFAC compliance staff in order for them to republish updated information.	Ongoing	Technical team	Technical team

**Action Plan Subject:** SMO 5 – International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Use best endeavors to promote compliance with IPSASs

**Background:**

The IPSAS standards reviewed and presented so far (IPSASs as adopted by the Maltese Government) are still in draft format. Government accounting is still on a cash basis.

In 2021, a new system (the Corporate Financial Management Solution (CFMS)) replaced the previous system used by the Maltese Government (the Departmental Accounting System). The CFMS has the facility to generate reports on an accrual basis. However, the Maltese Government is still in a transition process in this regard. In fact, training is being provided to the various users within Government Departments.

Accrual accounting information on excel spreadsheets currently supplements information available from the system, as this is required by the National Statistics Office for reporting purposes to Eurostat.

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With reference to awareness and training of IPSASs, relevant modules are being included in related courses being offered at the University of Malta, including the Bachelor of Arts (Honours) in Public Sector Accounting.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Use best endeavors to promote compliance with IPSASs</i>					
24.	Ongoing	Encourage the Department of Accountancy to incorporate IPSASs within the syllabus of the relevant courses.	Ongoing	Technical team	Head, Department of Accountancy
25.	July 2016	The MIA will continue providing any necessary/requested support to the Ministry for Finance with respect to the adoption of IPSASs by the Maltese Government.	Ongoing	Technical team	Ministry for Finance & IPSAS Working Group
<i>Maintaining Ongoing Processes</i>					
26.	Ongoing	Publish news on IPSASs in the MIA journal <i>The Accountant</i> and in the MIA's Daily news when relevant to the local circumstances.	Ongoing	Journal editor & Newsletter editor	IFAC website – news section
<i>Review of MIA's Compliance Information</i>					
27.	Ongoing	Review responses to the sections relevant to SMO 5.	Ongoing	Technical team	Technical team

**Action Plan Subject:** SMO 6 – Investigation and Discipline  
**Action Plan Objective:** Align the investigative and disciplinary system requirements with SMO 6

**Background:**

The Accountancy Board, being the regulator of the accountancy profession in Malta, is responsible to handle disciplinary matters of warrant holders and practicing certificate holders in terms of the the Accountancy Profession Act (Chapter 281 of the Laws of Malta), and its Subsidiary Legislation and Directives. The law stipulates disciplinary proceedings, breaches leading to disciplinary actions and sanctions that can be imposed.

The MIA is responsible for disciplinary matters of its members in terms of the MIA’s Statute and Bye-Laws. The Statute lays down the disciplinary proceedings setup, the eligibility criteria to form part of this setup, nominations and appointments, appointment terms and any other relevant matters.

The Disciplinary Proceedings Bye-Law lays down the instances where a member is liable for disciplinary action. It provides a step-by-step approach from the receipt of a complaint or information about a member until conclusion of such proceedings at appeal stage. This includes internal screening, investigations by the Investigating Committee, hearings of the Disciplinary Committee and the sanctions that may be imposed, the grounds for appeal, hearings of the Appeals Board and the decision of the latter. It also delves into the publication and disclosure of information following the conclusion of the case. The Bye-Law is complemented with a set of Disciplinary Hearings and Appeals Hearing procedures.

The Statute, Bye-Laws and Hearing Procedures are reviewed periodically and updated when necessary.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Use best endeavors to incorporate the requirements of SMO 6 into the MIA’s I&amp;D mechanism</i>					
28.	24 May 2021	Revised the established Disciplinary Bye-Law in May 2021 as part of a holistic exercise undertaken in which the Statute and other Bye-Laws of the MIA were reviewed. Changes brought about by such revision were implemented accordingly. The Statute and Bye-Laws are available on the MIA’s website. Upon application stage, prospective members are informed about the obligations emanating from the Statute and Bye-Laws.	Completed – 24 May 2021	Council	CEO, Legal team & Compliance team
29.	24 May 2021	Additional persons were appointed on the Appeals Pool in terms of the revised Statute.	Completed – 24 May 2021	Members attending the Extraordinary General Meeting held	CEO, Legal team & Compliance team

				for this purpose.	
30.	Ongoing	Monitor the investigations and disciplinary mechanisms and identify areas for improvement.	Ongoing	CEO	CEO, Legal team & Compliance team
31.	May 2021	Improved tracking mechanisms to monitor the status of all cases, whether compliant based or information based.	May 2021	Disciplinary Affairs Coordinator	Compliance team & Legal team
32.	August 2021	Revised and formalised the Disciplinary Hearing procedures and Appeals Hearings procedures in line with the revised Bye Law.	August 2021	Council	CEO, Legal team & Compliance team
33.	October 2022	Introduced a dedicated webpage on the MIA's website listing the details of sanctioned members and the sanction imposed. Such details are also reflected in the member's profile when viewed from the Members' Directory available to the general public via the MIA's website.	October 2022	Compliance Manager	Compliance Manager
34.	Ongoing	Continue to use best endeavors to make the MIA's members, as well as the general public, aware of the MIA's investigative and disciplinary mechanism so that issues they wish to raise may be forwarded to the MIA's CEO in a seamless manner.	Ongoing	CEO	Legal team & Compliance team
<i>Review of MIA's Compliance Information</i>					
35.	Ongoing	Review responses to the sections relevant to SMO 6.	Ongoing	Compliance and Legal Teams	Legal team & Compliance team

**Main Requirements of SMO 6** – (Except where reference is made to the accountancy profession as a whole or the jurisdiction {as requested by 1 and 15}, all replies make reference to disciplinary proceedings with respect to MIA members)

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>	√			Article 7 sub-articles 16 and 17 of the Accountancy Profession Act.
<p>2. Information about the types of misconduct which may bring about investigative actions is publicly available.</p>	√			
<p><b>Initiation of Proceedings</b></p> <p>3. Both a “complaints-based” and an “information-based” approach are adopted.</p>	√			
<p>4. Link with the results of QA reviews has been established.</p>		√		Not applicable: The MIA does not have any responsibility for QA reviews
<p><b>Investigative Process</b></p> <p>5. A committee or similar body exists for performing investigations.</p>	√			
<p>6. Members of a committee are independent of the subject of the investigation and other related parties.</p>	√			
<p><b>Disciplinary Process</b></p> <p>7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.</p>	√			



Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.			√	All the persons forming part of the disciplinary proceedings setup are Members who have practiced the accountancy profession for a period of not less than fifteen years as it is important that they have the right knowledgeable and competence when dealing with disciplinary cases.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	√			
<b>Sanctions</b>				
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.	√			
<b>Rights of Representation and Appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	√			
<b>Administrative Processes</b>				
12. Timeframe targets for disposal of all cases are set.	√			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	√			
14. Records of investigations and disciplinary processes are established.	√			

Requirements	Y	N	Partially	Comments
<p><b>Public Interest Considerations</b></p> <p>15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.</p>	√			The Accountancy Board's website includes links to all applicable legislation and its yearly Annual Report, which gives a summary of its activities for each year.
16. A process for the independent review of complaints on which there was no follow-up is established.	√			
17. The results of the investigative and disciplinary proceedings are made available to the public.	√			
<p><b>Liaison with Outside Bodies</b></p> <p>18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	√			
<p><b>Regular Review of Implementation and Effectiveness</b></p> <p>19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	√			

**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 assist with the implementation of IFRSs.

**Background:**

International Financial Reporting Standards (IFRSs) have been entrenched in the Maltese Companies Act since its enactment in 1995. The MIA's members have been required to comply with IFRSs (then IASs) even before their entrenchment in the Companies Act. It was in fact on the MIA's initiative and insistence that these international standards were given the status of national legislation.

In fact, since the coming into force of the Companies Act in 1995, all limited liability Companies in Malta were required to prepare annual financial statements in accordance with "generally accepted accounting principles and practice", which term was defined in article 2(4) of the Companies Act as adherence to "International Accounting Standards as may be issued from time to time by the International Accounting Standards Board". This definition was subsequently amended by virtue of Act No. IX of 2008, and "generally accepted accounting principles and practice" is now defined in Legal Notice 19 of 2009 and amended further by Legal Notice 233 of 2016 as follows:

Compliance with "generally accepted accounting principles and practice" shall mean adherence to international accounting standards as adopted by the EU. Provided that for accounting reference periods commencing on or before 31 December 2007, compliance with "generally accepted accounting principles and practice" shall mean adherence to international accounting standards. Provided further that if all the conditions for eligibility prescribed therein are met, compliance with "generally accepted accounting principles and practice" may be achieved by adherence to general accounting principles for qualifying private or small and medium sized entities as may be prescribed by regulations, directives or guidelines issued from time to time in terms of the Accountancy Profession Act.

**For accounting reference periods commencing on or after 1 January 2016, compliance with "generally accepted accounting principles and practice" ("GAAP") shall mean:**

- (i) for a large undertaking or a public-interest entity, adherence to international financial reporting standards as adopted by the EU;
- (ii) for a small company or a medium-sized undertaking other than any undertaking which is a public-interest entity, adherence to the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (the "GAPSME").

Provided that, for a small company or a medium-sized undertaking other than any undertaking which is a public-interest entity, compliance with GAAP shall mean adherence to international financial reporting standards as adopted by the EU if the undertaking's Board of Directors, or its governing body in the case of an entity other than a company, has so resolved.

The MIA website contains a section which is dedicated to GAPSE and GAPSME. This section contains guidance, legislation and other material that can be useful to MIA members . This library can only be accessed by MIA members.

Having been influential in the adoption of IFRSs in Malta in the early nineties, the MIA's responsibilities today mainly revolve around assisting members with the implementation of IFRSs as adopted by the EU and GAPSME. In that regard the MIA is primarily involved in the following initiatives:

- (a) Regularly provides training on IFRSs as adopted by the EU as part of its own CPD program;
- (b) Has set-up a Technical Helpdesk to provide amongst others technical assistance on the implementation of IFRSs to MIA members. It also assists its members with any GAPSME related queries;
- (c) Creates awareness on IFRSs and exposure drafts issued by the IASB from time to time primarily through the MIA's committees and groups, its quarterly journal *The Accountant* available online<sup>4</sup> at <https://www.miamalta.org/the-accountant>, its *Daily news* email (e-newsletter sent to all members) and the MIA website.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to use best endeavors to assist with the implementation of IFRSs</i>					
36.	Ongoing	The MIA CPE Curriculum includes sessions on IFRSs and GAPSME.	Ongoing	Technical team	Technical team, MIA Financial Reporting Committee & Speakers
37.	Ongoing	Issued the following technical guidance (Guidance, Technical Releases and online Periodic Publications) accessible by all members: <ul style="list-style-type: none"> <li>• MIA Sustainability 01/23 - Introduction to the Corporate Sustainability Reporting Directive (CSRD) and Draft European Sustainability Reporting Standards (ESRS)</li> <li>• Audit 02/22 - MIA Note in view of the war in Ukraine March 2022</li> <li>• Tech 01/21 - Fiscal Unit Consolidation Guidance</li> </ul>	Completed	Technical team	Technical team, MIA Financial Reporting Committee & Other MIA Committees as applicable

<sup>4</sup> This journal is also issued in print format. However, in its efforts to reduce printing, the MIA provided its members with an option to opt out of receiving the printed journal. When a new issue of *The Accountant* is published, all members are informed through the e-newsletter.

		<ul style="list-style-type: none"> <li>Accounting 02/20 - Communication in relation to the impact of covid-19 on accounting and reporting – detailed</li> <li>Accounting 01/20 - Communication in relation to the impact of covid-19 on accounting and reporting – High Level</li> <li>The Impact of COVID-19 on the MIA MEMBERS - End of April, 2020</li> <li>The Impact of COVID-19 on the MIA MEMBERS - End of MARCH, 2020</li> </ul>			
38.	Ongoing	To continue organising more specific events focused on IFRSs and GAPSME.	Ongoing	Technical team	Technical team, MIA Financial Reporting Committee & Other committees as may be necessary and relevant
<i>Maintaining Ongoing Processes</i>					
39.	Ongoing	Create awareness on IASB initiatives.	Ongoing	Technical team	<i>MIA Website, The Accountant journal, The electronic Daily News &amp; MIA Financial Reporting Committee</i>
40.	Ongoing	Ensure the continued availability of a Technical Helpdesk Service to MIA members which addresses technical queries on IFRSs.	Ongoing	Technical team	Technical Team & MIA Financial Reporting Committee
<i>Review of MIA's Compliance Information</i>					
41.	Ongoing	Review responses to the section relevant to SMO 7.	Ongoing	Technical team	Technical team

For more information about the MIA please visit:  
[www.miamalta.org](http://www.miamalta.org)