

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: Institute of Certified Public Accountants in Israel
Approved by Governing Body: Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A
Original Publish Date: August 2011
Last Update: June 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	PAO Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1			
IES / SMO 2			
ISA / SMO 3			
IESBA / SMO 4			
IPSAS / SMO 5			
I&D / SMO 6			
IFRS / SMO 7			

*Action Plan developed by
Institute of Certified Public Accountants in Israel*

Attestation of SMO Compliance

The **Institute of Certified Public Accountants in Israel (ICPAI)** 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 **ICPAI** 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 **ICPAI** 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 **ICPAI**, 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

CEO	Chief Executive Officer
CHEI	Israeli Council for Higher Education
CPA	Certified Public Accountant
CPD	Continuing Professional Development
ED	Exposure Draft
GAAP	Generally Accepted Accounting Principles
I&D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
ICPAI	Institute of Certified Public Accountants in Israel
IESs	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IGASB	Israel Government Accounting Standards Board
IIASB	Israeli Accounting Standards Board
IOB	Israeli Oversight Board
IPSASs	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISAs	International Standards on Auditing
ISQC	International Standard of Quality Control
NSSs	National Standard Setters
QA	Quality Assurance
SMEs	Small and Medium Entities
SMOs	Statements of Membership Obligations
SMPs	Small and Medium Practices
US PCAOB	United States Public Company Accounting Oversight Board

Action Plan Subject: SMO 1–Quality Assurance

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

audit and

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>Israeli companies that are subject to the Israel Securities Law, including companies whose securities are traded on foreign stock exchanges, except those which are subject to the oversight of the United States Public Company Accounting Oversight Board (U.S. PCAOB),(hereinafter- "listed companies") are under the review of the Israeli Oversight Board (IOB).Although there are no laws or regulations in Israel establishing QA review requirements as conducted by IOB, all firms of certified public accountants that audit the financial statements of listed companies in Israel, with no exception, are subject to the QA review program of IOB. Members of the Institute of Certified Public Accountants in Israel (ICPAI) who do not audit listed companies and wish their firm to be inspected may voluntarily join the oversight process. The Institute encourages firms to voluntarily participate in the process.</p> <p>IOB is a subsidiary of ICPAI governed by an independent Board of Directors. The president of ICPAI is the chair of IOB. Members of the board of IOB include prominent practitioner CPA's as well as public figures who are not practitioner CPA's such as former members of the Auditor's Council (Ministry of Justice), representative of the Israeli Finance Authority, members of academy etc.</p> <p>The IOB has set, at its own discretion, the date and frequency of the inspection. Nevertheless, inspections of firms will be undertaken not less than once every three years. However, inspection of large firms will be undertaken annually.</p> <p>In administering its inspections the IOB coordinates with regulators, including the:</p> <p>Auditors' Council (Ministry of Justice) - The Board will advise the Auditors' Council of circumstances where it has revealed significant violations of the Auditors' Law and Regulations which have not been remedied as requested by IOB.</p> <p>Securities Authority - The Board will advise the Securities Authority of every report to the Auditors' Council, as noted above. In addition, the Board will also advise the Securities Authority of any material deficiency in performing audits of public companies which has not been remedied as requested by IOB and of specific cases where accounting firms failed significantly to adhere to Authority's rules.</p> <p>The Supervisor Of Banks: Bank Of Israel- The Board will advise the Supervisor of Banks on a basis similar to the reporting to Securities Authority regarding the audit of banking institutions.</p>					
<i>Aligning Quality Assurance Review System with the Requirements of SMO 1</i>					
1	Ongoing Annually	Hold a periodic meeting with the Board of Directors to receive a detailed and thorough report on the quality assurance reviews.	Ongoing Annually	Mr. Joseph Benaltabet CPA Prof. Director	Mr. Joseph Benaltabet CPA Professional Director IOB

#	Start Date	Actions	Completion Date	Responsibility	Resource
		The Board of Directors outlines the IOB's policy, oversees its adoptions, and holds deliberations regarding its work plan and the findings of its reviews		IOB	
2	Ongoing Annually	Draft an annual report on the broad findings that were uncovered during the reviews. The IOB annual report on the broad findings uncovered in its inspections is published in IOB's website : https://peerreview.icpas.org.il/	Last annual report was published in January 2024. This year's report is due in early 2025 or before.	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
3	Ongoing annually	If necessary, the Board recommends new professional rules following the findings.	Ongoing annually	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
4	Ongoing annually	Approve the annual report which includes the conclusions from the review and publish the report in IOB's website.	Last year's annual report was published in January 2024. This year's report is expected to be submitted in early 2025 or before.	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB,
5	Ongoing Annually	The conclusions of the individual quality assurance reviews are issued to the reviewed firm upon completion. Reviewed firms provide a written response, which is attached to the review report. In all cases the review team receives the previous written report and the firm's response which enables the team to follow up on weaknesses that were corrected or to perform follow up control.	Ongoing Annually	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB

#	Start Date	Actions	Completion Date	Responsibility	Resource
		The reviewed firm is requested by IOB to remedy material deficiencies found in the current review. The review team subsequently follows up the remediation process.			
<i>Reporting to the Public</i>					
6	Ongoing Annually	Publish a summary of the report on the Institute's website.	2025 or before	Mr. Joseph Benaltabet CPA Prof. Director IOB	Mr. Joseph Benaltabet CPA Professional Director IOB
<i>Maintaining Ongoing Process</i>					
7	Ongoing	Continue to ensure that the Oversight Board is operating effectively and continues to be in line with the SMO 1 requirement. ICPAI intends to review the revised requirements of SMO 1, and take actions, where applicable and to the extent needed.	Ongoing Continuously	IOB Board of Directors/ICPAI	
8	Ongoing Continuously	Follow up on the review team's work and address deficiencies encountered in the oversight.	Ongoing Continuously	Mr. Joseph Benaltabet CPA Prof. Director IOB	
9	Ongoing Continuously	Continue to prepare clarifications as to the importance of the review, the creation of several teams, and raise the awareness of the firms being reviewed.	Ongoing Continuously	IOB Board of Directors /Mr. Joseph Benaltabet CPA Prof. Director IOB	

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the System				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	YES			

Requirements	Y	N	Partially	Comments
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	YES			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	YES			The ICPAI action plan is to adopt ISQM 1 and 2 are in the process of being adopted within the next five (5) years
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	YES			A guide has been published that includes instruction for all sections of the standard.
Review Cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	YES			. The international standard Adapted to the Israeli regulation, including special reference to complex and less complex entities
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).	YES			

Requirements	Y	N	Partially	Comments
QA Review Team				
7. Independence of the QA Team is assessed and documented.	YES			
8. QA Team possesses appropriate levels of expertise.	YES			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	YES			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	YES			
Corrective and Disciplinary Actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	YES			
12. QA review system is linked to the Investigation and Discipline system.	YES			
Consideration of Public Oversight				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	YES			
Regular Review of Implementation and Effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	YES			

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Provide a framework for Continuing Professional Development (CPD) in accordance with the ongoing professional changes

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>According to The Auditors Law 5715-1955, The Israeli legislator is responsible for passing the relevant law and regulations regarding the whole profession, including learning programs and education standards. The regulator has set the programs towards achieving CPA qualification. The ICPAI uses its best endeavors to persuade the regulator to pass laws and regulations in accordance with the International Education Standards (IESs). Accountancy education takes place in the universities. Israeli Universities are under the academic supervision of the Israeli Council for Higher Education (CHEI) and the professional supervision of the Auditors' Council (Ministry of Justice). The Council is the body responsible for the professional accountancy education program. The Institute's members on the Council are actively involved working to support the incorporation of IESs in university accountancy education.</p> <p>Completion of a final assessment is necessary in order to become an auditor in Israel. The Auditors' Council (Ministry of Justice) is the body responsible for conducting the final assessment. This examination is uniform for all candidates and is given in comprehensive written format. In order to sit for the examination, candidates must typically have completed a B.A. in Accountancy.</p> <p>Practical experience in the field of audit is required to practice in Israel as an auditor. The Auditors' Council approves the place of practical experience attainment (apprenticeship). The requirement for two years of practical experience is achieved under the supervision of a "coach" who has been approved to act as a "coach" by the Council. There are exceptions: The Auditors' Council may approve apprenticeship in other bodies such as the Securities Authority, the Tax Authority and large public corporations. The conditions are: 1. The apprenticeship must take place where audit and assurance work is performed. 2. The apprenticeship takes place under the supervision of a CPA who has been approved by the Council as a "coach". 3. On occasion, the period of apprenticeship is 1 year, and the additional year is to be carried out in a CPA firm.</p> <p>Regarding the CPD, the ICPAI is in favor of adopting the International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB and is positively considering starting an effort to adopt the standard in Israel. Furthermore, the professional committees in ICPAI have already discussed extensively the process of adopting the standard which led to positive results for the start of work on this project.</p> <p>At the same time, considering the mandatory status of the ICPAI, the adoption of this standard, have arisen with many fundamental questions and issues that require answers and solutions to be provided in the early stages of adoption such as: responsibility, enforcement and more.</p> <p>Although there is no standard in the Israeli standard that deals with CPD, the ICPAI has established the Institute for Continuing Professional Education and Certificate Programs which prepares a wide cadre of relevant professional and managerial subjects. As part of the Institute's efforts towards mandatory CPD for all professional accountants, we record, monitor and verify members' participation and grant the participants with special certificates approving their participation in the courses, in order to expand the areas of practice of the members, while specializing in specific issues. The advanced training allows the accountants to be quickly updated on the variety of changes that the profession undergoes in the areas of standardization, taxation and accounting reporting.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>the Institute for Continuing Education and Certificate Studies had certificate courses on the following topics: Entering the Accountant's World - PROVIDING practical tools for day-to-day management BUSINESS, Digital Marketing, Introduction to Retirement Planning, International Taxation, Auditing Investigation (investigative review), VAT, Risk Management, The Annual Meeting at the Tel Aviv Museum on the Subject: Audit of Local Authorities, Real Estate Taxation, Directors, and Valuations tools and methods- step by step.</p> <p>The lectures were attended by the best lecturers who serve as experts in the various courses, with the preference of accountants of bureau members, senior tax authority officials, regulators, leading lawyers and judges, who shared their experience with bureau members on issues relevant to members' occupations.</p>					
<i>Preparations for the Adoption of CPD requirements</i>					
1	2023	Discussions were held in the professional committees of the ICPAI which led to positive results for the adoption of the standard.	Completed	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Institute for Continuing Professional Education and Certificate Programs
1	2003	As alternative, the ICPAI established a Continuing Professional Education and Certificate Programs. The school's programs include study courses that are between 24-48 hours long, half day study sessions, seminars, workshops, conferences and congresses.	Completed	David Goldberg, CPA (Isr)	Institute for Continuing Professional Education and Certificate Programs.
<i>Maintaining Ongoing Processes</i>					
1	Ongoing	Establish a professional committee that began to discuss all the consequences and risks, including the work plan preparation for the adoption of the standard, considering the mandatory status of the ICPAI and the other regulatory bodies that must be involved in the adoption process.	Ongoing	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Institute for Continuing Professional Education and Certificate Programs
1	Ongoing annually	Prepare the schedule events and courses. The events cover a variety of professional subjects that are relevant to the work of the CPA / auditor, including various complimentary disciplines such as: a Company Directors Course, a CFO course, an Understanding Governmental Accounting course, an Investigative Auditing course, an IFRS course, a New	Ongoing annually	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Technical staff together with individual lecturers

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>Auditing Standards course, a Risk Management course, a Valuation Models course, a Payroll Auditor course, and a Labor and Employment Law course.</p> <p>The syllabus ensures that changes in tax laws, revisions of existing and \ or the introduction of new auditing and accounting standards are incorporated. Furthermore, the study of the implementation of new legislation is included, as it is relevant to accountants</p>			
<i>Obtaining Recognition of the Regulator</i>					
1	Ongoing	The ICPAI conducted a preliminary discussion, with the assistance of Treasury representatives, of its plans to adopt this standard. The discussion was preliminary and should continue in the following stages.	Ongoing	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Institute for Continuing Professional Education and Certificate Programs
1	Ongoing	The ICPAI believes that together with the formal arrangements in the public sector, will lead at the end of the day to a complementary process in legislation and in accordance with IFAC statements.	Ongoing	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Institute for Continuing Professional Education and Certificate Programs
<i>Maintaining Ongoing Processes</i>					
1	Ongoing	<p>Carry out the activities of the school throughout the country, on a similar basis, in order to maintain uniformity.</p> <p>The ICPAI will take care and use its best efforts to ensure educational requirements that reflect the changes in the profession and the professional landscape, to ensure that accountants maintain proper and appropriate professional ability.</p>	Ongoing	Chen Schreiber, CPA, Chair, President of the Israeli Institute of C.P.A	Institute for Continuing Professional Education and Certificate Programs

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to use best endeavors to maintain ongoing processes of translation and adaptation of IAASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The Institute of Certified Public Accountants in Israel is the entity responsible for establishing auditing standards which are obligatory. ICPAI's authority to establish auditing standards is set out in the Auditors Regulations (ways of the Auditor's Practice) 5715-1973, which states, among others, that an auditor who acted in accordance with a standard, rule or guidance of ICPAI, which do not contradict explicitly or implicitly other regulation of the Auditors Regulations, is seen as a one who acted in accordance with generally accepted auditing standards, unless it is proven that his action was not reasonable given the circumstances.</p> <p>The ICPAI continues the process of adopting IAASB standards. Recently the ICPAI has published a new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs .In these days Quality control auditing standards (based on ISQC1 and ISA 220) are in the process of final approval .The work plan for the years 2020-2022 is to adopt the new standards relating to the new auditor's report, as detailed below:</p> <p>The Israel Auditing Standards Committee, which is an integral part of ICPAI, is responsible for:</p> <ul style="list-style-type: none"> • Ongoing review of IAASB Pronouncements • Recommending the IAASB Pronouncements to be adopted by the ICPAI • Ongoing monitoring of IAASB work program to identify new drafts and final standards • Review the EDs and Pronouncements of International Standards on Auditing (ISAs) and prepare recommendations for their adoption in Israel with the plan to develop a translated version • Making the appropriate adaptations to the ISAs given specific circumstances that exist in Israel (e.g., laws and regulations) • Review of the translation into Hebrew • Examine the appropriateness of the translations and compliance with the Israeli standardization and regulation. <p>As of February 2024, the Committee has issued 12 standards that are based on the Clarified ISAs (ISAs 560, 230, 200, 320 , 450, 580,250,220, ISQC1 , 260, 265 and 701), with other Clarified ISAs being in the process of being adopted or revised. Lately ICPAI finished adopting ISAs 700, 705, 706 and 710 and published it for hearing . This ISA is about to be effective at the end of the next year. In addition, according to its action plan, we expect to publish ISAs 620 at the end of this year.</p> <p>Most other standards are based on previous versions of ISAs and some standards are independently developed where no ISA is available to deal with a specific issue (e.g., consent letters, joint audits, SOX-related standards).</p> <p>The Institute for Continuing Professional Education and Certificate Programs (see SMO 2) has conducted several seminars with regard to implementing auditing standards. ICPAI plans to provide ongoing seminars with regard to future new standards.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reviewing the adaptations needed to be made in ISAs to accommodate local circumstances</i>					
1.	Ongoing	Reviewing an ISA which is included in the work plan and comparing it with equivalent auditing standards in selected countries around the world in order to learn about adaptations made by other countries.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
2.	Ongoing	Establishing the adaptations needed to be made in ISAs to accommodate local circumstances (e.g. local laws and regulations).	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
<i>Furthering the Development of the Hebrew Language Translation Process</i>					
3.	Ongoing	Selection of a specialized translation personnel to ensure the ongoing translation of the standards and draft standards as issued by IAASB.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
4.	Ongoing	Completion of the translation in accordance with the agreed plan by the specialized personnel selected to perform the ongoing translation of the standards.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
5.	Ongoing	The committee reviews the translated standards.	Ongoing	Chair: Mrs. Galit Niv-Bourshan (Isr.)	The Israel Auditing Standards Committee
6.	Ongoing	Approval of the translation as performed by the selected company and reviewed by the committee in accordance with the approved plan and approval of the translation.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
<i>Adoption of IAASB Pronouncements</i>					
7.	Ongoing	The committee approves the standard. Following the approval, the standard is approved by the Institute's Professional Council which receives the standards for remarks and approval.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.) and Chair: Mr. Arnon Ratzkovsky	The Israel Auditing Standards Committee and the Professional Council
8.	Ongoing	The ICPAI staff publishes an exposure draft on the ICPAI website for public comments. All regulatory bodies receive the ED for comments.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
9.	Ongoing	Comments received are discussed by the Committee (usually after a public hearing) for final approval.	Ongoing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
10	Ongoing	The Professional Council receives the modified standards for comments.	Ongoing	Chair: Mr. Arnon Ratzkovsky	Professional Council
11	Ongoing	The steering committee discusses and approves the standards for final approval by the Executive Board.	Ongoing	Chair: Mr. Eli Goldstein	Audit Standards Steering Committee
12	Ongoing	The Institute's Executive Board receives the standards for final approval.	Ongoing	Executive Board	Executive Board
<i>Maintaining Ongoing Process – overview for the years 2016-2018</i>					
13	H1/2017	A new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs	H2/2018	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
14	H1 / 2018	The Committee reviewed and adopted ISA 220 - Quality Control for an Audit of Financial Statements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
15	H1 / 2018	The Committee reviewed and adopted ISQC1- Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements	H2 / 2020	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
16	H1 / 2020	The Committee is reviewing the adoption of new ISAs relating to the Auditor's Report (700 series: ISAs 700, 701, 705, 706, 710, 260, 265 and 720)	2023	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
17	H1/2017	A new code for all auditing standards (using the ISAs authorized current numbers) which ICPAI have practically issued a full set of auditing standards based either on the clarified or pre-clarified ISAs	Completed in 2018	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
18	H1 / 2018	The Committee reviewed and adopted ISA 220 - Quality Control for an Audit of Financial Statements	Completed in 2021	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
19	H1 / 2018	The Committee reviewed and adopted ISQC1- Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements	Completed in 2021	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
20	H1 / 2020	The Committee reviewed and adopted ISA 260 - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	Completed in 2022	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
21	H1 / 2020	The Committee reviewed and adopted ISA 701 - COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR'S REPORT	Completed in 2022	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
22	H1 / 2020	The Committee reviewed and adopted ISA 265 - COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT	Completed in February 2023	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
23	H1 / 2021	The Committee reviewed and adopted ISA 700 - FORMING AN OPINION AND REPORTING ON FINANCIAL STATEMENTS	Completed in 2024 in the last stage of hearing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
24	H1 / 2021	The Committee reviewed and adopted ISA 705 - MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT	Completed in 2024 in the last stage of hearing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
25	H1 / 2021	The Committee reviewed and adopted ISA 706 - EMPHASIS OF MATTER PARAGRAPHS AND OTHER MATTER PARAGRAPHS IN THE INDEPENDENT AUDITOR'S REPORT	Completed in 2024 in the last stage of hearing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
26	H1 / 2022	The Committee reviewed and adopted ISA 710 - COMPARATIVE INFORMATION— CORRESPONDING FIGURES AND COMPARATIVE FINANCIAL STATEMENTS	Completed in 2024 in the last stage of hearing	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
27	H2 / 2023	The Committee is reviewing the adoption of new ISAs relating to ISAs 620 - USING THE WORK OF AN AUDITOR'S EXPERT	2024	Chair: Mrs. Galit Niv-Bourshan, CPA (Isr.)	The Israel Auditing Standards Committee
Maintaining Ongoing Process					
28	Ongoing	Continue to raise members' awareness of these standards and assist them in the application of the standards.	Ongoing	Israel Auditing Standards Committee	Professional Staff
29	Ongoing	Continue to ensure members are kept fully aware of the standards by a communications plan which includes:	Ongoing	Israel Auditing Standards Committee	Professional Staff

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none">• Updating the Institute's Webpage• Conducting CPD events that include: study courses, seminars, congresses.• Publish in our Newsletter• Publish in our journal (sent by mail to all members).			

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Continue to use best endeavors to maintain ongoing process to implement the IESBA Code of Ethics (COE)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Israel, Ethical standards are set by two autonomous legislations:</p> <ol style="list-style-type: none"> 1. The Auditors Law 5715-1955 which includes Auditors Regulations (Inappropriate Conduct of Professional Behavior 5725-1965) as set by the State (the - "Regulations"). 2. Rules of Ethical behavior as set by the ICPAI according to its Article of Association (the - "ICPAI Rules"). <p>The ethical behavior requirements included in the Regulations are similar to the ICPAI Rules. Both Rules and regulations deals with the requirement of CPA's proper behavior in the following aspects: Integrity, honesty, moral attitude, independence. Impartiality, no conflict of interest, professional attitude, secrecy, personal responsibility, no soliciting, limitation on publicity and others. The ICPAI can impose only its own rules. The ICPAI maintains, through its Ethics committee, procedures for providing explanations, guidance and opinions concerning ethical matters introduced either by ICPAI members or others including anonymous approaches. The Ethics Committee supervises the implementation of the ICPAI Rules and makes its recommendations to the Board of Directors of actions to impose said rules. Matters of significance are brought to the members' knowledge by ICPAI publications.</p> <p> ICPAI's Rules of Ethical Behavior are based on the 2016 IESBA Code of Ethics.</p>					
<i>Identifying Potential Departures from IESBA Code of Ethics and Promote Convergence</i>					
30	Ongoing	<p>Promote the convergence of the Ethics standards and the Independence standards of the IESBA Code of Ethics within the Ministry of Justice and the other regulatory authorities as appropriate. As a result of our efforts, the Ministry of Justice promulgated in 2008 regulations regarding the proper behavior of CPAs in respect of no conflict of interest and impartial conduct which are also in line with the ICPAI code of ethics</p> <p>The staff of the Israeli Securities Authority has published in 1992 a public decision according to law concerning the independence of auditor from its audit clients in the listed companies sector, which are also in line with the ICPAI code of ethics</p>	Ongoing	President and members of the Board	President and members of the Board

Commented [DJ1]: Adi / Elias can you please confirm that this is still accurate or is it more up to date?

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#	Start Date	Actions	Completion Date	Responsibility	Resource
31	Ongoing	Review the IESBA Code of Ethics and compare the standards with current ethical and independence requirements currently included in the Rules of the ICPAI.	Ongoing up to 2027	Ethics Committee	Committee Members and professional Secretary of the committee
32	Ongoing	Identify gaps in Ethics Codes and provide advice for closing these gaps.	Ongoing up to 2027	Amit Sharfi Chair of Ethics Committee	Ethics Committee
<i>Raising Awareness of Resources to Support Implementation of IESBA Code of Ethics</i>					
33	Ongoing	Act for awareness for implementation of IESBA's guidance among ICPAI members. Through publications of decisions, clarifications, Publications and videos on the website of ICPAI	Ongoing	Educational Committees	Lectures and publications
<i>Maintaining Ongoing Processes</i>					
34	Ongoing	Monitoring of standard-setting activities of the IESBA and updating the Action Plan for further activities where necessary.	Ongoing	Amit Sharfi Chair of Ethics Committee	Ethics Committee
35	Ongoing	Continue to promote awareness of changes in ethical requirements to ICPAI members through the courses, conferences, and professional publications.	Ongoing	Educational Committees	Lectures and publications

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to use best endeavors to assist in the adoption and implementation of IPSAS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In 2005 the Israel Government Accounting Standards Board (IGASB) was established in order to adopt the International Public Sector Accounting Standards (IPSASs) published by the International Public Sector Accounting Standards Board (IPSASB), an independent standard setting board operating under the auspices of IFAC. In May 2011, the IGASB published the translated IPSAS Guide (in Hebrew) which includes 21 IPSASs. In 2012, the IGASB published two additional IPSASs.</p> <p>The role of ICPAI has been to support the education and training of professionals in the area of IPSASs and public financial management through technical conferences and CPD offerings. ICPAI intends to continue these efforts to further IPSAS implementation.</p>					
<i>Continuing Education of Members</i>					
36	Until 2018	<p>Develop and deliver technical conferences for ICPAI members to inform participants about the IPSASs and foster discussion of significant aspects.</p> <p>Consider new and important trends in IPSAS implementation and changes/ amendments to IPSAS in the development of conferences.</p>	<p>May 2005</p> <p>January 2011</p> <p>Until 2018</p>	Institute for Continuing Professional Education and Certificate Programs	Technical Staff together with individual lecturers
37	Until 2018	<p>Organize CPD lectures at national conferences for CPAs to broaden understanding of IPSASs and raise awareness of the issues of IPSAS adoption and implementation among a broader audience.</p> <p>ICPAI developed 2 CPD courses, 32 academic hours each course on IPSASs.</p>	Until 2018	Institute for Continuing Professional Education and Certificate Programs	Technical Staff together with individual lecturers
<i>Technical Support for our Members</i>					
38	Ongoing	Continue "Professional Consultation" over the phone, e-mails and applications: We offer members a telephone service ("the Red line") whereby they may make oral inquiries on technical matters, including public sector	Ongoing	ICPAI Technical Secretary	Technical Staff

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		accounting and auditing. In addition, members may request written replies from our technical department on technical issues.			
<i>Review of ICPAI's Compliance Information</i>					
38	Ongoing	The SMO Action Plan will be reviewed periodically and updated as necessary by the staff responsible for the relevant area of activities.	Ongoing Annually	ICPAI Technical Secretary	Technical Staff

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: ICPAI will continue to promote the subjects that are connected to SMO 6 in the legislation.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
The function of Investigation and Discipline (I&D) in Israel is in effect dealt with both by the regulator which is the Auditors' Council (the statutory body subordinated to the Ministry of Justice) and the ICPAI.					
1. Disciplinary Committee The Minister of Justice appoints a Disciplinary Committee that serves concurrently with the CPA Council whose role is to discuss and decide on disciplinary offenses.					
<u>The Disciplinary Committee is three member and are:</u>					
<ul style="list-style-type: none"> • A person who is qualified to be appointed a district court judge with knowledge in the field of accounting, and he will be the chairman of the committee; • An accountant who is a civil servant, who has been engaged in accounting for at least seven years, to be appointed after consultation with the council; • An accountant who is not a civil servant, who has been engaged in accounting for at least seven years, to be appointed after consultation with the council; 					
2. Investigator and his duties A complaint about a disciplinary offense committed by an accountant will be submitted to the council and will be investigated by an investigator - a civil servant - who is an accountant or has an academic education in accounting - authorized for this purpose by the Minister of Justice.					
The investigator conveys his findings to the plaintiff and acts according to his instructions.					
3. Plaintiff and his duties The plaintiff before the disciplinary committee is a lawyer, a civil servant, who was authorized by the Attorney General.					
A plaintiff, either based on a complaint that was found out by an investigator or in any other way, finds out that there is prima facie evidence that an accountant has committed a disciplinary offense, will submit a complaint against him to the disciplinary committee.					
4. The discussion in the disciplinary committee A disciplinary hearing will be conducted in the presence of the plaintiff and the.					
5. Disciplinary means: If the disciplinary committee finds that the defendant has committed a disciplinary offense, it may take one or more of the following means against him:					

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>(1) Alert; (2) Reprimand; (3) A fine in the amount of about 75,000 NIS; (4) Suspending a license for a fixed period not to exceed five years; (5) Cancellation of the license.</p> <p>6. Appealing the decision of the Disciplinary Committee The plaintiff and the defendant may appeal the decision of the disciplinary committee that concludes the hearing of the complaint before the district court.</p> <p>7. Publishing the decisions of the Disciplinary Committee and making them available for public inspection If the disciplinary committee has decided on the suspension or cancellation of a license, it will publish the suspension or cancellation, as the case may be, stating the name of the defendant, and if an appeal has been filed against said decision - also the fact that the appeal was filed and its result</p> <p>The ICPAI has a Disciplinary Tribunal which has the authority to administer sanctions against members violating its Rules. The Ethics Committee recommends and issues an appeal, subject to the Board of Director's approval, to the ICPAI Disciplinary Tribunal against member violating ICPAI Rules. The Disciplinary Tribunal is an institution formed according to ICPAI Article of Association abiding all its members.</p> <p>The ICPAI internal court, finding a member guilty of violating ICPAI rules, may impose the following sanctions on the member: (A) A warning (B) A reprimand (C) Denying membership in the ICPAI for certain period. (D) Expelling from membership in the ICPAI (E) Imposing payment not exceeding NIS 6,000 (app. \$ 1,700) to ICPAI. (F) Publication of verdict or part of it. (G) Imposing payment of hearing costs.</p> <p>Suggestions for amendments to the Auditors' Law and regulations are introduced to the ICPAI for response prior to being brought before the legislators.</p> <p>In addition, the ICPAI addresses the Minister of Justice and the Israeli Parliament's Constitution, Law and Justice Committee to promote issues considered important for the State and or the profession.</p>			
<i>Enhancing the Investigation and Disciplinary Mechanisms in Line with SMO 6 Requirements</i>					
40	Ongoing	Hold meetings between the Institute's representatives and those of the Ministry of Justice representatives throughout the year.	Ongoing	President, CEO, Members of the Board	President, CEO, Members of the Board

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#	Start Date	Actions	Completion Date	Responsibility	Resource
		Note: Subjects connected to SMO 6 are fully covered by the collaboration between the ICPAI and the Auditors' Council.			
<i>Maintaining Ongoing Processes</i>					
41	Ongoing	Raising awareness of I&D by embedding the requirements within the framework of ICPAI conferences and professional development courses, initiated, organized or sponsored by the ICPAI.	Ongoing	Educational Committees	Educational Committees
42	Ongoing	Continue the requirement for each new member of the ICPAI to sign a written declaration stipulating adherence to the code and commitment according to the Ethical code and other professional standards, rules and requirements.	Ongoing	CEO	ICPAI Staff
43	Ongoing	Continue the communication between ICPAI Board and the Auditors' Council regarding inappropriate behavior.	Ongoing	President, CEO, Members of the Board	President, CEO, Members of the Board

Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	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			See Chapter " Review of ICPAI's Compliance information" , section 7 above
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			See Chapter " Review of ICPAI's Compliance information" , section 7 above
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			See Chapter " Review of ICPAI's Compliance information" , section 7 above
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			See Chapter " Review of ICPAI's Compliance information" , section 7 above

Requirements	Y	N	Partially	Comments
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			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
Rights of Representation and Appeal				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
Administrative Processes				
12. Timeframe targets for disposal of all cases are set.	Y			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
14. Records of investigations and disciplinary processes are established.	Y			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
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			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
16. A process for the independent review of complaints on which there was no follow-up established.	Y			
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			See Chapter " <i>Review of ICPAI's Compliance information</i> " , section 7 above
Liaison with Outside Bodies				

Requirements	Y	N	Partially	Comments
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
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 and Other Pronouncements issued by the IASB
Action Plan Objective: Support implementation of International Financial Reporting Standards (IFRSs)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
IFRSs were adopted by all public (listed) companies in Israel. The Israeli Accounting Standards Board (IIASB) promulgated Accounting Standard Number 29 in this respect, which has been adopted as mandatory requirement by the Israeli Securities Authority. The implementation was unconditional and with no exceptions from IFRSs. The ICPAI was in charge of the coaching of both reporters and auditors.					
Currently, private companies are allowed (but not required) by the IIASB to adopt IFRSs instead of Israeli GAAP. The IIASB promulgated Accounting Standard Number 32, allowing private entities to choose adoption of either Israeli GAAP, full IFRS or if applicable IFRS for SMEs, commencing in 2011. In recent years the IIASB develops new accounting standards in the framework of Israeli GAAP based on full IFRS and certain adjustments from IFRS for SMEs or other adjustments suitable for non-listed entities.					
<i>Development of a Strategy for IFRS for SMEs Adoption and Implementation</i>					
44	July 2010	Together with the IIASB, continue monitoring the financial reporting needs of private companies.	December 2016	IIASB, ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
45	August 2011	Together with the IIASB, conduct a study of the implementation of IFRS for SMEs worldwide. <ul style="list-style-type: none"> • In 2014, the IASB has promulgated the revised IFRS for SMEs. Therefore, the study initiated in 2011 has been postponed until 2016, when it is anticipated to resume. 	December 2016	IIASB, ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
46	January 2014	New standards under Israeli GAAP are built and examined, in light of the corresponding standards in full IFRS and certain chapters in IFRS for SMEs: <ol style="list-style-type: none"> 1. Israeli Accounting Standard 10, Provisions, Contingent Liabilities and Contingent Assets based on IAS 37. 2. Israeli Accounting Standard 22 (revised), Financial Instruments: Presentation based on IAS 32. 3. Israeli Accounting Standard 34, Presentation of Financial based on IAS 1. 	Ongoing	IIASB, ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ol style="list-style-type: none"> 4. Israeli Accounting Standard 35, Accounting policies, Changes in Accounting Estimates and Errors based on IAS 8. 5. Israeli Accounting Standard 38, Non-current Assets Held for Sale and Discontinued Operations based on IFRS 5. 6. Israeli Accounting Standard 39, Employee Benefits based on IAS 19 and Chapter 28 of IFRS for SMEs. 7. Israeli Accounting Standard 41, Related Party Disclosures based on IAS 24 8. Israeli Accounting Standard 42, Agriculture based on IAS 41 9. Israeli Accounting Standard 43, Revenue from Contracts with Customers based on IFRS 15 10. Israeli Accounting Standard 44, borrowing costs based on IAS 23 11. Israeli Accounting Standard 45, Accounting for government grants and Disclosure of government assistance based on IAS 20 12. Israeli Accounting Standard 40, Accounting rules and financial reporting by non-profits. 13. Israeli Accounting Standard 40 (revised), Accounting rules and financial reporting by non-profits. 14. 			
<i>Maintaining Ongoing Processes</i>					

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#	Start Date	Actions	Completion Date	Responsibility	Resource
47	Ongoing	Continue to promote awareness of changes in IFRSs and financial reporting requirements to ICPAI membership through the inclusion of these modifications in ICPAI professional development courses, conferences, and professional publications.	Ongoing	ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting
48	Ongoing	Monitoring standard-setting activities of the IASB and updating the Action Plan for further activities where necessary.	Ongoing	ICPAI	ICPAI Subcommittee for Accounting Standards and Financial Reporting