

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). 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.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

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 Compliance Program website.

## **ACTION PLAN**

<b>IFAC Member:</b>	CPA Australia Ltd
<b>Original Publish Date:</b>	July 2009
<b>Last Updated:</b>	December 2018
<b>Next Update:</b>	December 2020

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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 effect 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.

**Action Plan Subject:** SMO 1 Quality Assurance  
**Action Plan Objective:** Continue to maintain an effective quality assurance process as prescribed by SMO 1

**GLOSSARY:**

<b>AAS</b>	Australian Accounting Standards
<b>AASB</b>	Australian Accounting Standards Board
<b>APESB</b>	Accounting Professional and Ethical Standards Board
<b>ASA</b>	Associate Member of CPA Australia
<b>ASIC</b>	Australian Securities and Investments Commission
<b>AUASB</b>	Auditing and Assurance Standards Board
<b>CA ANZ</b>	Chartered Accountants Australia New Zealand
<b>CEO</b>	Chief Executive Officer
<b>CPA</b>	Certified Practising Accountant
<b>CPD</b>	Continuing Professional Development
<b>FCPA</b>	Fellow Certified Practising Accountant
<b>ED</b>	Exposure Draft
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IES</b>	International Education Standard
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>ICAA</b>	Institute of Chartered Accountants in Australia (ICAA) now CAANZ
<b>IPA</b>	Institute of Public Accountants
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standard on Auditing
<b>FRC</b>	Financial Reporting Council
<b>OPT</b>	One Person Trial
<b>PSC</b>	Professional Standards Council
<b>PPC</b>	Public Practice Certificate
<b>PQAC</b>	Professional Qualifications Advisory Committee
<b>QR</b>	Quality Review
<b>QRP</b>	Quality Review Program
<b>SEAM</b>	Small Entities Audit Manual
<b>SME</b>	Small and Medium Enterprises

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<i>Background:</i>					
<p><b>Quality Review Program (QRP) PURPOSE:</b> The main purpose of CPA Australia’s Quality Review Program (QRP) is to ensure that CPA Australia members offering accounting services to the public (i.e. CPA Australia members in public practice) maintain the highest professional standards.</p> <p>The QRP is one of the foundational elements that allows CPA Australia public practitioners to have limited liability under Professional Standards legislation. As part of this legislation, an independent assessment of the risk management and quality review processes of CPA Australia are undertaken annually.</p> <p><b>QRP OVERSIGHT:</b> Oversight of the QRP is the responsibility of the Board of CPA Australia through the Quality Review Advisory Committee. The Auditing and Assurance Standards Board (AUASB) and the Australian Accounting Standards Board (AASB) are responsible for setting auditing standards and accounting standards respectively, and the Accounting Professional and Ethical Standards Board (APESB), an independent body established by the accounting bodies, sets ethical and professional standards. The Financial Reporting Council (FRC) is a statutory body under the <i>Australian Securities and Investments Commission Act 2001</i> and is responsible for overseeing the effectiveness of the financial reporting framework in Australia.</p> <p>The revised SMO 1 has been reviewed and it was concluded that CPA Australia already fulfills its requirements.</p>					
<i>Maintaining Ongoing Processes</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	Ongoing	<p><b>Quality Review Program.</b>                      QRP continues to operate as per the agreed model – A subtle change has been made to bring the review of low risk members (i.e. members not offering audit, assurance, review, insolvency, valuation or forensic services, and who are not undergoing their first review) in house where a reduced scope review is performed by a qualified CPA staff member. Follow up reviews are also performed in house by a qualified CPA staff member, with significant audit experience. These changes allow contracted external reviewers to perform a greater number of higher risk reviews.</p>	Ongoing	GM, Public Practice	Manager, Quality Review - Compliance  Manager, Quality Review - Education

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2.	Ongoing	Increased focus has been placed on education and dissemination of learning outcomes from the QRP (i.e. education on <a href="#">common breaches</a> and mechanisms to improve quality control procedures), as well as <a href="#">educating members</a> on the importance and value of quality control.	Ongoing	GM, Public Practice	Manager, Quality Review – Education
3.	Ongoing	Continue to ensure members offering public accounting services and who hold a Public Practice Certificate (PPC) undertake a Quality Review based on individual risk profile.	Ongoing	GM Public Practice	QR Team (7 qualified + 5 administrative staff)
4.	Annually	<b>Quality Control Standards.</b> Continue to ensure the Quality Review Manual Guide is in place and reviewed regularly. The guide is available to all members via the <a href="#">CPA Australia website</a> .	Annually	GM Public Practice  Manager, Quality Review - Education	Quality Review Team
<i>Ongoing Processes - Design of the Quality Review Program</i>					
5.	Quarterly	Continue to confirm the QRP's design will obtain limited assurance that: <ul style="list-style-type: none"> <li>▪ The partner/firm complies with the system.</li> <li>▪ The partner/firm has adhered to professional standards and regulatory and legal requirements in performing audits of financial statements selected for review.</li> </ul> Publish a description of the scope and design of the quality review program and related procedures to be followed by quality reviewers.	Quarterly	CPA Australia Quality Review Advisory Committee  GM, Public Practice	Quality Review Team within CPA Australia, plus 56 trained reviewers

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#	Start Date	Actions	Completion Date	Responsibility	Resource
6.	Ongoing	<p><b>Review Cycle</b>                      QRP Cycle for eligible members is based on individual risk assessment and outcomes of previous review.</p> <p>The QRP cycle for members is between 3–5 years.</p>	Ongoing	GM, Public Practice	Quality Review Team within CPA Australia, plus 58 trained reviewers
7.	Ongoing	<p><b>Quality Review Team Procedures and Documentation</b>                      Continue to confirm that the quality review teams follow procedures that are based on published guidelines.</p> <p>Continue to confirm that the quality reviewers document matters that:</p> <ul style="list-style-type: none"> <li>▪ Provide evidence supporting the quality review report.</li> <li>▪ Establish that the quality review was carried out in accordance with CPA Australia’s guidelines.</li> <li>▪ Comply with CPA Australia’s storage and destruction policy.</li> <li>▪ Attend the annual compulsory training workshop.</li> </ul>	Ongoing review	GM, Public Practice  Managers, Quality Review	Manager, Quality Review – Compliance  Manager, Quality Review - Education  QR team  Accredited contracted Quality Reviewers
8.	Ongoing	<p><b>Corrective and Disciplinary Actions</b>                      Continue to confirm that:</p> <ul style="list-style-type: none"> <li>▪ As required, each member subject to a quality review makes appropriate corrections to their system of quality control, and ensures their policies and procedures are compliant.</li> <li>▪ When a member subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, appropriate disciplinary action is instigated.</li> </ul>	Ongoing	GM, Public Practice  Managers, Quality Review  GM, Professional Conduct	Professional Conduct Team
<i>Ongoing Processes - Quality Review Team</i>					

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9.	Ongoing	<p><b>Quality Review Team and Team Leader</b>                      Continue to confirm there is an appropriate number of reviewers to complete the reviews within a reasonable time period.</p> <p>Confirm that a quality reviewer is assigned for each quality review assignment to:</p> <ul style="list-style-type: none"> <li>▪ Conduct the quality review.</li> <li>▪ Communicate the conclusions to the member.</li> <li>▪ Prepare the report.</li> </ul>	Ongoing	GM, Public Practice  Managers, Quality Review	Quality Review Team plus accredited contracted reviewers
10.	Ongoing	<p><b>Skills and Competence</b>                      Continue to confirm that members of the quality review team have the necessary competencies, through ongoing education and development such as enrolment in courses that further enhances knowledge and skills on specific areas, to perform the work. to perform the work.</p>	Ongoing	GM, Public Practice  Managers, Quality Review	Quality Review Team
11.	Ongoing	<p><b>Ethical Requirements and Confidentiality</b>                      Continue to confirm that:</p> <ul style="list-style-type: none"> <li>▪ The fundamental principles set out in the International Ethics Standards Board for Accountants (IESBA) Code and other relevant national standards are complied with.</li> <li>▪ The quality review team follows confidentiality requirements similar to those established for professional accountants performing audits of financial statements.</li> </ul>	Ongoing	GM, Public Practice  Managers, Quality Review	Quality Review Team

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12.	Ongoing	<p><b>Reporting and Member Response</b>                      Continue to confirm that:</p> <ul style="list-style-type: none"> <li>▪ The quality reviewer issues a written quality review report to the reviewed member upon completion.</li> <li>▪ The reviewed member provides a timely written response to the recommendations and conclusions of the quality review report, including implemented actions within a designated timeframe, which in turn is agreed by the quality reviewer and/or CPA Australia.</li> </ul>	Ongoing	GM, Public Practice  Managers, Quality Review	Quality Review Team and accredited contracted reviewers
13.	Ongoing	<p><b>Annual Reporting on Outcomes of Program</b>                      Continue to confirm that reports on the outcomes of the program are provided to members and key stakeholders by:</p> <ul style="list-style-type: none"> <li>▪ Regular updates in CPA Australia's <a href="#">e-newsletters</a> and publications</li> <li>▪ Providing updates on the program to government regulators, including the Financial Reporting Council (FRC) <sup>1</sup> and the Professional Standards Council<sup>2</sup>.</li> <li>▪ Reporting program outcomes to members via bi-annual newsletters and Continuing Professional Development (CPD) activities.</li> <li>▪ Publishing content in <a href="#">CPA Australia's annual report</a>.</li> </ul>	Ongoing	GM, Public Practice  Managers, Quality Review	Quality Review Team
<i>Review of CPA Australia's Compliance Information</i>					
14.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	Ongoing	Head of Policy, Advocacy & Public Practice and CEO	CPA Australia staff

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<sup>1</sup> The Financial Reporting Council (FRC) is a statutory body under the *Australian Securities and Investments Commission Act 2001* and is responsible for overseeing the effectiveness of the financial reporting framework in Australia. [FRC website](#)

<sup>2</sup> The Professional Standards Councils approve and monitor Limited Liability schemes throughout Australia on behalf of state, territory and commonwealth governments, which require participating occupational associations to implement strategies for improving professional standards and protecting consumers.



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### Main Requirements of SMO 1 – Comparison between CPA Australia and Regulator

	Requirements	CPA Australia	ASIC	Comments
<i>Scope of the System</i>				
1.	At a minimum, mandatory QA are required for all audits of financial statements.	Y	Y	<b>ASIC</b> - inspections focus on the audits of the 2,300 listed entities. We have the power to review the auditors of all 28,800 entities that prepare financial reports under the Corporations Act 2001. We can inspect any of the 4,700 individual registered company auditors.  CPA Australia inspect about 130 audit firms that audit listed entities.
<i>Quality Control Standards and Other Quality Control Guidance</i>				
2.	Firms are required to implement a system of quality control in accordance with the quality control standards.	Y	Y	
3.	Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	Y	Y	
4.	Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Y	N/A	
<i>Review Cycle</i>				
5.	A cycle-based, risk-based, or a mixed approach for selecting a firm for QA review is used.			ASIC - Audit firms are inspected on a continuous basis. One audit engagement file is inspected at each Big 4 firm each month. Mid-tier firm audit files may be reviewed every quarter. Small firms that only audit one or two small listed companies, may be reviewed once every 12 years.

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6.	For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Y	Y	
<i>Quality Review Team</i>				
7.	Independence of the QA Team is assessed and documented.	Y		
8.	QA Team possesses appropriate levels of expertise.	Y		
<i>Reporting</i>				
9.	Documentation of evidence supporting the quality control review report is required.	Y		
10.	A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Y	Y	ASIC - publishes its public audit inspection reports every 18 months to inform all audit firms, the investing public, companies, audit committees and other interested stakeholders in the financial reporting chain, of findings and areas of focus.
<i>Corrective and Disciplinary Actions</i>				
11.	Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Y	Y	

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	Requirements	CPA Australia	ASIC	Comments
12.	QA review system is linked to the Investigation and Discipline system	Y	Y	ASIC is <a href="#">responsible for the surveillance, investigation and enforcement</a> of registered company auditors (RCAs). The ASIC conducts regular audit inspections and surveillances and if auditor's conduct is found to be deficient, the ASIC may impose conditions on an RCA's registration or other sanction or may refer the matter to the <a href="#">Companies Auditors Disciplinary Board</a> (CADB).
<i>Consideration of Public Oversight</i>				
13.	The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	Y	N/A	
<i>Regular reviews of implementation and effectiveness of the systems are performed</i>				
14.	Regular reviews of implementation and effectiveness of the system are performed.	Y		

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*Background:*

Since its inception in 1986, the CPA Program has undergone many changes to ensure graduates are equipped to be leaders in finance, accounting and business. The CPA Program continues to be recognised as a leading professional program and receives strong endorsement from graduates. Detailed information about CPA Australia's professional education program and continuing professional development can be found in the relevant sections on the [CPA Australia website](#).

A CPA Australia member must meet the following requirements to use the CPA designation:

- an undergraduate degree accredited by CPA Australia or a degree approved by CPA Australia
- completion of the CPA Program
- completion of three years practical experience in finance, accounting or business
- continued professional development each year
- continued adherence to the code of professional conduct set by CPA Australia (APES 110 Code of Ethics for Professional Accountants)

To offer public accounting services, CPAs must also complete CPA Australia's Public Practice Program, which consists of a Practice Management distance learning subject, a Public Practice Program Intensive workshop, and must hold a Public Practice Certificate in accordance with [CPA Australia's By-Laws](#).

The simplest pathway to become a member of CPA Australia is to complete a program accredited by CPA Australia that is at least degree equivalent. To be eligible, candidates must complete subjects in accounting, finance and business areas to satisfy the minimum core competencies.

CPA Australia also provides options for graduates from other disciplines, and for candidates with gaps in their core competencies, to work towards CPA status through the completion of its Foundation exams. The CPA Australia Foundation exams are a series of six exams designed to test candidates on the core accounting knowledge required for entry into the CPA Program.

The CPA Program comprises six postgraduate-level distance learning subjects, together with a practical experience requirement comprising three years practical experience. Both requirements need to be completed to gain CPA status. The three-year Practical Experience Requirement provides a framework for developing and demonstrating practical workplace capabilities at a professional level, in accounting and finance.

Formal assessment processes are in place for all Foundation exams and the CPA Program subjects. Foundation exams are computer-based multiple choice exams to assess candidates against a series of learning objectives. The CPA Program formal assessments for each subject are three-hour open-book exams. To ensure accurate representation of candidate knowledge and skills demonstrated in exams:

- All candidate responses to multiple choice questions are scanned and marked electronically.

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- All results are reviewed to ensure there are no discrepancies or errors.
- Written responses are marked by independent experts. Scores are reviewed throughout the marking process to ensure accuracy and consistency in marking.
- Audit procedures ensure all the written responses are marked and approximately 20% of papers are re-marked by different markers to ensure consistency to ensure consistency and fairness.
- Professional experts moderate the examination papers through approval of the questions selected for inclusion and monitoring the marking procedures and pass standards.
- All of the subject study material is examinable. The CPA Program exams are either 100% Multiple choice or mixed format with a combination of Multiple Choice Questions and extended response questions. Each exam is designed to assess every learning outcome within the subject, at the varying level of difficulty. CPA Australia assigns a taxonomic level to each learning outcome within the subjects (a version of blooms taxonomy). Extended response questions predominantly assess the higher order skills of application, analysis and evaluation.

Upon renewing membership each year members are required to declare their ongoing compliance with the CPA Constitution, By Laws and minimum [CPD Requirements](#). Compulsory CPD applies to every Associate Member of CPA Australia (ASA), CPA and Fellow Certified Practising Accountant (FCPA) members, including retired members who provide Public Accounting services in any year (whether or not for reward). The minimum CPD Requirement is 120 hours of CPD every three years with at least 20 hours to be undertaken in each year. Members are required to achieve a minimum of 120 hours (at least 90 hours of formal development plus up to 30 hours of structured relevant reading over the three-year period). The reading component can contribute up to 10 hours of the 20 hour minimum requirement per annum).

In 2014, CPA Australia introduced computer based testing for the CPA Program exams. This option allows candidates greater flexibility on how and when they undertake their exams. All exams offered by computer based testing are subject to the same rigorous academic processes as traditional paper-based exams.

CPA Australia's CPA Program ensures candidates develop the appropriate skills, knowledge and values required of a CPA through a combination of coherent learning experiences. Content is globally relevant, and is designed to meet the needs of the accounting profession in all markets and areas of the profession.

CPA Australia has included four new financial planning subjects to address the education requirements for members wanting to give financial planning advice.

CPA Australia has updated both its accreditation requirements and CPA Program to reflect changes to the International Education Standards, in particular IES2 and IES3 as a result of the updates in July 2015

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CPA Australia’s CPA Program ensures candidates develop the appropriate skills, knowledge and values required of a CPA through a combination of coherent learning experiences. Content is globally relevant, and is designed to meet the needs of the accounting profession in all markets and areas of the profession. The CPA Program continues to address the needs of employers and leads to a highly valued and globally relevant designation. CPA Australia maintains rigorous standards of competence in the design and assessment of all educational rigorous standards of competence in the design and assessment of all educational units, utilizing a team of technical experts together with world class external consultants to ensure the quality and relevance of its education program.

In light of the 2015 IES revisions, the following overarching learning outcomes are being incorporated into CPA Program learning experiences in recognition of the need for finance and accounting professionals to demonstrate contemporary workplace competencies:

- Be technically skilled and solution driven
- Be strategic leaders and business partners in a global environment
- Be aware of the social impacts of accounting
- Be adaptable to change
- Be able to communicate and collaborate effectively.

*Maintaining Ongoing Processes – Continue to Review and Assess Entry Requirements to Ensure Ongoing Compliance with IES Statements*

#	Start Date	Actions	Completion Date	Responsibility	Resource
15.	Annually	Continue to assess: <ul style="list-style-type: none"> <li>▪ The program of study completed by applicants for admission to ensure it complies with IES2.</li> <li>▪ Applicants’ practical experience to ensure compliance with IES5.</li> </ul>	Ongoing	Manager Certification	Education Manager, Certification and Curation Team.
16.	Triennially	Undertake a comprehensive review of the structure and content of the professional education program every three years. The next review will occur in 2018, however incorporation of the 2015 IES’ have occurred within the update of materials every semester as available.	Ongoing	Manager Certification	Certification team

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17.	Biannually	Continue to ensure admission requirements remain relevant to the needs of the profession.	Ongoing	Manager Certification  Professional Qualifications Advisory Committee	Certification team  8 nominated members
18.	Annually	Continue to review and accredit recognised accounting programs that are at least degree equivalent.	Ongoing	Head of Education	Education Policy team
19.	Annually	Continue to implement assessment processes to ensure applicants for CPA Australia membership meet entry requirements.	Ongoing	Head of Member Experience	Member service team
20.	As appropriate	Continue to review and assess pre-qualification professional accounting knowledge.	Ongoing	Head of Education	Education Policy team
<i>Ongoing Processes: IES 2 - Technical competence</i>					
21.	Annually	Continue to review and assess: <ul style="list-style-type: none"> <li>▪ The educational program to ensure graduates have the required professional knowledge to function as graduate accountants as required by IES2.</li> <li>▪ Requirements of IES2 in regards to professional accountancy knowledge to ensure compliance.</li> </ul>	Ongoing	Manager Certification  Professional Qualifications Advisory Committee  CPA Program Advisory Panels	Certification team  8 nominated members  50+ external members
22.	Annually	Review requirements of IES2 in relation to accounting, finance and related subject areas to ensure compliance.	Ongoing	Manager Certification	Certification team

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23.	Annually	Ensure that reports are obtained from accredited education providers regarding any course changes or significant staffing changes.	Ongoing	Head of Education	Accreditation staff
<i>Ongoing Processes: IES 3, IES 4 – Professional Skills, Professional Values, Ethics, and Attitudes</i>					
24.	Annually	Continue to review and assess: <ul style="list-style-type: none"> <li>The educational program to ensure graduates have acquired a high level of professional skills as required by IES3.</li> <li>The requirements of IES3 in relation to development of identified skills to ensure compliance.</li> </ul>	Ongoing	Manager Certification  Professional Qualifications Advisory Committee.	Certification team  8 nominated
25.	Annually	<b>Content for Values, Ethics and Attitudes</b>  Continue to review and assess: <ul style="list-style-type: none"> <li>The educational program to ensure graduates are equipped with appropriate professional values, ethics and attitudes as required by IES4.</li> <li>The requirements of IES4 to ensure compliance.</li> </ul>	Ongoing	Manager Certification  Professional Qualifications Advisory Committee	Certification team  8 nominated members
26.	Per semester	<b>IESBA Code of Ethics</b> <ul style="list-style-type: none"> <li>Continue to review the Professional Education Program content to ensure it covers adequately the IESBA Code of Ethics for Professional Accountants.</li> </ul>	Ongoing	Manager Certification	Certification team



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27.	Content to be reviewed in March and September each year	Continue to update the “Code of Ethics for Professional Accountants” on the CPA Australia website.	Ongoing	Head of Education	Professional Conduct team
<i>Ongoing Processes: IES 5 - Practical Experience</i>					
28.	Annually	Continue to ensure: <ul style="list-style-type: none"> <li>▪ Practical experience required for membership complies with IES5.</li> <li>▪ Compliance with IES4 requirements for ethical behaviour within the workplace.</li> <li>▪ Review the ethics content in the program (note the revised code of ethics has been updated within the CPA Program material and assessment).</li> <li>▪ Continue to obtain evidence of ethical knowledge as part of the process for progression to full membership.</li> </ul>	Ongoing	Manager Certification	Certification team

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29.	Biannually	Continue to confirm that: <ul style="list-style-type: none"> <li>▪ Providers of practical experience are able to provide suitable practical experience.</li> <li>▪ Formal requirements for sign-off by a full member of an IFAC member body to ensure suitability of practical experience provided are in place.</li> <li>▪ Length of practical experience is sufficient and is intensive enough to permit candidates to demonstrate they have acquired the professional knowledge, skills, values, ethics and attitudes to perform their work with professional competence.</li> <li>▪ Practical experience program complies with IES 5 requirements including a formal method for recording of skills attained.</li> </ul>	Ongoing	Manager Certification	Certification team  Member Experience Team
30.	Biannually	Continue to review applicants applying for professional designation to ensure practical experience requirement, as recommended by IAESB, has been met.	Ongoing	Head of Education	Membership team.
31.	Annually	<b>Monitoring Practical Experience</b>  Continue to: <ul style="list-style-type: none"> <li>▪ Review and assess the Practical Experience Requirements to ensure graduates have acquired appropriate practical experience to function competently as a professional accountant.</li> <li>▪ Obtain attestation of compliance.</li> <li>▪ Review content of practical experience program to ensure compliance with IES5.</li> </ul>	Ongoing	Manager Certification	Certification team
<i>Ongoing Processes: IES 6 - Assessment of professional competence</i>					

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32.	Biannually	Review and evaluate assessment procedures and requirements.	Ongoing	Manager Certification	Certification team
33.	Annually	<p>Continue to ensure final assessment format meets IES6 requirements:</p> <ul style="list-style-type: none"> <li>▪ Review and evaluate assessment procedures to ensure candidates’ professional capabilities and competencies are appropriately assessed.</li> <li>▪ Have systems in place to ensure assessment is: <ul style="list-style-type: none"> <li>- Uniform for all candidates.</li> <li>- Set and assessed by qualified individuals.</li> </ul> </li> </ul> <p>Current systems and processes are outlined in the “background” section, including:</p> <ul style="list-style-type: none"> <li>▪ CPA Program exams are either 100% Multiple choice or mixed format with a combination of Multiple Choice Questions and extended response questions. Each exam is designed to assess every learning outcome within the subject, at the varying level of difficulty.</li> </ul>	Ongoing	Manager Certification	Certification team  Assessments staff

**Action Plan Subject:** SMO 2 International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Continue to ensure CPA Australia’s continued compliance with International Education Standards (IESs) and other IAESB pronouncements

		<ul style="list-style-type: none"> <li>▪ CPA Australia assigns a taxonomic level to each learning outcome within the subjects (a version of blooms taxonomy).</li> <li>▪ Extended response questions predominantly assess the higher order skills of application, analysis and evaluation.</li> <li>▪ All candidate responses to multiple choice questions are scanned and marked electronically</li> <li>▪ Professional experts moderate the examination papers through approval of the questions selected for inclusion and monitoring the marking procedures and pass standards.</li> <li>▪ All of the subject study material is examinable. Exams for compulsory subjects include assessment of candidates' written skills known as constructed response testing, in combination with multiple choice test items.</li> <li>▪ Maintain systems to ensure pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes are met.</li> <li>▪ Review final assessment to ensure assessment of professional knowledge is reliable and valid.</li> </ul>			
34.	Annually	Continue to have systems in place to ensure candidates have qualified within the required timeframe.	Ongoing	Head of Education	Membership team
35.	February and September per year	Review testing and moderation systems to ensure integrity of system and examination content.	Ongoing	Manager Certification	Certification team
Ongoing Processes: IES 7 - Continuous Professional Development					

**Action Plan Subject:** SMO 2 International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Continue to ensure CPA Australia’s continued compliance with International Education Standards (IESs) and other IAESB pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
36.	Annually	Continue to: <ul style="list-style-type: none"> <li>▪ Review requirements of IES7 annually to ensure compliance.</li> <li>▪ Conduct CPD Audit Review.</li> <li>▪ Follow-up members who have failed to meet minimum CPD requirements.</li> <li>▪ Communicate any changes to CPD requirements to members via appropriate channels in a timely manner such as:               <ul style="list-style-type: none"> <li>- Conducting CPA Australia events and information sessions.</li> <li>- Updating the <a href="#">CPA Australia webpage</a> and relevant communications plan.</li> </ul> </li> </ul>	Ongoing	Head of Education  Head of Member Experience	Membership team
<i>Ongoing Processes: Activities to Promote IESs SMO 2</i>					
37.	Ongoing	Ensure systems and processes are in place to continue to: <ul style="list-style-type: none"> <li>▪ Review IESs and prepare an implementation plan to educate and ensure members can abide by the requirements.</li> <li>▪ Ensure by-laws and regulations meet minimum standards.</li> <li>▪ Promptly communicate standards to members via appropriate channels such as:               <ul style="list-style-type: none"> <li>- Appropriate amendments to the CPA Program.</li> <li>- Conducting CPA Australia events and information sessions.</li> <li>- Updating the <a href="#">CPA Australia webpage</a>.</li> <li>- Relevant communications plan.</li> </ul> </li> </ul>	Ongoing	Manager Certification  Head of Member Experience  GM Professional Conduct	Certification Team  Professional Conduct team
<i>Review of CPA Australia’s Compliance Information</i>					
38.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	1 July annually or ongoing	CEO and Head of Education	CPA Australia staff

**Action Plan Subject:** SMO 2 International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB  
**Action Plan Objective:** Continue to ensure CPA Australia's continued compliance with International Education Standards (IESs) and other IAESB pronouncements

**Action Plan Subject:** SMO 3 International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use our best endeavors to adopt International Standards on Auditing (ISAs) and assist in the implementation of the adopted standards

*Background:*

The Auditing and Assurance Standards Board (AUASB) is an independent, statutory agency of the Australian Government, responsible for developing, issuing and maintaining auditing and assurance standards in Australia. The mission of the AUASB is to develop, in the public interest, high-quality auditing and assurance standards and related guidance, as a means to enhance the relevance, reliability and timeliness of information provided to users of auditing and assurance services. Sound public interest-oriented auditing and assurance standards are necessary to reinforce the credibility of the auditing and assurance processes for those who use financial and non-financial information. The AUASB standards are legally enforceable for audits or reviews of financial reports required under the *Corporations Act 2001*. The AUASB's role extends to liaison with other standards setters and participation in standard-setting initiatives.

**Conformity with IAASB Standards**

The AUASB has issued revised and redrafted standards in conformity with the IAASB standards, with amendments only where there is a 'compelling reason', such as to meet local legislative requirements. This includes issuing the new, revised and redrafted standards for enhanced auditor reporting with application consistent with the IAASB's standards, for reporting periods ending on or after 15 December 2016.

CPA Australia:

- (i) is represented at all AUASB meetings and provides comments to the AUASB when requested;
- (ii) participates in all roundtable consultations conducted by the AUASB on IAASB and AUASB exposure drafts and invitations to comment;
- (iii) makes submissions to the IAASB and AUASB on all consultations;
- (iv) hosts events to promote new and revised auditing and assurance standards, including in late 2015 an address by the Chairman of the IAASB in Melbourne on enhanced auditor reporting jointly with the AUASB; and
- (v) generates other communications to support awareness and understanding of new and revised auditing and assurance standards, such as, for enhanced auditor reporting, panel discussions at CPA Congress, production of a podcast "*Enhanced auditor reporting: Are you prepared?*" with speakers from the IAASB and AUASB and communicating developments such as invitations to comment, exposure drafts, submissions made and issue of final standards in CPA Australia's newsletters and website.

More details on CPA Australia's information and services relating to audit and assurance can be found on the CPA's website at [Professional Resources/Audit and Assurance](#).

**Action Plan Subject:** SMO 3 International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use our best endeavors to adopt International Standards on Auditing (ISAs) and assist in the implementation of the adopted standards

<i>Maintaining Ongoing Processes</i>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
39.	Ongoing	<p>CPA Australia continues to execute the ongoing activities in terms of notifying members of consultations, exposure drafts, submissions and new pronouncements, raising awareness amongst members of all new pronouncements, and encouraging the national standard-setter (AUASB) to use pronouncements of the IAASB as the basis for their standards. Examples can be found on our <a href="#">website</a>, including professional resources, communication to members and activities for members.</p> <ul style="list-style-type: none"> <li>▪ Enhanced Auditor Reporting changes are summarized on webpage along with relevant podcasts and articles: <a href="#">Auditor Reporting</a></li> <li>▪ All consultations and exposure drafts are publicized on our website along with submissions made: <a href="#">Consultations and Submissions</a></li> </ul>	Ongoing	Head of Policy	Accounting Policy team
40.	Ongoing	<p>CPA Australia has promoted the use of IAASB Standards by:</p> <ul style="list-style-type: none"> <li>▪ development and delivery of ongoing <a href="#">training modules</a></li> <li>▪ <a href="#">Professional Development</a> covering IAASB standards and their application to different types of entities</li> <li>▪ the revision and re-issue of <a href="#">Small Entities Audit Manual</a> (SEAM), aimed specifically at assisting members in applying IAASB standards in the Small and Medium Enterprises (SME) and Not-for-Profit (NFP) sectors</li> <li>▪ the provision of <a href="#">resources</a> to assist in their application</li> </ul>	Ongoing	Head of Policy	Accounting Policy and Curation teams
<i>Review of CPA Australia's Compliance Information</i>					
41.	Ongoing	Update sections relevant to this SMO and work with Compliance staff to publish updated information.	1 July annually or ongoing	Head of Policy, Advocacy and Public Practice	CPA Australia staff



**Action Plan Subject:** SMO 3 International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to use our best endeavors to adopt International Standards on Auditing (ISAs) and assist in the implementation of the adopted standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
42.	Ongoing	CPA Australia's focus in the coming year will be: <ul style="list-style-type: none"> <li>to continue to raise awareness of, and assist members in, the application of the new and revised IAASB standards, including ISA 540 Auditing Accounting Estimates and Related Disclosures once released in September 2018; and</li> <li>facilitate discussion and feedback on IAASB consultations, including exposure draft of revised ISA 315 Identifying and Assessing the Risks of Material Misstatement.</li> </ul>	Ongoing	Head of Policy	Accounting Policy Team
43.	Ongoing	Continue to ensure members are kept informed of pronouncements issued by the IAASB and AUASB and the impact of changes by an appropriate communication plan which includes: <ul style="list-style-type: none"> <li>The CPA Program, Public Practice Program and other training resources incorporate the current IAASB standards.</li> <li>Conducting CPA events and information.</li> <li>Raising awareness with members and non-members through electronic newsletters, INTHEBLACK, INPRACTICE, livechats, podcasts, articles and opinion pieces in the media.</li> <li>Updating CPA Australia's website.</li> </ul>	Ongoing	Head of Policy	Accounting Policy, in conjunction with Curation team
44.	Ongoing	Continue to use best endeavors to: <ul style="list-style-type: none"> <li>Encourage the AUASB to incorporate International Auditing and Assurance Standards into national standards and/or related other pronouncements.</li> <li>Assist with the implementation of national standards and other related pronouncements that incorporate IAASB Standards, including promoting the use of Guidance Statements.</li> </ul>	Achieved  Ongoing	Head of Policy  Head of Policy	Achieved - the AUASB has undertaken to issue pronouncements that comply with IAASB pronouncements  Accounting Policy team

**Action Plan Subject:** SMO 4 IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use our best endeavors to ensure the IESBA Code of Ethics for Professional Accountants continues to be adopted and assist in its implementation

*Background:*

Professional conduct requirements for members of CPA Australia are promulgated in its Constitution. Members of CPA Australia are required to comply with the requirements of CPA Australia's Constitution, By-Laws, and applicable Professional Standards and are subject to the conditions regarding the regulation of their professional conduct.

**APESB:**

In February 2006, as an initiative of CPA Australia and The Institute of Chartered Accountants in Australia (ICAA), the Accounting Professional and Ethical Standards Board (APESB) was established as an independent body. CPA Australia, ICAA and the Institute of Public Accountants (IPA) are members of the APESB.

The primary role of the APESB is to develop and issue appropriate professional and ethical standards that apply to the membership of the three bodies. The secondary role of the APESB is to provide the opportunity or forum for the discussion and consideration of issues relating to professional standards for accountants.

The APESB follows a rigorous process for the development of professional and ethical standards. Based extensively on well documented processes adopted by international and national accounting standard setting bodies, the [\*Due Process and Working Procedures for the Development and Review of APESB Pronouncements\*](#) formalises the Board's approach to developing standards.

APES 110 – *Code of Ethics for Professional Accountants* can be found at the [APESB website](#). APES 110 incorporates the Code of Ethics for Professional Accountants (IESBA Code) and contains some additional Australian definitions and paragraphs.

CPA Australia:

- (i) attends APESB meeting and participates in all taskforces and roundtables;
- (ii) seeks member comment and makes submissions to the IESBA and APESB on all consultations;
- (iii) hosts events to promote the Code and other professional and ethical standards; and
- (iv) generates regular communications to support awareness and understanding of ethical issues and professional behaviour.

NOTE: References to the "Board" in this Action Plan for the subject of "SMO4 and IESBA Code of Ethics for Professional Accountants," refer to the "Accounting Professional and Ethical Standards Board (APESB)".

**Action Plan Subject:** SMO 4 IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use our best endeavors to ensure the IESBA Code of Ethics for Professional Accountants continues to be adopted and assist in its implementation

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
45.	Ongoing	<b>Ethical Requirements</b> Matters relating to ethics continue to be managed as per the agreed model. Developments in the IESBA Code of Ethics are monitored by our Accounting Policy Team, as well as through ongoing dialogue with the APESB.	Ongoing	Head of Policy	Accounting Policy Team
46.	Ongoing	<ul style="list-style-type: none"> <li>▪ Ethical requirements to be complied with by members have been established and implemented.</li> <li>▪ All pronouncements developed by IESBA and APESB are communicated to members.</li> <li>▪ Ensure the Board continues to update ethical requirements affecting members through CPA Australia's participation in task forces.</li> <li>▪ Provide feedback on exposure drafts and consultations issued by the Board and IESBA.</li> <li>▪ Continue to review standards issued by the Board to ensure compliance with IESBA Code.</li> <li>▪ Continue to communicate requirements to members via appropriate channels such as:               <ul style="list-style-type: none"> <li>- The CPA Program incorporates the 2016 IESBA Code and NOCLAR.</li> <li>- CPA Australia events, conferences and information sessions.</li> <li>- CPA Australia's weekly electronic newsletters and magazines (INPRACTICE and <a href="#">INTHEBLACK</a>).</li> </ul> </li> <li>▪ The CPA website includes <a href="#">resources and best practice tools</a> and links to including '<a href="#">Ethi-Call</a>', a free and confidential service.</li> </ul>	Ongoing	Head of Policy	Accounting Policy Team  GM, Public Practice

**Action Plan Subject:** SMO 4 IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use our best endeavors to ensure the IESBA Code of Ethics for Professional Accountants continues to be adopted and assist in its implementation

#	Start Date	Actions	Completion Date	Responsibility	Resource
47.	Ongoing	<p><b>Convergence with IESBA Code</b></p> <ul style="list-style-type: none"> <li>▪ Continue to monitor the Board’s activities to ensure compliance with its Terms of Reference.</li> <li>▪ Continue to ensure that the Board reviews the Code of Ethics to reflect any changes in the IESBA Code.</li> <li>▪ Continue to ensure modifications to the IESBA Code of Ethics only relate to specific Australian regulatory requirements and do not lessen requirements of the IESBA Code.</li> </ul>	Ongoing	Head of Policy	Accounting Policy Team
48.	Ongoing	<p><b>Member Notification</b></p> <ul style="list-style-type: none"> <li>▪ Continue to ensure that exposure drafts issued by IESBA and APESB are communicated to members for comment and communicate and promote IFAC and IESBA activities and resources.</li> <li>▪ Continue to promptly communicate any changes in the Code of Ethics to members via appropriate channels such as: <ul style="list-style-type: none"> <li>▪ The CPA and Public Practice Programs.</li> <li>▪ CPA Australia events and information sessions.</li> <li>▪ CPA Australia electronic newsletters to members.</li> <li>▪ Relevant centers of excellence and discussion groups.</li> <li>▪ <a href="#">CPA Australia website</a>.</li> </ul> </li> </ul>	Ongoing	GM,	Accounting Policy Team GM, Public Practice
49.	Ongoing	<p><b>Interaction of Law and the Code</b></p> <ul style="list-style-type: none"> <li>▪ Continue to ensure that members comply with the requirements of the Code and the other accounting professional and ethical standards issued by the Board when they are not prevented from doing so by legal or regulatory requirements.</li> <li>▪ Continue to support members in complying with both the law and the Code by providing appropriate resources, professional development and training opportunities.</li> </ul>	Ongoing	Head of Policy	Accounting Policy Team GM, Public Practice

**Action Plan Subject:** SMO 4 IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Continue to use our best endeavors to ensure the IESBA Code of Ethics for Professional Accountants continues to be adopted and assist in its implementation

#	Start Date	Actions	Completion Date	Responsibility	Resource
50.	Ongoing	<b>Government / Regulators and Convergence</b> Continue to ensure regular communication of the Code of Ethics for Professional Accountants to the private sector, government, regulators and other stakeholders.	Ongoing	Head of Policy	Accounting Policy Team GM, Public Practice
<i>Review of CPA Australia's Compliance Information</i>					
51.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	1 July annually or ongoing	CEO and Head of Education	CPA Australia staff

**Action Plan Subject:** SMO 5 International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to use best endeavours to encourage alignment of the requirements of public sector financial reporting in Australia with IPSASs

*Background:*

CPA Australia has no responsibility for adopting and implementing public sector accounting standards. Financial reporting by the public sector in Australia is based on the Australian Accounting Standards (incorporating and complying with International Financial Reporting Standards (IFRS)). The Australian Accounting Standards Board (AASB) has a transaction neutrality policy, which means similar transactions and events should be accounted for in a similar manner by all types of entities. The AASB considers the specific needs of not-for-profit entities in the private and public sectors when adopting new and revised IFRSs for use in Australia. Where a not-for-profit private or public sector topic is substantive but not addressed within the IFRS framework, or it is not appropriate for it to be addressed in an existing Australian Accounting Standard, the AASB will create a stand-alone, topic-specific Standard. Where relevant, the AASB will seek consistency with the IASB's IFRSs and the IPSASB's IPSASs. The latest example of incorporating IPSAS in AAS can be observed in AASB 1059 *Service Concession Arrangements: Grantors* which is based on IPSAS 32 *Service Concession Arrangements: Grantor*.

CPA Australia has continued to encourage the AASB to expose, relevant to Australia, IPSASB Exposure Drafts (EDs) and provide support to IPSASB projects. In addition, CPA Australia continues to inform members of the activities of IPSASB. CPA Australia's communication, advocacy and member resources for the Public Sector can be found [here](#).

*Maintaining Ongoing Processes*

#	Start Date	Actions	Completion Date	Responsibility	Resource
52.	Ongoing	CPA Australia has continued to support the Australian Accounting Standards Board's activities in aligning IPSAS with Australian Accounting Standards (AAS) where appropriate. Activities include submissions to the AASB on IPSAS related consultations, participation in technical briefings for ANZ IPSASB members and other public sector forums. CPA Australia invites its membership to comment on the Exposure Drafts and share its views with CPA Australia as part of the process in developing CPA Australia's response. CPA Australia participates in the technical briefings of the Australian and New Zealand Board Members of IPSASB and where appropriate, provides opportunities for the Australian Board Member of the IPSASB to present at CPA Australia events.	Ongoing	Head of Policy	Policy Adviser, Reporting and Accounting Policy Team

**Action Plan Subject:** SMO 5 International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to use best endeavours to encourage alignment of the requirements of public sector financial reporting in Australia with IPSASs

#	Start Date	Actions	Completion Date	Responsibility	Resource
53.	Ongoing	Continue to notify members of all new, proposed, and revised IPSASs and other pronouncements issued by the IPSASB.  This is accomplished via online <i>CPA Update</i> distributed to members and through other communication channels including a <a href="#">public sector network newsletter</a> .	Ongoing	Manager, Accounting Policy	Accounting Policy Team
54.	Ongoing	Continue to comment on IPSASB exposure drafts.	Ongoing	Head of Policy	Accounting Policy Team
55.	Ongoing	Continue to assist with the implementation of national public sector accounting standards that incorporate IPSASs. Activities include development of <a href="#">public</a> sector specific resources and professional development such as the " <a href="#">Valuation and depreciation guide</a> ", Public sector financial management and Public sector budgeting professional development courses. Annual activities including an annual public sector conference, round tables and forums, assistance with development of local government model accounts, and other initiatives.		Head of Policy	CPA Australia staff
<i>Review of CPA Australia's Compliance Information</i>					
56.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	Ongoing	CEO and Head of Policy, Advocacy and Public Practice	CPA Australia staff

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

*Background:*

Members of CPA Australia are required to comply with the requirements of CPA Australia’s Constitution, By-Laws, Code of Ethics for Professional Accountants and Applicable Regulations and are subject to the conditions regarding the regulation of their professional conduct. In addition there are several areas where their conduct is also subject to regulation by government agencies.

The Professional Conduct of members of CPA Australia is promulgated in its Constitution. The Board of CPA Australia adopted the Code of Ethics for Professional Accountants (APES 110) as produced by the Accounting Professional & Ethical Standards Board (APESB) as the Code of Professional Conduct for its members. (The Accounting Professional & Ethical Standards Board was established as an independent body in February 2006, as an initiative of CPA Australia and the Institute of Chartered Accountants in Australia (ICAA). CPA Australia, ICAA and the Institute of Public Accountants (IPA) are all members of the APESB.)

The primary role of the APESB is to develop and issue appropriate professional and ethical standards that apply to the membership of the three bodies. The secondary role of the APESB is to provide the opportunity or forum for the discussion and consideration of issues relating to professional standards for accountants. The APESB follows a rigorous process for the development of professional and ethical standards. Based extensively on well documented processes adopted by international and national accounting standard setting bodies, the *Due Process and Working Procedures for the Development and Review of APESB Pronouncements* formalises the Board’s approach to developing standards.

Details on CPA Australia’s information and services relating to Member Discipline and Complaints can be found on the [CPA Australia’s website](#).

The revised SMO 6 has been reviewed and it was concluded that CPA Australia is already addressing the requirements of the revised SMO.

*Maintaining Ongoing Processes*

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	Ongoing	<p>A review of the By-Laws in 2013 included some amendments to allow for:</p> <ul style="list-style-type: none"> <li>▪ The introduction of the ability for members to be sanctioned ‘in-house’ for specific minor breaches without having to proceed to a Disciplinary Tribunal</li> <li>▪ The removal of the ambiguity of ‘exceptional services’ regarding publication of a member’s name following Tribunal determinations.</li> </ul>	Ongoing	The Board	GM, Professional Conduct



**Action Plan Subject:** SMO 6 Investigation and Discipline  
**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

		<p>New members were appointed to the Disciplinary panel to replace those members retiring at the end of their appointed term. A new maximum term of six years for a Panel member was introduced by the Board of CPA Australia to ensure the ongoing introduction of new members. Community representatives are appointed to the Disciplinary Panel.</p> <p>A By-Law review in 2017 aimed to address the issue of an independent complaints handling system.</p> <ul style="list-style-type: none"> <li>▪ The By-Laws current in 2017, acknowledged the Board delegation to the CEO enabling the CEO to make a determination as to whether a complaint should be closed or proceed to a disciplinary tribunal.</li> <li>▪ As of 1 January 2018 all references of the Board delegation to the CEO, to make a determination in respect of a complaint have been removed. That responsibility has been delegated to the General Manager Professional Conduct (GMPC).</li> </ul> <p>To further strengthen the independence and oversight of Professional Conduct; a Professional Conduct Oversight Panel (PCOP) has been constituted. The PCOP was introduced to make determinations in situations where the GMPC is conflicted and also to have oversight of the Professional Conduct unit.</p>			
58.	Ongoing	A business plan has been proposed to implement software and amend procedures to enable Professional Conduct to reduce its reliance on paper and increase its efficiency.	Ongoing	Company Secretary	GM, Professional Conduct

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
59.	Ongoing	<p>Periodically review to ensure that rules for the investigation and discipline of member misconduct, including breaches of ethical and professional standards, by the individual members, are included in the Constitution of CPA Australia in accordance with the requirements of external regulatory and statutory bodies.</p> <p>Misconduct includes all and any of the following:</p> <ul style="list-style-type: none"> <li>▪ Criminal activity</li> <li>▪ Acts or omissions likely to bring the accountancy profession into disrepute</li> <li>▪ Breaches of professional standards</li> <li>▪ Breaches of ethical requirements</li> <li>▪ Gross professional negligence</li> <li>▪ A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practising rights</li> <li>▪ Unsatisfactory work.</li> </ul>	Ongoing	CEO	<p>Board of CPA Australia</p> <p>Professional Conduct Unit</p> <p>Legal Unit</p>
60.	Ongoing	<p><b>Provision of Information and Guidance to Members.</b></p> <p>Continue to ensure members are kept informed of :</p> <ul style="list-style-type: none"> <li>▪ Any review or rewrite of professional conduct processes in the By-Laws</li> <li>▪ All provisions of the ethics code and other applicable professional standards, rules and requirements and the consequences of non- compliance by an appropriate communications plan, which includes: <ul style="list-style-type: none"> <li>- Appropriate amendments to the CPA Public Practice Program.</li> <li>- Knowledge resources, events and <a href="#">podcasts</a> on <a href="#">ethics</a> and <a href="#">risk management</a></li> <li>- Updating the CPA Australia webpage.</li> </ul> </li> </ul>	Ongoing	GM Professional Conduct	<p>Professional Conduct Unit</p> <p>Policy, Advocacy and Public Practice teams</p>

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
61.	Ongoing	<p><b>Liaison with Outside Bodies.</b></p> <ul style="list-style-type: none"> <li>▪ Continue to report possible involvement in serious crimes and offences by members or member firms to the appropriate public authority.</li> <li>▪ Continue to disclose related information to that authority.</li> </ul>	Ongoing	GM Professional Conduct	General Counsel Professional Conduct Unit
62.	01/09/2008	<p><b>Investigative Powers and Processes.</b></p> <p>Review and rewrite of professional conduct processes in current By-Laws.</p>	6/04/2018	GM Professional Conduct	Board sub committee Professional Conduct Unit
63.	Ongoing	<p>Continue to ensure that rules:</p> <ul style="list-style-type: none"> <li>▪ Require members to co-operate in the investigation of complaints and to respond promptly to all communications.</li> <li>▪ Provide for sanctions in the event of failure to comply.</li> </ul>	Ongoing	GM Professional Conduct	Board sub committee Professional Conduct Unit
64.	Ongoing	Continue to ensure the availability of appropriate expertise and adequate financial and other resources to enable timely investigative and disciplinary action.	Ongoing	GM Professional Conduct	Professional Conduct Unit
65.	Ongoing	<p>Continue to confirm in all cases that any individual chosen from the committee to assist in an investigation is independent from:</p> <ul style="list-style-type: none"> <li>▪ The subject of the investigation.</li> <li>▪ Anyone connected with or interested in the matter investigated.</li> </ul>	Ongoing	GM Professional Conduct	Professional Conduct Unit Disciplinary Panel
66.	Ongoing	<p>Continue to ensure that:</p> <ul style="list-style-type: none"> <li>▪ All staff declare any potential conflicts of interest when investigating a complaint.</li> <li>▪ All tribunal members declare at the commencement of a hearing if they have a conflict of interest.</li> </ul>	Ongoing	GM Professional Conduct	Professional Conduct Unit Disciplinary Panel

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
67.	Ongoing	<p>Continue to ensure that:</p> <ul style="list-style-type: none"> <li>▪ At the completion of the investigation process, the GMPC reviews the evidence and makes a determination as to whether or not there is a case to answer.</li> <li>▪ If the GMPC is satisfied that there is a case to answer, the matter is referred to a Disciplinary Tribunal.</li> <li>▪ A process is established and maintained for the independent review of complaints by clients and others in cases where it has been decided, following investigation, that the matter will not be referred to a disciplinary hearing.</li> <li>▪ Professional Conduct officers not involved in the initial investigation of a complaint, to independently review any request for same.</li> </ul>	Ongoing	GM Professional Conduct	Professional Conduct Unit Disciplinary Panel
		<ul style="list-style-type: none"> <li>▪ Professional Conduct officers not involved in the initial</li> <li>▪ The PCOP (see 57 above) to review any subsequent request for a review of the investigated complaint.</li> </ul>			
68.	Ongoing	<p><b>The Disciplinary Process.</b> Continue to ensure that the Disciplinary Panel of members is established in accordance with the By-Laws.</p>	Ongoing	GM Professional Conduct	Professional Conduct Unit
69.	Ongoing	Continue to ensure that this panel has been delegated by the Board to undertake disciplinary procedures and to make determinations.	Ongoing	GM Professional Conduct	Disciplinary Panel Professional Conduct Unit
70.	Ongoing	Continue to ensure that this panel is overseen by a Chair Panel comprising one member as the chair and up to three members as deputy chairs.	Ongoing	GM Professional Conduct	Disciplinary Panel Professional Conduct Unit

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

#	Start Date	Actions	Completion Date	Responsibility	Resource
71.	Ongoing	Continue to ensure that at least twenty-five per cent of the disciplinary panel is comprised of non- members/community representatives who do not have any accounting qualifications.  Continue to ensure the duties of the Disciplinary Tribunal as detailed in the By-Laws.	Ongoing	GM Professional Conduct  Company Secretary	Disciplinary Panel  Professional Conduct Unit
72.	Ongoing	<b>The Tribunal Should Exhibit Independence.</b> To ensure tribunal panel member independence: <ul style="list-style-type: none"> <li>upon receipt of the Casebook, which includes the member's name and the charges to be levelled, must immediately advise the GMPC if there is a potential conflict of interest or an issue in relation to their independence. Should this occur, the tribunal member is removed from the tribunal panel for the specific hearing.</li> <li>At the commencement of the disciplinary tribunal the member is asked if he/she has any objection in relation to any member of the tribunal panel including the Chair.</li> </ul>	Ongoing	GM Professional Conduct	Professional Conduct Unit  Disciplinary Panel

**Action Plan Subject:** SMO 6 Investigation and Discipline

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#	Start Date	Actions	Completion Date	Responsibility	Resource
73.	Ongoing	Continue to ensure that the Tribunal is independent of the governance and management decisions of CPA Australia.	Ongoing	GM Professional Conduct	Professional Conduct Unit
74.	Ongoing	Continue to ensure that the duties of an Appeal Tribunal are detailed in the By-Laws.	Ongoing	Company Secretary	Professional Conduct Unit
75.	Ongoing	<p><b>Rights of Representation and Appeal.</b>            Continue to ensure that the Constitution and rules of CPA Australia:</p> <ul style="list-style-type: none"> <li>▪ Permit a qualified lawyer or other person chosen by the defendant to accompany and represent the defendant at all Disciplinary hearings and to advise him or her throughout the investigative and disciplinary process.</li> <li>▪ Permit the defendant to appeal the conviction and any imposed sanction within 20 business days.</li> <li>▪ Where local laws and public interest considerations permit, any order made against the defendant should be suspended by the Tribunal that convicted the defendant, pending the hearing of that appeal.</li> <li>▪ A member appearing before a Disciplinary or Appeal Tribunal has the right as detailed in the By-Laws to legal representation.</li> </ul> <p>Any investigation is suspended once it is known that legal proceedings through a court of law is underway and that this suspension remains in force until an outcome of the legal action.</p> <p>The Appeal Tribunal does not include a member of the first tribunal, or any other individual who was involved in the original conviction. The appeal process includes the same procedures as apply to hearings before the Disciplinary Tribunal.</p> <p>All Appeal Tribunals are held in accordance with the procedures as outlined in the By-Laws.</p>	Ongoing	GM Professional Conduct	Professional Conduct Unit

**Action Plan Subject:** SMO 6 Investigation and Discipline

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#	Start Date	Actions	Completion Date	Responsibility	Resource
76.	Ongoing	<p><b>Administrative Process</b> Continue to establish time targets for finalising all cases and aim to meet them whenever possible.</p> <p>An estimated average time target for the investigation of a complaint is outlined on the information page attached to the complaint form found on the <a href="#">CPA Australia website</a> and internal time targets are detailed in the Procedures Manual.</p>	Ongoing	GM Professional Conduct	Professional Conduct Unit
77.	Ongoing	<p>Continue to maintain and operate tracking mechanisms, to ensure that all:</p> <ul style="list-style-type: none"> <li>▪ Investigations and prosecutions are promptly handled.</li> <li>▪ Necessary action is taken at the appropriate stage.</li> </ul>	Ongoing	GM Professional Conduct	Professional Conduct Unit  Technology Business Unit
78.	Ongoing	Continue to ensure that all staff and panel members have signed confidentiality and privacy statements and have undergone police checks.	Ongoing	GM Professional Conduct	Company Secretary Privacy Officer
79.	Ongoing	Continue to maintain secure and confidential facilities for the storage of case papers and other evidence and that all files are secured in specialised storage areas.	Ongoing	GM Professional Conduct	Company Secretary Privacy Officer
80.	Ongoing	<p>Continue to ensure that:</p> <ul style="list-style-type: none"> <li>▪ Complete records of all investigations and disciplinary processes are kept both during the proceedings and the retention period the member body establishes for these purposes.</li> <li>▪ All files are kept in accordance with CPA Australia's Storage and Destruction policy.</li> </ul>	Ongoing	GM Professional Conduct	Company Secretary Privacy Officer
<i>Review of CPA Australia's Compliance Information</i>					
81.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	Ongoing.	GM Professional Conduct	CPA Australia staff

**Action Plan Subject:** SMO 6 Investigation and Discipline

**Action Plan Objective:** Continue to maintain a just and effective investigation and discipline process and regime as prescribed by SMO 6

<i>Review of CPA Australia's Compliance Information</i>					
82.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	Ongoing.	GM Professional Conduct	CPA Australia staff



**Action Plan Subject:** SMO 6 Investigation and Discipline

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### Main Requirements of SMO 6 - Comparison between CPA Australia and Regulator

Requirements	CPA Australia	ASIC	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>	Yes (Y)	Yes (Y)	<p>ASIC - The ASIC is <a href="#">responsible for the surveillance, investigation and enforcement</a> of registered company auditors (RCAs). The ASIC conducts regular audit inspections and surveillances and if auditor's conduct is found to be deficient, the ASIC may impose conditions on an RCA's registration or other sanction or may refer the matter to the <a href="#">Companies Auditors Disciplinary Board</a> (CADB).</p> <p>CPA Australia upon becoming aware of a possible breach, investigates and if necessary imposes penalties upon members in accordance with the processes and procedures outlined in its Constitution and By-Laws.</p>
<p>2. Information about the types of misconduct which may bring about investigative actions is publicly available.</p>	Y	Y	Information is publicly available on CPA Australia's website.
<p><b>Initiation of Proceedings</b></p> <p>3. Both a "complaints-based" and an "information-based" approach are adopted.</p>	Y	Y	CPA Australia accepts complaints from both internal and external parties, in addition the GMPC has the authority to initiate a complaint against a member on the basis of publicly available information.
<p>4. Link with the results of QA reviews has been established.</p>	Y	Y	CPA Australia's QA unit refers matters of concern to the professional conduct unit for investigation.
<p><b>Investigative Process</b></p> <p>5. A committee or similar body exists for performing investigations.</p>	Y	Y	CPA Australia staff investigate complaints about members.
<p>6. Members of a committee are independent of the subject of the investigation and other related parties.</p>	Y		If a conflict of interest or an issue of independence arises, the CPA Australia Professional Conduct Officer (PCO) in question is removed from the investigation of the complaint and the matter is referred to another PCO.

**Action Plan Subject:** SMO 6 Investigation and Discipline

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<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>	<p>Y</p>	<p>Y</p>	<p>The disciplinary tribunal is independent of CPA Australia.</p>
<p>8. Members of the committee/entity include professional accountants as well as non-accountants.</p>	<p>Y</p>		<p>CPA Australia's disciplinary tribunal panel is made up of at least 25 percent non-accountants.</p>
<p>9. The tribunal exhibits independence of the subject of the investigation and other related parties.</p>	<p>Y</p>		<p>CPA Australia tribunal members who are conflicted, are removed from any proceeding which may raise an issue of independence.</p>
<p><b>Sanctions</b></p> <p>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.</p>	<p>Y</p>	<p>Y</p>	<p>ASIC — If we find the auditor's conduct to be deficient, we may:</p> <ul style="list-style-type: none"> <li>• impose or vary conditions on the auditor's registration</li> <li>• agree to an enforceable undertaking, or</li> <li>• refer the matter to the Companies Auditors and Liquidators Disciplinary Board.</li> </ul> <p>CPA Australia may impose forfeiture of membership, the obligation to undertake further training amongst other penalties. It does not have the statutory authority to remove a member's licence to practice.</p>
<p><b>Rights of Representation and Appeal</b></p> <p>11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.</p>	<p>Y</p>	<p>Partially (P)</p>	<p>The respondent in CADB matters may <a href="#">appeal</a> a decision. Tribunal panel members that have sat on a particular disciplinary matter for CPA Australia, are excluded from sitting on the appeals tribunal for the same matter.</p>
<p><b>Administrative Processes</b></p> <p>12. Timeframe targets for disposal of all cases are set.</p>	<p>P</p>		<p>CPA Australia has recommended timeframe targets, however depending on the individual circumstances of the matter, the disciplinary process may exceed targets.</p>
<p>13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.</p>	<p>Y</p>		<p>CPA Australia's CRM database provides for the monitoring and tracking of complaints.</p>

**Action Plan Subject:** SMO 6 Investigation and Discipline

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14. Records of investigations and disciplinary processes are established.	Y	P	ASIC publishes outcomes on its website and forward them to subscribers. The <a href="#">CADB</a> publishes its decisions online and in the Australia Business Gazette CPA Australia publishes its disciplinary outcomes on its website.
<b>Public Interest Considerations</b> 15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.			CPA Australia maintains a 'Member conduct and discipline' website page with information relating to complaints and discipline.
16. A process for the independent review of complaints on which there was no follow-up established.	Y		The PCOP can undertake an independent review of a complaint which was closed by CPA Australia's GMPC.
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y		The outcomes of all disciplinary tribunals hearings are published <a href="#">CPA Australia's website</a> :
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	P	N/A	CPA Australia does not have in place a formal process for sharing information with statutory bodies. Should CPA Australia become aware of an alleged/potential serious offence through an external complainant, the complainant is advised to report the matter to the police and/or any other appropriate statutory body.
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	P		CPA Australia reviews its investigations and disciplinary processes for areas of improvement, which usually results in annual changes to the By-Laws to reflect amendments/improvements.

*Background:*

CPA Australia has no responsibility in Australia for adopting and implementing the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB). From 1 January 2005 IFRS has been incorporated into Australian Accounting Standards (AAS). AAS are referred to in the Corporations Act 2001 and therefore have legal effect for all companies reporting in accordance with Corporations Act 2001. AAS require a compliance statement to IFRS within financial statements where relevant.

The Australian Accounting Standards Board (AASB) is an Australian Government agency established under the Australian Securities and Investments Commission Act 2001. Under that Act, the statutory functions of the AASB are:

- to develop a conceptual framework for the purpose of evaluating proposed standards;
- to make accounting standards under section 334 of the Corporations Act 2001;
- to formulate accounting standards for other purposes;
- to participate in and contribute to the development of a single set of accounting standards for worldwide use;
- and to advance and promote the main objects of Part 12 of the ASIC Act, which include reducing the cost of capital, enabling Australian entities to compete effectively overseas and maintaining investor confidence in the Australian economy.

More details on the Australian Accounting Standards Board can be found on its [website](#).

CPA Australia's communication, advocacy and member resources for financial reporting can be found [here](#).

*Maintaining Ongoing Processes*

#	Start Date	Actions	Completion Date	Responsibility	Resource
83.	Ongoing	Continue to notify members of newly issued Australian Accounting Standards (equivalent to IFRS)  This is accomplished via weekly <i>CPA Update</i> distributed to members and through other updates including articles, podcasts, factsheets, online and face to face activities and other communication channels	Ongoing	Manager Accounting Policy	Accounting Policy staff
84.	Ongoing	Continue to use best endeavours to facilitate incorporation of the requirements of IFRS in Australian accounting standards by the AASB. This includes feedback to the AASB on Australian consultations of IFRS through written submissions, and hosting participating in AASB roundtables and other forums	Ongoing	CEO and Manager Accounting Policy	Accounting Policy staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
85.	Ongoing	Continue to communicate to members and comment on AASB and IASB exposure drafts and other consultations.	Ongoing	Manager Accounting Policy	Accounting Policy staff
86	Ongoing	Assist with the implementation of IFRS, AAS or national accounting standards that incorporate IFRSs. This is achieved through a number of <a href="#">online</a> and print communication channels and through workshops, <a href="#">podcasts</a> , seminars and other professional development activities.	Ongoing	Manager Accounting Policy	CPA Australia staff
87.	Ongoing	Ensure the CPA Program, Continuous Professional Development (CPD) products and CPA Australia events reflect existing Australian Accounting Standards and IFRS and develop resources and activities for newly issued and forthcoming standards as appropriate. <ul style="list-style-type: none"> <li>▪ CPA Program content updated to reflect new IFRS developments and standards</li> <li>▪ New CPD courses released to reflect new IFRS developments and standards</li> <li>▪ Member communications and activities released to reflect new IFRS developments and standards</li> </ul>	Ongoing	Head of Education  Head of Policy, Research and Advocacy	CPA Australia staff
<i>Review of CPA Australia's Compliance Information</i>					
88.	Ongoing	Review and update sections relevant to this SMO and work with Compliance staff to publish updated information.	Ongoing	CEO and Head of Policy, Research and Advocacy	CPA Australia staff



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10 December 2018

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Dear Russell,

**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

This letter is to confirm that the leadership of the CPA Australia has reviewed the information contained in the CPA Australia's SMO Action Plan prepared as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the CPA Australia, I endorse publication of the SMO Action Plan 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.

Your sincerely

Peter Wilson AM FCPA  
President and Chairman of the Board