

29 May 2020

Joseph Bryson
Director, Quality & Development
International Federation of Accountants
529 5th Avenue
New York, New York 10017

Dear Mr Bryson

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

This letter is to confirm that the leadership of the CIPFA has reviewed the information contained in the SMO Action Plan prepared by Drew Cullen, Interim Director, Education and Lifelong Learning as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of CIPFA, 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.

Yours sincerely



Caroline Williamson
President

(Signature of President or Chairman of the Board or equivalent)

(Title)

CIPFA

(Name of Organization)

29 May 2020

(Date)



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 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.

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

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|-------------------------------|---|
| IFAC Member: | The Chartered Institute of Public Finance and Accountancy (CIPFA) |
| Original Publish Date: | February 2009 |
| Last Updated: | December 2019 |
| Next Update: | December 2023 |

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 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.

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.

GLOSSARY

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|---------------|---|
| AASP | Accounting and Auditing Standards Panel |
| CCAB | Consultative Committee of Accountancy Bodies |
| FRAB | Financial Reporting Advisory Board |
| IAASB | International Auditing and Assurance Standards Board |
| IAESB | International Accounting Education Standards Board |
| IASB | International Accounting Standards Board |
| ICAEW | Institute of Chartered Accountants in England and Wales |
| IES | International Education Standards |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| IPDS | Initial Professional Development Scheme |
| IPSAS | International Public Sector Accounting Standards |
| IPSASB | International Public Sector Accounting Standards Board |
| ISA | International Standards on Auditing |
| LASAAC | Local Authority (Scotland) Accounts Advisory Committee |
| QDP | Qualification Development Panel |
| RQB | Registered Qualifying Body |
| SOPP | Standard of Professional Practice |

Action Plan Subject: SMO 1–Quality Assurance

- Action Plan Objectives:**
- (a) To establish and publish guidance relevant to CIPFA; and
 - (b) To provide appropriate support for members in practice.

| Background: | | | | | |
|---|------------|---|-----------------|---|---|
| <p>Most CIPFA Members are Professional Accountants in Business and are not subject to direct Quality Assurance by the Institute. This section of the Compliance Statement explains the steps taken by CIPFA to ensure members in practice practise in a way that is consistent with professional standards – protecting the brand “accountant” and also providing protection for users of their services.</p> <p>CIPFA members who work for audit firms are subject to rules and guidance issued by the Recognised Supervisory Body for the firm, and will be subject to audit practice assurance by them. In 2016 CIPFA entered into a strategic alliance with ICAS to offer an integrated qualification for auditors. As part of the strategic alliance CIPFA members in practice can register with ICAS for Anti Money Laundering Supervision as an alternative to registering with HM Customs and Revenue as the default regulator.</p> | | | | | |
| # | Start Date | Actions | Completion Date | Responsibility | Resource |
| <i>Member Support and Awareness Raising</i> | | | | | |
| 1. | 2007 | Ongoing awareness raising with all members to ensure members who are providing services comply with Anti Money Laundering Registration requirements. | Ongoing | Education and Membership Directorate | Director of Education and lifelong learning |
| 2. | Ongoing | Monitoring of Money Laundering Regulations by CIPFA's Capital and Treasury Management Panel and communication of developments to all members. Members in practice to be made aware of any changes in requirements, working with ICAS for those CIPFA members registered with them. CIPFA's Counter Fraud Centre provides specialist advice and support to members in all aspects of Counter Fraud including money laundering. | Ongoing | PFMB Public Financial Management Board | Head of Policy and Technical |
| 3. | Ongoing | Promotion of Anti Money Laundering training for members in practice and provision of specialist training through the CIPFA Counter Fraud Centre. | 2014 | Education Lifelong learning Directorate | Head of Lifelong Learning |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|-------------------|---|------------------------|---|---|
| 4. | 2016 | In 2016 CIPFA entered into strategic partnership with ICAS to offer an integrated qualification for auditors and joint membership of CIPFA and ICAS (as an established Recognised Qualifying Body). | 2016 | Education and Membership Directorate | Director of Lifelong Learning |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 5. | Ongoing | Periodic update of sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | PFMB Education and Membership Directorate | Head of Standards and Financial Reporting |

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

- Action Plan Objectives:**
- (a) To notify CIPFA members of all IESs, IEPs and IEIPs issued by the IAESB;
 - (b) To incorporate them in CIPFA education and development requirements; and
 - (c) To assist with their implementation internationally.

| Background: | | | | | |
|---|------------|--|-----------------|--------------------------------------|---|
| <p>All CIPFA members are required to have completed a programme of education and training before being admitted to membership, and this will have been compliant with International Education Standards (IESs) in force at that time. Continued membership requires members to maintain their Continuing Professional Development (CPD), and as part of that CPD programme members are expected to ensure that they engage in relevant education and training activities.</p> <p>Aspiring members (ie students and trainees) who are currently studying for the professional qualification, and those about to commence studies, follow an integrated programme of education and workplace experience that ensures that the range of IES requirements are reflected in their training. In January 2013 CIPFA introduced a new practical experience scheme, the Practical Experience Portfolio (PEP), which is fully compliant with the then-current IES requirements and which blends input and output-based approaches, the latter including a requirement for students to reflect on the ethical considerations in their practical experience. The PEP requirements are reviewed annually, with relevant IES changes introduced within this timescale. CIPFA updated its professional qualification syllabus in 2015.</p> <p>Policy relating to IES is the responsibility of the Education and Lifelong Learning Directorate.</p> | | | | | |
| # | Start Date | Actions | Completion Date | Responsibility | Resource |
| <i>Member Notification</i> | | | | | |
| 1. | Ongoing | Responses to IAESB consultations, taking advice from volunteer practitioners through the Student and Members Board (SMB). | Ongoing | Education and Membership Directorate | Director of Lifelong Learning and Members of SMB |
| 2. | Ongoing | Members are represented in the qualification development process by the Student and Members Board (SMB).Frequent communication updates & notifications on IES, International Education Practice Statements (IEPs) and International Education Information Papers (IEIPs) are provided to SMB as appropriate. New requirements are communicated as necessary through CIPFA newsletters and website. | Ongoing | Education and Membership Directorate | Education and Membership Directorate and Members of SMB |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|--|-----------------|--------------------------------------|--|
| <i>Incorporation of IAESB Requirements into CIPFA Requirements</i> | | | | | |
| 3. | Ongoing | The CIPFA Professional Qualification is reviewed on an incremental basis although the content is checked annually as part of ongoing syllabus maintenance. IESs are at the core of the CIPFA syllabus development process and as part of any review are taken into direct consideration. We overhauled the CIPFA Professional Qualification in 2014 and 2015 for implementation in 2016. At this time the revised IESs issued by IFAC in 2015 were considered in draft form and worked into the syllabus revisions where possible. For CIPFA's next complete syllabus overhaul, which is being undertaken in 2020/2021, the revised IESs will be adopted in full. From 2013 CIPFA has experienced significant growth in registrations from students outside the UK. So far, it is has not been cost-effective to implement a fully non-English version of the qualification but this approach is under constant review and relevant processes have been developed in readiness. As part of a programme being delivered for UN Agencies modules in Financial Accounting and Management Accounting are now available in the French language. | Ongoing | Education and Membership Directorate | Director of Lifelong Learning Members of SMB |
| 4. | 2014 | The CIPFA/ICAS integrated audit qualification has ensured full compliance with IES's and reflects the expectations of the UK Financial Reporting Council. The integrated audit qualification's educational content and practical experience requirements are in line with the new IES 8, <i>Professional Competence for Engagement Partners Responsible for Audits of Financial Statements</i> . | 2016 | Education and Membership Directorate | Director of Lifelong Learning Members of SMB |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---|-----------------|--------------------------------------|--|
| <i>Assistance with Implementation of IAESB Requirements in National Requirements</i> | | | | | |
| 5. | Ongoing | Promotion of IESs and related Practice Statements where relevant to the 'client' governments as part of CIPFA's international development and training work and projects. A number of projects with Governments and partner Professional Accountancy Organisations have involved syllabi reviews which included ensuring adherence with IAESB requirements. | Ongoing | Learning Delivery and Partnerships | Director of Learning Delivery and Partnerships |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 6. | Ongoing | Periodic review of CIPFA's SMO Action Plan and Dashboard Report and update SMO 2 section in the SMO Action Plan. Once updated inform IFAC Compliance staff about the updates for the Compliance staff to review and republish updated information. | Ongoing | Education and Membership Directorate | Director of Lifelong Learning |

Action Plan Subject: SMO 3—International Standards and Other Pronouncements Issued by the IAASB

- Action Plan Objectives:**
- (a) To notify CIPFA members of all International Standards, related Practice Statements and other papers issued by the IAASB; and
 - (b) To work with standard setters to continue to endorse and maintain links with them.

Background:

CIPFA continues to support the International Auditing and Assurance Standards Board (IAASB) in discussion with UK standard setters (The Financial Reporting Council advised by the Audit and Assurance Council) and the National Audit Agencies (who determine which standards should be used for public sector audits). CIPFA also promotes IAASB standards and the related INTOSAI standards on financial audit in its international development activities.

The UK has very substantially adopted the requirements of International Standards on Auditing (ISAs) in the form of the ISAs (UK), which are issued by the UK FRC. Most of these closely echo IAASB pronouncements, with some reframing for UK terminology, specific legal requirements and some additional requirements for UK audits. ISAs (UK) are also the basis of UK public sector audits of financial statements. CIPFA carefully examines FRC proposals to extend or move away from straightforward application of IAASB ISA requirements, and provides comments on UK practice notes on the application of ISAs. The UK has not formally adopted IAASB standards from the ISAE, ISRE, ISRS ranges, but when CIPFA is involved in the development of guidance on non-audit assurance, these are used as references.

CIPFA also supports the IAASB through contributions to the development of standards, both through input to the UK member of IAASB and through responses to IAASB consultations. A key element of CIPFA's input to this process is seeking to ensure that the quality of standards is maintained without detrimental effects on their usefulness for public sector audits.

A crucial component of CIPFA's expertise in the above is advice provided by its volunteer Accounting and Auditing Standards Panel (AASP). AASP has a wide-ranging remit covering accounting and financial reporting and external auditing standards for all sectors. A substantial amount of the work of the Panel involves responding to exposure drafts, discussion papers and consultation papers on accounting and auditing standards, financial reporting and audit regulation issues. More detail and annual reports on the work of the panel are provided at www.cipfa.org/policy-and-guidance/technical-panels-and-boards/accounting-and-auditing-standards-panel. Further information on the work of AASP, including detailed regular updates on consultations responded to, can be found at the following web page: <http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/accounting-and-auditing-standards-panel>.

CIPFA supports implementation through member education on ISAs, whether through the main CIPFA professional qualification or audit-specific initiatives including through partnership with ICAS. CIPFA has participated in the development of UK implementation guidance on non-audit assurance, e.g. relating to government grant certification. CIPFA also reviews regulator consultations on implementation matters, but only responds to them where they have a public sector dimension. CIPFA continues to be substantially involved in discussions of implementation arrangements for local public audit: these conversations do not relate specifically to IAASB standards but the standards are a key matter in those discussions.

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|------------|---|-----------------|--|--|
| <i>Direct Support for ISA Development</i> | | | | | |
| 1. | 2004 | Input to IAASB discussion by providing input to UK board members/ Technical Advisors. | Ongoing | Public Financial Management Board (PFMB) | Head of Policy and Technical |
| <i>Member Notification, Education and Promotion Activities</i> | | | | | |
| 2. | 2003 | Responses to IAASB consultations, taking advice from volunteer practitioners through the Accounting and Auditing Standards Panel (AASP). | Ongoing | Public Financial Management Board (PFMB) | Head of Policy and Technical and Audit and Accounting Standards Panel |
| 3. | 2003 | Regular reports to CIPFA members in newsletters and on our website about the activities of AASP and hence about IAASB. | Ongoing | Public Financial Management Board (PFMB) | Technical Manager |
| 4. | 2012 | Support the work the Accountancy Europe Public Sector Group is undertaking in relation to public sector audits. This includes promoting the work of the International Organization of Supreme Audit Institutions (INTOSAI), both generally and through guidance on the wider public sector assurance activities conducted in Accountancy Europe member jurisdictions. | Ongoing | Public Financial Management Board (PFMB) | Head of Policy and Technical and Director of Education and Lifelong Learning |
| <i>Incorporation of IAASB Requirements into National requirements</i> | | | | | |
| 5. | 2004 | ISAs are used as a basis for ISAs (UK), adopting all ISA requirements except inasmuch as UK legal requirements override. CIPFA will continue to support IAASB requirements in discussion with the standard setters (the FRC) and the National Audit Agencies (who determine which standards should be used for public sector audits). | Ongoing | Public Financial Management Board (PFMB) | Head of Policy and Technical and Accounting and Audit Standards Panel |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---|-----------------|-----------------------------------|--|
| <i>Assistance with Implementation of IAASB Requirements in National Requirements</i> | | | | | |
| 6. | 2004 | Promotion of ISAs and related INTOSAI standards and professional pronouncements, where relevant to the 'client' government as part of CIPFA's international development and training work. | Ongoing | Public Financial Management Board | Head of Policy and Technical |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 7. | Ongoing | Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | Head of Policy and Technical PFMB | Head of Standards and Policy and Technical Reporting |

Action Plan Subject: SMO 4–IESBA Code of Ethics for Professional Accountants

- Action Plan Objectives:**
1. To ensure ongoing adoption of the IESBA Code of Ethics.
 2. (a) To notify CIPFA members of the provisions of the IESBA Code of Ethics and other pronouncements developed by IESBA; and
(b) To educate CIPFA members and students sufficiently, through training, support and additional guidance where appropriate, to ensure individual compliance with the Code as adopted.

Background:

CIPFA complies with and fully supports the introduction of the global International Ethics Standards Board for Accountants (IESBA) Code of Ethics 2018. This most recent update of the Code was approved for adoption with effect from 1 November 2018 by CIPFA Council, and has become CIPFA’s Standard of Professional Practice on Ethics. All relevant CIPFA-developed supporting guidance has been updated. CIPFA has demonstrated its leadership and support to members by also publishing revised materials and a suite of ethical case studies.

CIPFA revised its guidance note for members entitled ‘Ethics and You’ to coincide with the adoption of the Code

Responsibility for promoting ethical matters are the responsibility of CIPFA’s PFMB Public Financial Management Board. The Education and Lifelong Learning Directorate have retained responsibility for CIPFA’s Disciplinary Scheme..

In 2014 CIPFA and IFAC (PAIB Committee) published a joint output ‘Good Governance in the Public Sector – developing an international framework’. The framework establishes ‘*Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*’ as its first principle, further reinforcing CIPFA members’ own professional commitment to ethics.

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|------------|---|-----------------|----------------|-----------------------------------|
| <i>Ongoing Adoption of the IESBA Code of Ethics</i> | | | | | |
| 1. | 2020 | CIPFA regularly publishes commentary and case studies on professional ethics in its magazine Public Finance and digitally. It has produced an online video, ‘Doing the right thing’ in support of the new SOPP. | Ongoing | PFMB | PFMB Head of Policy and Technical |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|--|---|------------------------------------|--|
| 2. | 2012 | Continuing to monitor the changes currently under discussion at IESBA, notably the structure of the Code, through active membership of the Consultative Committee of Accountancy Bodies (CCAB) Ethics group. Responses to consultations and proposed changes discussed with the other Institutes forming the membership of the CCAB Ethics Group. | Ongoing | PFMB | Head of Standards and Financial Reporting |
| 3. | 2014 | Input through the CCAB Ethics Group into the development of the Code and in particular part C of the Code Professional Accountants in Business as well as responding directly to consultation where relevant. Janet Senior (a CIPFA sponsored member) has been appointed to IFAC's Professional Accountants in Business Committee (Sept 2016). | Ongoing | PFMB | Head of Standards and Financial Reporting |
| <i>Notify CIPFA Members of the Contents of the IESBA Code of Ethics and Educate Them to Ensure Individual Compliance</i> | | | | | |
| 4. | 2019 | Updating "Ethics and You" guidance, including revised and new case studies. CCAB has now published additional case studies, including a set of public sector cases largely provided by CIPFA. Ensure that every member and student is emailed a link to download the new "Ethics and You" guidance and the CIPFA website is updated. | Ongoing with publication of revised guidance due by end of Q1 2017 Emails sent Q2 2017 | Ethics Working Group | Ethics Working Group PFMB |
| 5. | July 2006 | Ethics included as CIPFA professional qualification syllabus subject. | Ongoing | Learning Delivery and Partnerships | Director of Learning Delivery and Partnerships |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|--|-----------------|------------------------------------|--|
| 6. | 2019 | CIPFA's local branches were directed to include Ethics as part of their programme for members for the year with support from CIPFA secretariat to facilitate ethics workshops | Ongoing | Learning Delivery and Partnerships | Director of Learning Delivery and Partnerships |
| 7. | 2020 | Development of a professional ethics e-learning module to enable CIPFA members to be aware of the Code/ethical responsibilities and to measure their own knowledge against professional requirements. | July 2020 | Policy & Technical | Director of Learning Delivery and Partnerships |
| <i>Code of Ethics Interpretation / Advice / Counseling</i> | | | | | |
| 8. | 2019 | Reminder to all CIPFA members about ethical responsibilities and where members can locate support i.e. guidance note, case studies, video and ethics 'helpline'. | September 2019 | PFMB | Head of Policy & Technical |
| 9. | | | | | |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 10. | Ongoing | Perform periodic review of CIPFA response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 4 as necessary. Inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | PFMB | Head of Policy & Technical |

Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB

- Action Plan Objective:**
- (a) To notify CIPFA members of all IPSAS’s guidelines, studies and occasional papers developed by the IPSASB;
 - (b) To encourage incorporation of IPSAS requirements into National Public Sector accounting guidance; and
 - (c) To assist with IPSAS implementation.

| Background: | | | | | |
|---|------------|--|-----------------|----------------|--|
| CIPFA strongly supports the work of International Public Sector Accounting Standard Board (IPSASB); the current Chair of IPSASB is CIPFA's Chair of Standards and the Technical Advisor is a CIPFA member as is the IPSASB Technical Director. CIPFA staff support the UK members. | | | | | |
| The UK has implemented full IFRS for the whole of the public sector and produces an annual full consolidated set of public sector accounts under the Whole of Government Accounts initiative. Following an initiative by CIPFA the UK public sector accounting framework follows a similar process to the IPSASB ‘Rules of the Road’ for determining when adaptations of International Financial Reporting standards (IFRSs) are required; and which uses IPSAS as a reference point when this is the case. | | | | | |
| CIPFA has responsibility for accounting standard setting for UK local government. The CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Local Authority Code Board is established as a standing committee of CIPFA and LASAAC for the purpose of preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom. Since 2010/2011 these accounts have been IFRS compliant. The Head of Standards and Financial Reporting sits on the Financial Reporting Advisory Board which provides independent advice to HM Treasury on UK Government Accounting Standards (IFRS Compliant), several other board members are also CIPFA members. | | | | | |
| # | Start Date | Actions | Completion Date | Responsibility | Resource |
| <i>Direct Support for IPSAS Development</i> | | | | | |
| 1. | Ongoing | The Chair of IPSASB (Ian Carruthers) is a CIPFA member as is his Technical Advisor (TA) (David Watkins). Briefings take place before each IPSASB meeting in writing and through meetings between CIPFA, HM Treasury, the UK Financial Reporting Council (FRC) and the National Audit Office. | Ongoing | PFMBPFMB | Chair PFMB CIPFA Standards, Policy and Technical staff, HMT, UK FRC, NAO |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|--|-----------------|--|---|
| <i>Member Notification, Education and Promotion Activities</i> | | | | | |
| 2. | Ongoing | IPSAS are incorporated into the full professional qualification. In addition CIPFA is currently working with a number of governments, UN agencies and national audit bodies to provide IPSAS based professional qualifications to meet their specific needs. | Ongoing | Education and Lifelong Learning | Director of Education and Lifelong Learning |
| 3. | Ongoing | Regular reports to CIPFA members in newsletters and on our website about the activities of AASP and hence about IPSASB. The IPSAS standards are also promoted through articles in CIPFA media, and through joint initiatives with IFAC such as reporting on the Accountability Index which tracks the implementation of accrual basis reporting by governments having particular regard to IPSAS. | Ongoing | PFMB | Technical Manager |
| <i>Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements</i> | | | | | |
| 4. | Ongoing | Formal recognition of IPSAS in the UK public sector accounting framework as a reference when adapting EU-adopted IFRS. CIPFA representation on FRAB as a relevant authority and through other representatives that are CIPFA members. CIPFA has responsibility for accounting standard setting for UK local government and maintains the Accounting Code which is IFRS compliant and updated annually for changes in underlying Accounting Standards. | Ongoing | FRAB (including CIPFA) CIPFA/LASAAC | Head of Policy and Technical and CIPFA/LASAAC Local Authority Accounting Code Board |
| <i>Assistance with Implementation of IPSAS</i> | | | | | |
| 5. | Ongoing | Promotion of IPSASs where relevant to the 'client' government as part of CIPFA's international development and training work, including specific IPSAS adoption projects in UAE, Kazakhstan, Zimbabwe and various international bodies. | Ongoing | PFMB, Education and Lifelong Learning | Head of Policy and Technical |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|--------------|---|-----------------|----------------|------------------------------|
| 6. | 2014 Onwards | Input to the EPSAS project led by Eurostat including emphasis on the relevance of IPSAS. CIPFA represented on the Governance and First Time Implementation cells. | Ongoing | PFMBPFMB | Technical Manager |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 7. | Ongoing | Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 5 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | PFMBPFMB | Head of Policy and Technical |

Action Plan Subject: SMO 6—Investigation and Discipline

- Action Plan Objectives:**
- (a) To provide in CIPFA's constitution and rules for the investigation and discipline of misconduct, including breaches of professional standards and rules by their individual members (and, if local laws and practices permit, by firms); and
 - (b) To continue to operate the CIPFA disciplinary scheme in accordance with IFAC SMO 6.

Background:

CIPFA's disciplinary scheme is set out in CIPFA's Bye-Laws and is operated in the public interest. The scheme is overseen by the UK Financial Reporting Council (FRC) and the Irish Accounting and Auditing Supervisory Authority (IAASA), both of which carry out regular inspection visits of the scheme.

CIPFA is a participant of the FRC's Accountancy Scheme, an independent disciplinary scheme for the UK accountancy profession for the consideration of public interest cases. Such cases may be referred to the FRC Accountancy Scheme for independent investigation and prosecution.

CIPFA's disciplinary scheme committees operate with a lay (i.e. non-accountant) majority. All substantive decisions in relation to disciplinary cases are made by the committees. If the relevant committee dismisses a case following a formal investigation, a complainant has a right to request a review of the decision by an independent reviewer of complaints.

CIPFA's investigation and disciplinary procedures comply with SMO 6. In particular:

- Members are informed of the professional standards rules and requirements (including the code of ethics) which apply to them, any changes made to them and the consequences of non-compliance in accordance with paragraphs 11 of the SMO;
- The definition of Misconduct is sufficiently widely defined to encompass regulatory breaches (paragraph 16 of the SMO) and all matters referred to at paragraph 13 of the SMO;
- Members are required by the Institute's Bye-Laws to provide assistance, co-operation and information to the Institute in carrying out its regulatory function including a duty to assist with investigations and tribunal enquiries and to inform the Institute of any matter which may indicate that a member (including themselves) is liable to disciplinary action and a failure to do so can form the basis of disciplinary action and the imposition of a sanction as set out in paragraph 17 of the SMO;
- The disciplinary scheme's investigative and disciplinary process is managed by a legally qualified Head of Professional Conduct to ensure compliance with natural justice and applicable laws to comply with paragraph 18 of the SMO;
- The investigative and prosecutorial teams and committees are constituted in accordance with paragraph 19 of the SMO;
- The disciplinary scheme acts on matters that come to its notice through complaints, information drawn to its attention and through its own review of publically available reports and material in accordance with paragraphs 20 -22 of the SMO. The Institute's Standards of Professional Practice for

Members in Practice establishes a link between unsatisfactory quality of a members' practice and a referral to the disciplinary scheme in accordance with paragraph 23 of the SMO;

- All persons involved in investigations and tribunal proceedings are conflict checked so no individual with a conflict of interest can participate in the formal consideration and determination of a case and the independence of the committee is maintained in accordance with paragraph 24 of the SMO;
- The Investigations Committee considers cases following formal investigation and determines if there is a matter that should be pursued and the appropriate further action (including referring appropriate cases to tribunal) as set out at paragraph 25 of the SMO;
- The investigations committee may request that an investigation is not progressed until the outcome of other proceedings based on the same or related matters are completed as referred to in paragraph 25 of the SMO;
- The scheme provides an alternative dispute resolution process and for the investigations committee to impose a lesser sanction without the need for a full hearing in appropriate cases as set out in paragraph 26 of the SMO;
- Tribunals are constituted in accordance with paragraph 27 of the SMO;
- Tribunals consider cases where members appear to have fallen significantly short of the requirements of the Institute's Bye-laws in accordance with paragraph 28 of the SMO;
- The scheme's independent regulatory committees and tribunals are generally chaired by a legally qualified chair and are advised by an independent legal adviser chosen from an established panel of senior legal advisers, the chair advised by a legal adviser may consider and determine some preliminary issues (such as adjournment requests) and prosecutions are conducted by legally qualified prosecutors in accordance with paragraph 29 of the SMO;
- The independence of the disciplinary tribunals is ensured through, among other matters, having a lay majority, being advised by an independent legal assessor, by training committee members on the independence requirement and by tribunal's decisions being subject to change by an appeal committee only in accordance with paragraph 30 of the SMO;
- A range of sanctions are available, including those at paragraphs 31 and 32 of the SMO (as applicable to CIPFA's particular circumstances);
- In determining the appropriate level of sanction consideration is given by the regulatory committees to the interests of the public and the member and the functions of professional regulation (to protect the public, to maintain public confidence in the profession and to maintain proper standards of professional conduct) in accordance with paragraph 33 of the SMO;
- The CIPFA sanctions guidance ensures that the minimum sanction required to protect the public is imposed and also ensures the consistency of the sanctioning process including ensuring that in every case consideration is given to the principle of proportionality and the relevant circumstances, including those at paragraph 34 of the SMO;

- A member has a right of appeal against the findings and sanction(s) of the tribunal and those findings and sanction(s) will not take effect pending the hearing of the appeal (Paragraph 35);
- CIPFA members have a right to legal or other representation at the investigation, disciplinary and appeal stages and any appeal hearing will not include any person who was involved in making the decision the subject of appeal or in prosecuting the matter in which that decision was made and will have the same procedures as a tribunal, in accordance with paragraph 35 of the SMO;
- A member has appeal rights but no appeal is permitted by the tribunal or the Institute in accordance with paragraph 36 of the SMO;
- CIPFA's scheme operates a tracking system and timeframe targets to ensure the prompt handling of investigations and prosecutions to minimize delay, to monitor progress and to ensure that investigations and tribunals take place expeditiously as set out in paragraphs 37 to 40 of the SMO;
- Routine and exception reporting regularly occurs at directorate level and to the governing Council in accordance with paragraph 38 of the SMO;
- Staff, committee members and other involved in the disciplinary scheme are notified of the importance of maintaining confidentiality and have a requirement to maintain confidentiality in their contractual documentation in accordance with paragraphs 41 and 42 of the SMO;
- All records within the disciplinary scheme are stored and handled securely and retained in accordance with the disciplinary scheme's retention policy which has been developed to ensure compliance with applicable data handling legislation as set out in paragraphs 43-45 of the SMO;
- The scheme, the sanctions imposed (in accordance with the scheme's provisions) and the disposal of cases are publicised including in an annual report. This publicity and the right to the independent review of cases closed after formal investigation by the reviewer of complaints, addresses public interest considerations in accordance with paragraphs 47 to 51 of the SMO;
- The scheme reports the possible involvement of members in serious crime or offences to the appropriate authority and reports the outcome of tribunal proceedings to other accountancy bodies of which the person is a member in accordance with paragraphs 52 and 53 of the SMO.

Responsibility for these matters are overseen by the Education and Lifelong Learning Directorate.

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---------------------------------------|------------|---|-----------------|--|---|
| <i>Review of I&D Requirements</i> | | | | | |
| 1. | Ongoing | <p>Scope of the Investigative and Disciplinary System (Para 11) –</p> <p>Ensure that all members are kept updated with any changes to the Charter and Bye-laws and professional standards which apply to them and the consequences of non-compliance.</p> <p>Punctual updating of dedicated section of the Institute’s website, online Members’ handbook and guidance documents relating to the disciplinary scheme.</p> <p>2018 updates to the Charter and Bye-laws and Code of Ethics notified to Members and all Guidance documents and procedural documents reviewed and updated to reflect changes.</p> <p>Website reviewed and updated 2019 and to be further reviewed in 2020</p> | Ongoing | Membership Education and Lifelong Learning Directorate | Professional Conduct and Policy and Technical teams |
| 2. | Ongoing | <p>Provide in the constitution and rules for the investigation and discipline of misconduct including breaches of professional standards by individual members (and if local laws and practice permit, by firms) (Para 12) –</p> <p>Continue to update CIPFA’s Constitution, Bye-laws, and Regulations in accordance with SMO changes, FRC and IAASA requirements and other developments in best practice.</p> <p>Introduction of new lay and CPFA members to Investigations, Disciplinary and Appeal Committees, to ensure on-going independence of the regulatory committees.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|------------|--|-----------------|----------------|----------|
| | | <p>Costs regime implemented including administrative arrangements for time recording and production of itemised time and costs records for members – 2018 and 2019.</p> <p>More detailed guidance to be provided to address in greater detail, the role of the Legal Assessor at the tribunal stage of the scheme’s process – 2020.</p> <p>Update of Member in Practice review undertaken 2018 and 2019 and to reviewed and considered for implementation in 2020/1</p> <p>Since their introduction evaluation Forms continue to be used to seek feedback from committee members on a range of issues, including quality of advice received, adequacy of paperwork and appropriateness of facilities</p> <p>Updating of guidance to parties and others involved in the scheme's processes including employers and witnesses took place in 2018 and 2019; further review to be undertaken in 2020.</p> <p>Review of Appeal section of the regulations to be undertake in 2020 with a view to seeking approval from supervisory bodies in 2020/1 and implementation in 2021/2.</p> <p>Review of sanctions guidance commence din 2019 and to be completed in 2020 with a view to implementation in 2020/21.</p> <p>Regulatory guidance and operational documents updated to reflect the changes to the Professional standards in 2018 and 2019 and to be reviewed to ensure they reflect any future changes in the Bye-laws and Disciplinary Regulations- 2020.</p> | | | |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|----|------------|--|-----------------|---|---------------------------|
| 3. | Ongoing | <p>Investigative and Disciplinary Powers (Para 17) – Continue to ensure that Bye-Law 32A (duty to co-operate and inform) is invoked where members fail to co-operate or inform.</p> <p>Maintain good relationships with employers of CIPFA Members, audit agencies, FRC, IAASA and other relevant authorities.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 4. | Ongoing | <p>Investigative Powers and Processes (Para 18) – Review the panel of expert accountants available to advise on disciplinary matters and appoint to the panel as necessary.</p> <p>Annual review conducted.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 5. | Ongoing | <p>Investigative and Disciplinary Powers (Para 18) – Continue to monitor the level and complexity of cases within the disciplinary scheme and seek additional financial and staffing resources through annual business planning process where necessary.</p> <p>Annual (and if required more frequent) review and updating of business plan.</p> | Ongoing | Education and Lifelong Learning Directorate | Director |
| 6. | Ongoing | <p>Initiation of Proceedings (Para 20) – Continue to maintain information-based approach to the initiation of proceedings alongside the complaints-based approach.</p> <p>Continue to monitor press and statutory reports issued by the national audit agencies to identify possible conduct issues in relation to members.</p> <p>Continue to liaise with other accountancy regulators to ensure the prompt and appropriate exchange of regulatory information and issues takes place.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|----|------------|---|-----------------|---|---------------------------|
| 7. | Ongoing | <p>The Investigative Process (Para 24) – Ensure appropriate guidance and training given to committee members and staff in relation to conflicts of interest.</p> <p>Ensure that conflict checking continues to be undertaken in relation to all parties involved in matters considered by the scheme.</p> <p>Annual training sessions for committee members, including relevant updates, held.</p> <p>Committee members involved in each matter advised of the importance of considering conflict checking on an on-going basis. Declarations of Interest sought from new and current regulatory committee members to ensure that conflicts can be and are identified - annually</p> <p>Procedures manual reviewed to ensure it places appropriate emphasis on the importance of conflict checking.</p> <p>New Regulatory Committee members selected by an independent interview panel in 2019 to be appointed in 2020 subject to satisfactory references and to provide induction training including in relation to declarations of conflicts of interest - 2020.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 8. | Ongoing | <p>The Disciplinary Process (Para 26) – Ensure that the dedicated sections of the website and procedural guidance documents are punctually updated and that, in appropriate cases, complainants are advised of the availability of alternative disputes procedures.</p> <p>Procedures manual updated to ensure appropriate reference to the various stages of the processes - 2018 and 2019.</p> <p>Updated Complainants Guide and Complaints Form published on website- 2019.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct Team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|-----|------------|--|-----------------|---|---------------------------|
| | | <p>Updated Guides for members, employers and witnesses updated in 2019 available for use in 2020.</p> <p>Procedures Manual updated in 2018 and 2019.</p> <p>Website updated in 2018 and 2019 and for further update in 2020.</p> | | | |
| 9. | Ongoing | <p>The Disciplinary Process (Para 27) – Ensure the chair of the tribunal who appoints tribunal members continues to be alerted as soon as a matter is referred for hearing and is requested to allocate a tribunal and a hearing date at the earliest reasonable opportunity.</p> <p>Ensure appropriate interim matters, such as requests for extension of time/adjournments) are referred expeditiously to the Chair for direction/resolution under the chair’s delegation powers.</p> <p>Procedures manual reviewed to ensure that the tribunal chair is alerted expeditiously and appropriately to matters that will require hearing 2018.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct Team |
| 10. | Ongoing | <p>The Disciplinary Process (Para 27) – Conduct annual review of committee membership to ensure that appropriate expertise and the right balance of accountants and non-accountants is maintained in light of committee member turnover.</p> <p>Annual review conducted.</p> <p>New lay and CPFA committee members recruited in 2019; to be inducted and appointed in - 2020</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 11. | Ongoing | <p>The Disciplinary Process (Para 29) – Conduct an annual review of the panel of legal advisers to ensure the availability of an appropriate number of appropriately experienced senior legal advisers.</p> <p>Annual review conducted.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|-----|------------|--|-----------------|---|---------------------------|
| 12. | Ongoing | <p>The Disciplinary Process (Para 30) – Ensure that new committee members are trained in the requirements for impartiality and independence as part of their formal training; update committee members on law and best practice in this area through annual training.</p> <p>Annual training sessions for committee members, including relevant updates, held.</p> <p>New committee members to be provided with training on impartiality and independence issues - 2020.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 13. | Ongoing | <p>Sanctions (Paras 33 and 34) – Periodically review the guidance on sentencing provided to the Investigations, Disciplinary and Appeal Committees following consultation with the committees.</p> <p>Guidance discussed at committee annual general meetings – 2018 and 2019.</p> <p>Enhanced training on sentencing provided to disciplinary and appeal committees – 2018 and 2019.</p> <p>Equality and diversity training on issues relevant to sentencing provided to the disciplinary and appeal committees at their annual general meeting – 2018.</p> <p>Training provided to the disciplinary and appeal committees on practical issues arising in relation to the costs regime – 2018 and to be undertaken in 2020.</p> <p>Update provided on legal developments in sentencing and costs issues – 2018, 2019 and to be undertaken in 2020.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|-----|------------|---|-----------------|---|--|
| | | <p>Training provided on the issues of dishonesty and proportionality and the public interest and expert evidence together with a legal update on relevant regulatory issues – 2018, 2019 and to be undertaken in 2020 including on issues re honesty/integrity in light of case law development.</p> <p>Committee members provided with training on the issue of intention and dishonesty and its impact on sanctioning together with training on drafting decisions and a general legal update – 2018 and 2019 and to be undertaken in 2020.</p> | | | |
| 14. | Ongoing | <p>Administrative Processes (Para 37 and 40) – Continue to monitor the casework of the disciplinary scheme through monthly meetings involving Director of Education and Lifelong Learning and Chief Executive (as appropriate). Continue to provide regular information about case progression and outcomes to the regulatory committee chairs and SMB, as appropriate</p> <p>Reporting controls maintained.</p> | Ongoing | Education and Lifelong Learning Directorate | Head of Professional Conduct and all managers involved in oversight of the disciplinary scheme |
| 15. | Ongoing | <p>Administrative Processes (Para 37, 38 and 40) – Ensure that the procedures manual is updated to reflect changes to the handling of casework in light of changes to the procedures of the wider Institute and changes to data protection requirements and duties if confidentiality .</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|-----|------------|--|-----------------|---|---|
| 16. | Ongoing | <p>Administrative Processes (Para 41) – Continue to include confidentiality provisions in the employment/consultancy contracts of all those involved in the investigation and discipline process and ensure these are understood.</p> <p>Ensure that declaration regarding compliance with date confidentiality is completed by all existing and new committee members – 2018, 2019 and to be undertaken in 2020</p> <p>Contractual provisions and understanding maintained.</p> | Ongoing | Education and Lifelong Learning Directorate | Human Resources Department and Head of Professional Conduct |
| 17. | Ongoing | <p>Administrative Processes (Para 44) – Continue to retain documents during the lifetime of cases and throughout prescribed retention period under CIPFA's document retention policy.</p> <p>Document retention policies applied.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 18. | Ongoing | <p>Liaison with Outside Bodies (Para 52 & 53) – Continue to maintain liaison and information exchange with regulatory bodies and other authorities in the course of disciplinary work. Renewed contact made with the Charities Commission regarding members whose work for charitable bodies has been identified in thematic reviews as having fallen short required standards – to be raised as concerns in 2019</p> <p>To act on any Charity Commission referrals made in 2020 that are raised as complaints – 2020 onwards</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|---|------------|--|-----------------|---|------------------------------|
| 19. | Ongoing | <p>Public Interest Considerations (Para 48 and 49) – Procure annual report from Reviewers of Complaints and consider any lessons to be learned.</p> <p>No referrals to Reviewer of Complaints in 2017, 2018 or 2019.</p> <p><u>Contract for Reviewer of Complaints reviewed and renewed in 2019</u></p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| 20 | Ongoing | <p>Review of Implementation and Effectiveness (Para 54) – Undertake an annual review of the implementation and effectiveness of the Disciplinary Scheme and take action, as soon as practicable to address any issues that arise from it.</p> | Ongoing | Education and Lifelong Learning Directorate | Professional Conduct team |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 21. | Ongoing | Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | Education and Lifelong Learning Directorate | Head of Professional Conduct |

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB

- Action Plan Objectives:**
- (a) To support the work of the IASB by notifying CIPFA members of every IFRS and persuade standard setters to incorporate them and assist with their implementation;
 - (b) To encourage incorporation of IFRS requirements into national accounting guidance; and
 - (c) To assist with implementation of IFRS into national accounting requirements.

| Background: | | | | | |
|--|------------|---|-----------------|----------------|---|
| <p>In accordance with the European Union (EU) Regulation (EC) 1606/2002 concerning the application of International Accounting Standards and as endorsed by the European Commission (EC), IFRS are mandatory for the preparation of financial statements of consolidated financial statements of listed entities. In addition, non-listed entities are permitted to apply IFRS for their consolidated financial statements.</p> <p>In the UK, the consolidated accounts of listed groups are required by law to be prepared in accordance with EU-endorsed IFRS. The UK public sector framework includes IFRS in the hierarchy of standards.</p> <p>CIPFA provides the secretariat function for CIPFA/IASAAC which sets the Local Authority Accounting Code which is based on IFRS.</p> <p>CIPFA responds to consultations issued by the IASB, especially on issues that are relevant to the public sector, taking advice from volunteer practitioners through the AASP.</p> | | | | | |
| # | Start Date | Actions | Completion Date | Responsibility | Resource |
| <i>Member Notification, Education and Promotion Activities</i> | | | | | |
| 1. | Ongoing | Responses to International Accounting Standards Board (IASB) consultations, taking advice from volunteer practitioners through the Accounting and Auditing Standards Panel which was established to ensure that CIPFA had a strong voice in the development of international standards. | Ongoing | PFMBPFMB | Head of Policy and Technical and AASP members |
| 2. | Ongoing | Since the adoption of IFRS into UK public sector accounts, the development of new IFRSs has been of increased interest to members. A forward look at standards in development and new standards features regularly in CIPFA's conferences and seminars and updates to members. | Ongoing | PFMBPFMB | Technical Manager |

| # | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|--------------|---|----------------------|---|--|
| <i>Incorporation of IFRS Requirements into National Public Sector Accounting Requirements</i> | | | | | |
| 3. | 2006 onwards | IFRS-based version of the Government Financial Reporting Manual (the FReM) is the basis for budgeting and reporting in UK central government and the National Health Service (NHS). The Financial Reporting Advisory Board was established to provide independent advice to HM Treasury on the development and detail of the FReM. CIPFA has representation on FRAB as a relevant authority and through other representatives that are CIPFA members. | Ongoing | HM Treasury – CIPFA has representation on the Financial Advisory Board (FRAB) | Head of Policy and Technical |
| 4. | 2008 onwards | CIPFA has responsibility for accounting standard setting for UK local government. Completion of the move to IFRS in local government took place from 2010-11 The Code is updated annually for developments in IFRS as adopted by the EU. | Completed Ongoing | CIPFA/LASAAC | Head of Policy and Technical |
| <i>Assistance with Implementation of IFRS Requirements into National Public Sector Accounting Requirements</i> | | | | | |
| 5. | Ongoing | CIPFA training on IFRS in UK public sector, covering central government, health and local government. | Ongoing | PFMB plus Health, Governments and Local Government Faculties | Policy and Technical Directorate and Faculty Heads |
| <i>Review of CIPFA's Compliance Information</i> | | | | | |
| 6. | Ongoing | Periodic review of CIPFA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to SMO 7, as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information. | Ongoing | PFMB | Head of Policy and Technical |