

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

IFAC Member:	Chamber of Auditors of the Republic of Kazakhstan (CoA)
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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

AMSC	Audit Methodological Support Committee
CLLA	Committee of Legislation and Legal Affairs
COA RK	Chamber of Auditors of the Republic of Kazakhstan
CPD	Committee for Professional Development of Auditors and Accreditation of Training Centers
DRAC	Dispute Resolution and Appeals Committee
EMC	Ethics and Membership Committee
EQAC	External Quality Assurance Committee
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
ICAS	Institute of Chartered Accountants of Scotland
IES	International Education Standards
IFRS	International Financial Reporting Standards
IPAA	Institute of Professional Accountants and Auditors
IPSAS	International Public Sector Accounting Standards
IRC	International Relations Committee
ISA	International Standards of Audit
ISQC	International Standard on Quality Control
PCA RK	Professional Council on auditing of the Republic of Kazakhstan
Secretary of QC&PDC	Secretary of the Quality Control and Professional Development Committee
SMO	Statement on Members' Obligations
USAID	U.S. Agency for International Development

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Development and Maintenance of COA’s Quality Assurance Review System

Background:

This Action Plan includes, in general, those actions, which are acute for the issues of audit services quality’s reviews and relates to provision of compliance with the requirements of SMO 1.

Authorized body represented by the Ministry of Finance controls auditor activity in Kazakhstan for conformity to the Law “On Auditing in Republic of Kazakhstan (RK)”. According to this Law, professional public organization bears responsibility for its associate members’ (audit firms) work quality. Ministry of Finance of RK issues license to audit firms and keeps the register of all the audit firms.

Ministry of Finance RK has the right to conduct the inspection of audit firms in case of claims on violation of legislation. At the same time members of the professional organizations are subject to quality control from professional organization. The Law “On Auditing in RK” allows the existence of several professional organizations.

The Quality Assurance system of CoA was established in 2007. COA has been performing monitoring of the audit work since 1993, when the audit activity started in Kazakhstan. The COA was initially assisted by Institute of Chartered Accountants of Scotland (ICAS) to share their experience of Quality Assurance System. The COA developed Quality Assurance Regulations taking into consideration the ICAS documents, International Standard on Quality Control 1 (ISQC1) and to be in line with SMO 1. ISQC1 was adopted by COA as the standard to regulate its Quality Assurance system.

One of the core functions of COA RK is an external control of quality of the auditing firms – its associate members. External quality control system is formed inside the professional non-governmental organization COA and is regulated by the External Quality Control Rules and the Regulations for Supervisors. The External Quality Control Rules of CoA are posted at its web-site www.audit.kz. The associate members are reviewed on regular basis once in three years. The final decision about positive estimation of an associate member is taken at the meeting of the Committee upon the review of the completed files of the supervisors, as the negative estimation is submitted to the Board of the Chamber for consideration. The special attention is paid to application of ISA 220 while working.

Three-year Reviews Schedule is coordinated with an entity to be reviewed and approved by the External Quality Control Committee. 2 months prior to the review the reviewed entity sends a declaration to the Chamber of Auditors with all aspects of its activity stated in it. 2 weeks prior to the review the reviewed entity sends a list of the completed audits to the supervisors. The supervisors shall choose any two projects to be reviewed by their own. According to the results of the review the supervisors shall fill in the Forms B3 (description of the internal policies and procedures, as well as declaration data check), B4 (data taken from the chosen audit of the financial statements), and B5 (supervisor’s questionnaire).

Annually COA RK submits a report to the authorized agency about the number of the reviews carried out, as well as the information about the revealed ‘gaps’ in work of the entities specifying the date of the next review monitoring.

According to the Order of the Minister of Finances the reviewed auditing companies shall also submit the reports in the Ministry of Finances about the

results of the carried out external quality control review within 30 days after receipt of the conclusion upon the review results.

26 inspectors work in COA RK, and all of them are practitioners. Annually COA organizes trainings for the inspectors.

Today COA RK includes 72 legal entities, which all have been reviewed for the quality assurance, except for the newcomers. Sixty nine legal entities have undergone QA reviews.

In the same time when performing the external reviews, the Audit Methodological Support Committee prepares the methodical materials for formation of an audit file, which is updated on regular basis taking into account the changes and amendments in ISAs and IFRSs, also the annual seminars are organized with regard to this work.

Qualification requirements to audit firms engaged in audits of the national companies, financial organizations and listing companies traded on the Kazakhstan Stock Exchange are effective in Kazakhstan. There is a clause in the Listing Companies' Audit Requirements related to the requirement to hold the international certificates from renowned international institutes for such audit firms other than the national qualification of auditor.

At the same time, as of the end of 2020, 6 PAOs were accredited by the Ministry of Finance in Kazakhstan. Each PAO has its own Committee for external quality control. At the same time, the Chamber of Auditors does not have information on the availability of specialists and methods for conducting external quality control from other PAOs. So, for example, in 2019, the Chamber of Auditors received applications from 2 PAOs - the "Collegium of Auditors" and the "Union of Auditors" on the provision of sponsorship by the Chamber of Auditors to join the IFAC. We reviewed the applications and asked the applicants a list of questions for our study, where, among others, there were questions about their external quality control system. However, the data were not provided to us and a sharp response was received that this information is a "commercial secret", which in turn does not comply with the current legislation, because PAOs are non-profit professional organizations.

RECENT CHANGES IN THE LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN.

Since 2016, the Chamber of Auditors of the Republic of Kazakhstan, with the assistance of the Ministry of Finance of the Republic of Kazakhstan, as well as a group of deputies of the Parliament of the Republic of Kazakhstan, representatives of the Stock Exchange (KASE) and the National Chamber of Entrepreneurs of Kazakhstan, have begun to develop the concept of a new format for auditing. According to this concept, the currently existing authorized state body in the field of audit - the Ministry of Finance of the Republic of Kazakhstan, as well as all existing PAOs will transfer powers and functions to a new Professional non-profit body - the Professional Council on Auditing. Issues will be transferred to the Professional Council - conducting exams for assignment of qualification "auditor of the Republic of Kazakhstan", external quality control on conducted audits of public interest, professional development of auditors and consideration of violations of the Code of Ethics of Professional Accountants of the IFAC.

At the same time, the Ministry of Finance of the Republic of Kazakhstan has the right to initiate inspections of audit organizations in case of claims of violation of the law by submitting instructions to the Professional Council. At the same time, members of professional organizations are subject to quality control by professional organizations for audits of entities not classified as public. Over the past 5 years, the Chamber of Auditors has taken part in the development and implementation of the Law of the Republic of Kazakhstan "On Self-Regulation", which provides for an independent regulatory function for representatives of the entrepreneurial sphere by creating a Self-Regulatory Organization in each industry. However, with the further implementation of this Law, adopted in 2015, the Chamber of Auditors was denied registration or transformation from the Self-Regulatory Organization for Auditing Activity. To

substantiate this refusal, the authorized body - the Ministry of Finance and the Ministry of Justice, as well as the coordinator of this activity - the National Chamber of Entrepreneurs, was given a conclusion that the audit activity is "professional" and is not entrepreneurial in nature, since in the field of auditing, international standards and ethical norms adopted by IFAC apply.

The Law "On Auditing Activity in the Republic of Kazakhstan" allows for the existence of several professional organizations, which must become the founder of the Professional Council and be accountable to it.

On July 3, 2020, this concept was adopted in the Republic of Kazakhstan as an addition / amendment to the current Law "On Auditing Activity". At the same time, the text of the Law indicates that the Professional Council will carry out its activities from July 6, 2021.

Thus, from July 6, 2021, the Chamber of Auditors will delegate to the Professional Council on Auditing the powers to conduct external quality control on audits of subjects of public interest.

The created Professional Council will allow to avoid and suppress the existing vicious practice of "unfair" external quality control by audit companies in Kazakhstan.

The current law «On Auditing Activity in the Republic of Kazakhstan» of Nov.20, 1998 was amended on July 03, 2020 (see the Law of the Republic of Kazakhstan № 358-VI «On Amendments and Additions to the certain Legislative Acts of the Republic of Kazakhstan on the issues of auditing»), which provides the establishing of a newly created Professional Council on Auditing. This body is established by all professional auditing organizations of Kazakhstan (currently there are 7 professional auditing organizations). The voting rights in making decisions in the Professional Council are distributed as follows: 1/3 of all voices belong to all professional organizations; 1/3 of all voices belong to authorized state bodies – the Ministry of Finance of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan; 1/3 belong to the representatives of consumers of audit services – stock exchanges, the National Chamber of Entrepreneurs of the Republic of Kazakhstan and representatives of the largest higher education institutions.

The basic changes of the Professional Council on Auditing is transferring of the following functions from professional auditing organizations:

1. Conducting of the external control of quality of the auditing of socially significant entities.
2. Conduction examination for obtaining the qualification of an «Auditor».
3. Establishing unified committee for the consideration of complaints and disputes.
4. Establishing unified committee on professional ethics.

The Chamber of Auditors has a leading role in developing of the law on Professional Council on Auditing: since the 2014th our organization has been working on the draft and conception of the Professional Council, studying positive international practice and experience of organizing audit activity, conducting meetings, round tables, discussions and consultations. Representatives of the Chamber of Auditors from the beginning of the development of the concept participated in working groups of the Kazakhstan Parliament and authorized state and public bodies.

At the moment the Chamber of Auditors in coordination with the Ministry of Finance of the Republic of Kazakhstan and all interested parties is working on forming working bodies, internal documentation and regulative statements for the Professional Council.

About the new Quality Management standards that will become effective in 2021-22					
The work, namely the adoption of IAASB standards, the application of standards and implementation will be realized by the Chamber of Auditors through participation in organization and activity of the newly created Professional Council. Works on establishing and beginning of functioning of the Professional Council have been started on July 6,2021 by all parties and are planned to be finished until the end of 2021.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Implementation and Further Development of Quality Assurance System</i>					
1.	2020	Development of the foundations of the Rules for external quality control of related audit services within the framework of external quality control of PAO.	2022	COA RK / PCARK	COA RK
2.	2021	Development and publication of guidelines for preparation for passing external quality control for newly created audit organizations.	Ongoing	COA RK / PCARK	COA RK
3.	2021	Development and adoption of the basis for external quality control of accounting services in the interaction of the Chamber of Auditors and accounting PAOs in the framework of interaction with the Professional Council.	Ongoing	COA RK / PCARK	COA RK / POA
4.	2021	Participation in the development of methodological frameworks (rules), auditing in accordance with financial reporting standards and for auditors of regulatory bodies.	Ongoing	PCARK	COA RK
5.	2021	Development of measures to create an appropriate system of public supervision and quality control in the field of audit - including through the participation of representatives of the public and the business community in the Board of the Professional Council.	Ongoing	PCARK	COA RK / POA
6.	Since 2018	Establishment, within the framework of the Regional Group of IFAC members, of a permanent Council for the development of common approaches and recommendations for the application of ISSM and ISA (Russia, Kazakhstan, Belarus, Azerbaijan, Kyrgyzstan, Armenia, Uzbekistan, Georgia).	Ongoing	COA RK	COA RK

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintainance of Ongoing Processes</i>					
7.	Ongoing	Control for efficient and continuous performance of the Quality Control System and its compliance with the requirements of SMO 1. This includes periodic review of the operation of the Quality Assurance system and updating the Action Plan for future activities where necessary.	Ongoing	Chairman of EQAC	EQAC, Secretary of QC&PDC
<i>Review of COA's Compliance Information</i>					
8.	Ongoing	Periodic review of COA's response to the SMO 1 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	EQAC, IRC

Main Requirements of SMO 1

Requirements	Y	N	Partially	Comments
Scope of the System 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	Yes			For all audit reports.
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	Yes			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	Yes			
4. Member Body assists firms in	Yes			For the last two years 4 trainings were carried out.

Requirements	Y	N	Partially	Comments
understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.				
Review Cycle 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Yes			Mixed approach is used, but in checking the inspectors choose risky projects.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	Yes			For all companies once every three years, according to the Law of Kazakhstan "On Auditing."
QA Review Team 7. Independence of the QA Team is assessed and documented.	Yes			According to the Rules of the Committee for the implementation of external quality control of audit firms, inspectors may give challenged if there is a conflict of interest, and these things are kept in the Chamber of Auditors.
8. QA Team possesses appropriate levels of expertise.	Yes			
Reporting 9. Documentation of evidence supporting the quality control review report is required.	Yes			In B6 Questionnaire.
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Yes			In B6 Questionnaire and Protocol.

Requirements	Y	N	Partially	Comments
<p>Corrective and Disciplinary Actions</p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p>	Yes			Inquire an action plan on elimination of gaps and so on.
<p>12. QA review system is linked to the Investigation and Discipline system.</p>	YES			No disciplined systems, if the audit organization rated a "2" or "3", this fact shall be submitted to the Council of the Chamber of Auditors. According to Rules, if the audit organization is assessed twice "2" or "3", we notify MF RK.
<p>Consideration of Public Oversight</p> <p>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.</p>	YES			Each year the Work Plan approved by the Committee on Implementation of the external audit firms' quality control.
<p>Regular Review of Implementation and Effectiveness</p> <p>14. Regular reviews of implementation and effectiveness of the system are performed.</p>	Yes			Every year the Committee reports to the General Assembly of the Chamber of Auditors.

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB
Action Plan Objective: Continue to Use Best Endeavors to Ensure that all IES Requirements are Incorporated into COA's Education Requirements

Background:

According to the Statement on Courses for CPD approved by the Auditors Professional Development Committee, every full member – certified auditor is obliged to upgrade his qualifications for 120 Continued Professional Education (CPE) hours of every three years. The Chamber of Auditors RK is responsible for monitoring the compliance with this law regulation.

For the purpose of the guaranteed continuous training and professional qualification of the auditors of COA RK and in compliance with the requirements of ISA, IFRS, GAAP, and NSFO, the Institute of professional accountants and Auditors (IPAA) has started functioning since November 2012 in accordance with the Law of RK “On non-for-profit organization”, which the Chamber of Auditors of the Republic of Kazakhstan has a participation interest in. During the period from 2012 to 2015 COA RK inspected and added to the list of educational organizations whose hours are acceptable for CPE hours.

Within the limits of IPAA and in accordance with the programs recommended by the International Federation of Accountants (IFAC) the courses of advanced training and additional training of the professional accountants and auditors as well as preparation for attestation of the candidates for auditors are organized there attracting the famous practitioners and auditors. This standard is a recommendation of the World Bank, for performance of which the promotion measures are required to be taken to stimulate the auditors and accounts for further understanding of IFRS and ISA and their application in practical work in the sphere of financial reporting in Kazakhstan.

Furthermore, in accordance with the Recommendations of the World Bank the Institute will organize the seminars for obtaining of professional skills on the national level basing on the training materials for IFRS for small and medium-sized enterprises.

According to the effective legislation each PAO shall include a Qualification Commission. The qualification commissions include one representative of the authorized agency. The qualification commission develops and approves attestation program for candidates for auditors, which must comply with the international standards of financial statements approved by the Foundation of the Committee for International Standards of Financial Statements, Standards of Audit and legislation of the Republic of Kazakhstan.

The Candidates for auditors pass exams in the following subjects:

- accounting;
- finances and financial management;
- taxes and taxation;
- civil law;
- banking business;
- insurance and pension legislation; and
- audit.

The Candidates for auditors who have the international certificates in the sphere of accounting and audit of the Associate Chartered Accountant (ACA), the

Certified Accountants (CA), Chartered Institute of Management Accountants (CIMA), Certified International Professional Accountant (CIPA), Certified Public Accountant (CPA), Institute of Financial Accountants (IFA), and the Association of Chartered Certified Accountants (ACCA), pass exams in the following subjects:

- taxes and taxation;
- civil law;
- banking business; and
- insurance and pension legislation.

The Candidates for auditors who have the international certificates of the Chartered Finance Analyst (CFA), Certified Management Accountant (CMA), Diplomas in the International Financial Reporting (DiplIFR ACCA), International Association of Book-keepers (IAB), pass exams in the following subjects:

- finances and financial management;
- taxes and taxation;
- civil law;
- banking business;
- insurance and pension legislation; and
- audit.

The Candidates for auditors, who passed the qualification exams for lawyer, notary or judge are exempted from passing the exams in civil law.

The Candidates for auditors, who have a certificate of professional accountant issued by the accredited organization for the professional certification of accountants of the Republic of Kazakhstan, are exempted from passing the exams in the following subjects:

- accounting;
- taxes and taxation; and
- civil law.

The Candidates for auditors are attested about twice (2) a year in accordance with the annually approved working plans of the Commissions.

The internal provisions of the Chamber of Auditors are refined regarding auditors' professional development. The external quality control reviews now include IAESBA's educational standards' compliance reviews of the certified auditors.

Annually and free of charge COA organizes the training seminars. These seminars are held by the leading specialists in the audit sphere, managers and members of the Committees of the Board from Europe and Asia, as well as the representatives of Big 4 Group.

In light of the latest changes in the Legislation of the Republic of Kazakhstan, from July 2021, the COA RK functions of conducting exams for obtaining the qualification certificate of the "Auditor of the Republic of Kazakhstan" will be fully transferred to the Professional Council on auditing of the Republic of Kazakhstan (PCA RK). The functions of "training candidates for auditors" and "professional development of auditors" will remain among the the authorities of the COA RK.

In 2018 COA RK signed a Memorandum of Understanding with the Association of Chartered Certified Accountants (ACCA) (hereinafter the Memorandum).

The purpose of the Memorandum is to achieve high educational results that would provide a deep understanding and application of IFRS and ISA in practice by the auditors of the Republic of Kazakhstan.

Our goal is for the auditor qualification exams to be administered by a «unified organization» on the territory of Kazakhstan – Professional Council - observing the principles of openness, objectivity and comprehensive assessment, to conducting exams for obtaining the qualification of an auditor of the Republic of Kazakhstan in accordance with the best international practices both in terms of the exam organization and in using of examination modules that allows to fully test knowledge of international standards for financial reporting and auditing.

To achieve this goal and within the framework of the Memorandum, there was carried out a big work to recognize the examination modules used by CDP exams for obtaining the qualification “Auditor of the Republic of Kazakhstan”. We have presented the examination modules used by the CDP for the assessment of these modules by the ACCA experts.

Based on the results of the examination, ACCA made a decision to offset the results of examinations conducted by CDP in the following disciplines: "Accounting", "Finance and Financial Management", "Taxes and Taxation" and "Audit".

COA RK uses any platforms to draw the attention of government agencies, members of the professional community and all stakeholders to the current situation in Kazakhstan, when the number of accredited organizations that have authority to conduct examinations and issue qualification certificates "Auditor of Kazakhstan" is growing (to date there are already 7 organizations), while the professional level of auditors is falling, which was also noted by independent outer experts - representatives of stock exchanges, state auditors, authorized bodies and consumers of audit services etc.

This trend obviously indicates the presence of a corruption component, and on this occasion COA RK has repeatedly expressed its concern, using all available means.

Significant changes were made to the law "On Auditing Activities" with the active participation of COA RK. One of the goal was to ensure, a «unified» exam for the qualification certificate "Auditor of the RK", by creating a PCA RK and a unified qualification commission under this PCA RK.

PCA RK is planned to be created no later than October 06, 2021 and COA RK is actively involved in this work. In the future, we plan to use the most of our experience and continue to promote international best practices within the PCA RK using the provisions of the IES and IFAC recommendations.

Since 2018 the Chamber of Auditors continues to implement the Agreement with the Department of Education Methodology of the Ministry of Education, which includes more than 10% of the full members of the Chamber of Auditors with various academic degrees. The purpose of this Agreement is to implement the International Standards of Education. The leading higher educational institutions of Kazakhstan annually submit to the Chamber of Auditors for approval undergraduate and graduate the curricula for the coming academic year. Representatives of the Chamber of Auditors are included in the Dissertation Councils on the subject of accounting and auditing. Also, the periodicals and scientific works published by the universities are approved by the Chamber of Auditors on a permanent basis.

In order to continuously improve and track the latest trends and changes, Members of COA RK, regularly participate in the discussion of amendments that are proposed to IFRS and ISA by IFAC. Due to this opportunity, the auditors of the COA RK members receive up-to-date information, participate in

discussions, make suggestions and share best practices with auditors from other countries. For example, the Chamber of Auditors is currently holding consultations and interactions with the other members of the IFAC in the post-Soviet countries and participate regular meetings, for example - organized by the SRO «Auditor Association Sodruzhestvo» (Russia) and others.

The Chamber of Auditors pays special attention to application of the International Education standards in the training and education of accounting and audit specialists. For this purpose at the step of preparing of the reform of auditing activity in Kazakhstan (developing of the Professional Council), CoA RK required to include into the Professional Council the representatives of the largest education institutions of Kazakhstan, working on training the accountant and audit specialists.

International Educational Standards will be implemented by the CoA RK into the structural divisions of the Professional Council (Continuing Education Committee and Unified qualification commission) during 2022.

At the moment the functions of the auditors preparation and examination are legislatively transferred from professional auditing organizations to the Professional Council. Therefore, further practice of IES application will be performed by CoA RK through the new oversight body.

After the Professional Council will be fully established – it will be carrying out preparatory measures for the translation and adoption of the IES International Education Standards (*latest version*) into the state language (Kazakh language), as well as its direct application in the training of audit and accounting in Higher education institutions, inclusion of IES in the educational programs of undergraduates, bachelors and certification requirements to obtain scientific degrees. At the same time, IES standards will be included in the training system for auditors of the newly created Professional Council on Auditing and professional development of existing auditors. This work will be controlled by CoA RK as the member of Professional Council.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Training Activities</i>					
9.	2020	Participation COA RK representatives in advisory Committees and dissertation councils of higher educational institutions; Promotion of inclusion of IES into universities training / retraining programs	Ongoing	Chairman of CDP, IPAA	CDP, AMSC, EQAC, SECRETARY OF QC&PDC
10.	2021	Development of recommendations for the universities to include the IES requirements in the training program - by promoting the issue of related legislative documents	Ongoing	Chairman of CDP, IPAA	CDP
11.	2021	Cooperation and experience sharing an experience among IFAC member organizations of Euroasian region, especially countries of EEU on IES application, implementing and promoting issues.	Ongoing	Chairman of CDP, IPAA	CDP

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	2021	Preparing and arranging seminars / webinars with partners of the Chamber of Auditors about IES application in the work of training and educational organizations, as well as including IES in trainings of big audit companies as a part of advanced professional trainings.	Ongoing	CDP, IPAA, COA RK	IPAA
13.	Ongoing	Working with educational centers accredited by COA RK. Monitoring of the accredited educational centers for their compliance with the Statement of accreditation of educational centers.	Ongoing	Chairman of CDP, IPAA	CDP
#	Ongoing	Selection of the educational centers met the requirements of COA RK for accreditation by COA RK and inclusion of CAP/CIPA, ACCA and other programs in their training programs.	Ongoing	Chairman of CDP, IPAA	CDP
<i>Strengthening of the Requirements of the Professional Development Program</i>					
14.	Ongoing	Annual report of the Chairman of CDP to the Board of COA RK about the auditors who received advanced training.	Ongoing	CDP	CDP
<i>Maintainance of Ongoing Processes</i>					
15.	Annually	Keep on exerting every effort to ensure compliance with the requirements to training of PAO members, and implementing the revised IES, including review of the existing requirements and preparation of the Action Plan regarding future activity, if needed.	July 2017 Ongoing	Chairman of CDP	CDP, IRC
<i>Review of COA's Compliance Information</i>					
16.	Ongoing	Periodic review of COA's response to the SMO 2 section of the Action Plan.	Ongoing	Chairman of IRC	CDP, IRC

Action Plan Subject: SMO 3–International Standards and Other Pronouncements Issued by the IAASB
Action Plan Objective: Further Improvement and Maintenance of the Processes for Ongoing Convergence with IAASB Pronouncements

Background:					
Audit in Kazakhstan is carried out in accordance with the Law of RK “On Audit Activity” and the International Standards on Auditing (ISA), i.e ISA are national standards in Kazakhstan.					
The Chamber of Auditors updates the methodical materials related to carrying out of audits on regular basis, including regarding creation of Auditor’s File taking into account modifications and amendments in ISA and IFRS. Preparing the materials the Chamber of Auditors uses the best international practices of the network audit firms as well as the recommendations of IFAC.					
In order to ensure the broad informational cover of its activity related to application of ISA and IFRS the web-site of the Chamber of Auditors contains Forum to discuss questions related to practical application of IFRS and ISA.					
Currently CoA RK uses Russian version of IAASB Handbook 2015.					
The Chamber of Auditors informed its members about new versions of Handbooks including currently not translated editions in English.					
The newly created Professional Council (CoA RK as a part of it) will work on adopting the most recent version of Handbook during 2022.					
About the Proposed Draft of ISA for LCE					
The Audit Methodological Support Committee of the Chamber of Auditors was encouraged to comment on the Proposed International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (ISA for LCE) Exposure Draft due the deadline set by IFAC (i.e January 31, 2022).					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Adoption of IAASB Pronouncements</i>					
17.	Ongoing	Training for audit quality controllers involved in quality control of audit companies that audit PIEs and financial services companies.	Ongoing	COA RK	COA RK
18.	Ongoing	Seminars related to the last amendments in ISA.	Ongoing	CDP, COA RK	IPAA
19.	Ongoing	Research, translation and distribution of IAASB pronouncements.	Ongoing	Chairman of IFRS Committee	Members of COA RK, Employees of COA RK, Budget

#	Start Date	Actions	Completion Date	Responsibility	Resource
20.	2021	Preparation of comments for the exposure drafts of the IAASB pronouncements.	Ongoing	Chairman of IFRS Committee	IFRS
21.	Since June, 2010	Encourage references to the International Standards on Auditing and Assurance, Code of Ethics and Quality Control 2010.	Ongoing	Press secretary of the COA	Press secretary of the COA, Budget
22.	Since 2008	Development of recommendations for improvement of the Auditor's File basing on the quality reviews and standard amendments.	Ongoing	Chairman of AMSC	Resource specialist of COA RK, AMSC, EQAC
23.	Ongoing	Dissemination of the Guide to SMEs.	Ongoing	Press secretary of the COA	Press secretary of the COA
<i>Maintainance of Ongoing Processes</i>					
24.	Ongoing	Keep on facilitating adoption and implementation of IAASB pronouncements on permanent basis, including review of implementation of Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	Chairman of IRC	IRC
<i>Review of COA's Compliance Information</i>					
25.	2013	Periodic review of COA's response to the SMO 3 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	IFRS Committee, IRC

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

Action Plan Objective: Continue to Use Best Endeavors to Maintain Ongoing Process of Adoption and Implementation of the IESBA Code of Ethics

Background:

The Code of Ethics for Accountants 2010 was adopted at the General Meeting on 19 November 2012. It established the ethical requirements for professional accountants and auditors, and provides framework for the purpose of compliance with five fundamental principles of professional ethics: integrity, objectivity, professional competence and due care and professional behavior. In the Professional Development Program for Auditors IPAA has provided the seminars for application of the Code of Ethics for auditors in practice since January 2013.

The Chamber of Auditors on the regular base informs its members about changes and additions to Code of Ethics, including currently not translated editions of the Code of Ethics 2020 in English.

Currently, as we know, the Ministry of Finance of the Republic of Kazakhstan, in concurrence with the CoA RK, has sent a request to IFAC on translating the last version of the Code of Ethics into the state language (Kazakh language) during 2021-2022. At the same time as the Ministry of Finance explained us the Russian version of the Code is being translated by the rights holder - Russian Federation. Thus, the work on popularization and distribution of the new version of the Code will be performed by CoA RK after achieving the translation, via relevant Committees of the Professional Council and Chamber of Auditors.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Provision of Effective Implementation of the Code of Ethics</i>					
26.	2021	Formation of the Unified Professional Ethics Committee of the Professional Council	2022	PCARK	COA RK
27.	Ongoing	Promotion of reference to the International Standards of Ethics, 2010.	Ongoing	Press secretary of COA RK	EMC, Press secretary of COA RK
28.	2022	Translation into Kazakh and Russian languages, implementation of the text of the 2017 IFAC Code of Ethics for Professional Accountants.	Ongoing	Chairman of EMC	EMC, DRAC
<i>Maintainance of Ongoing Processes</i>					
29.	Ongoing	Keep on facilitating adoption and implementation of the Code of Ethics on permanent basis, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	Chairman of EMC	EMC

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of COA's Compliance Information</i>					
30.	Ongoing	Periodic review of COA's response to the SMO 4 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	EMC, IRC

Action Plan Subject: SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Continue to Use Best Endeavors for Assistance in Adoption and Implementation of IPSASs in the Republic of Kazakhstan

Background: Kazakhstan's Government has decided to adopt the Accrual Basis of IPSASs from 1 st of January 2013. COA provides the support for its successful transition and implementation by negotiations and providing comments on projects.					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promotion of IPSAS Application</i>					
31.	Ongoing	Keep on facilitating implementation of IPSAS by taking part in seminars and encouragement of continuous communication with the Ministry of Finances.	Ongoing	President COA RK	Board of COA RK
<i>Maintainance of Ongoing Processes</i>					
32.	Ongoing	Keep on exerting every effort to reveal opportunities for further ISPAS's implementation, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	IPAA	IPAA
<i>Review of COA's Compliance Information</i>					
33.	Ongoing	Periodic review of COA's response to the SMO 5 section of the Action Plan.	Ongoing Last update 2017	Chairman of IRC	IRC

Action Plan Subject: SMO 6–Investigation and Discipline
Action Plan Objective: Continue to Use Best Endeavors for Further Improvement of COA's Investigation and Disciplinary System

Background:

The Chamber of Auditors has a Committee on Disputes, which reviews requests and complaints by third parties on the actions of members of the Chamber of Auditors.

The Disciplinary System includes the review of claims on the members of PAO and their classification as ethical claims and audit quality claims. In accordance with this classification the claims are sent to the appropriate Committees for consideration of severity and complication of violations. The basic function of penalties is assignment of an extraordinary quality review of a company – PAO's member.

According to the charter objectives the Board of the Chamber of Auditors has a right to apply measures as warnings or exclusions basing on such grounds as violations or non-compliance with the Law of RK On Auditing, ISA, Code of Ethics and the Article of Association of PAO, detecting of unreliable information in the documents submitted by an auditor or an audit firm, violation or non-performance of the statements and resolutions of the managerial bodies of PAO, wrong actions regarding the Chamber of Auditors and / or its members, default of payment or delay of payment of membership fees.

In accordance with the conclusion of the report A&A ROSC of the World Bank, there is a need in creation and implementation of external quality control of the audit profession, as well as its disciplinary system, which are to be subject to the public supervision. The recent amendments of the Law on Auditing require from the professional associations to introduce the quality control procedure, but not creation of the public supervision for those procedures. As the professional organizations are to be supervised by public supervision system, which predominantly consists of non-practitioners, we propose to create a supervision body to ensure that the audit profession really serves the public interests. And this supervision body should be responsible for:

- a. Good and honest work of the audit profession quality control system for the benefit of people both in reality and impression of the third parties, and
- b. Facilitation public confidence to the profession.

Quality control in the sphere of audit profession is a basis for high quality of audit, and it increases confidence to the published financial information and protects shareholders, investors, creditors and the other stakeholders.

The results of compliance with the requirements of the statutory audit's quality control system are to be reflected in the continuous professional development program and in the disciplinary action system, depending on the circumstances.

It is necessary to create the efficient system of investigation and adoption of sanctions for detecting, correcting and prevention of inadequate performance of mandatory audit checks. The specified system may provide the efficient proportionate and preventive civil, administrative and criminal punishment, which may be applied with regard to auditors and audit firms violating the Law on Auditing, ISA and / or the Code of Ethics. Furthermore, the measures and sanctions taken against the auditors and audit firms involved in statutory audits must be appropriately publicly available.

Upon the request of the Ministry of Finance, we have started the work for creation of the public electronic register of auditors and audit firms involved in statutory audits to allow the corresponding interested parties defining efficiently if this specific auditor or audit firm is official or not, and obtaining the other

information.

According to the latest amendments to the Law of the Republic of Kazakhstan "On Auditing Activities", which was initiated by COA RK, within the framework of the newly created Professional Council on auditing of the Republic of Kazakhstan, the Chamber of Auditors participates in the formation of the unified Complaints and Disputes Committee of the PCA RK (hereinafter referred to as the CD Committee). The model and structure of the CD Committee was established taking into account the recommendations of the European Union, the so-called "Polish model" of organizing a professional community.

This committee considers all incoming complaints about the actions of all audit organizations on the territory of Kazakhstan and its decisions are binding. At the same time, there is a procedure for appealing the decisions of the Committee. The most experienced representatives of the audit profession take part in the work of the Committee. The decisions of the CD Committee are submitted for approval to the Board of the Professional Council on auditing on the principles of equality, democracy, professionalism and openness.

With regard to the investigation of disciplines, collegial participation of all interested parties is envisaged - 1/3 representatives of the authorized state bodies - the Ministry of Finance and the National Bank; 1/3 representatives of the business environment - consumers of audit services - the National Chamber of Entrepreneurs and Stock Exchanges of Kazakhstan; and 1/3 of auditors and audit companies, through the representation of Professional Audit Organizations. Thus, a system of «checks and balances» has been implemented in the work of the Professional Council and its subdivisions.

In the period 2018-2020 Chamber of Auditors of the Republic of Kazakhstan signed with the Ministry of Finance of the Republic of Kazakhstan, the National Bank and the National Chamber of Entrepreneurs the Memorandums of Understanding of the IFAC Code of Ethics, and issued recommendations to include - the requirements for compliance with ethical standards and consideration of emerging disputes into the accreditation requirements for audit organizations.

During 2018-2021, the Chamber of Auditors continues to participate in the considerations of complaints, remarks and claims against auditors, attracted by state bodies to provide them audit services; the considerations are organized by the authorized state bodies (*other professional organizations in Kazakhstan do not participate in this work*):

1. The further implementation of the concluded Agreement with the Accounts Committee for Control over Execution of the Republican Budget of RK, as well as its territorial subdivisions in all regions of Kazakhstan is being carried out - a representative of the Chamber of Auditors is a member of the Consultative and Expert Body;
2. Participation in the work of the Public Council of the Ministry of Finance of the Republic of Kazakhstan - 2 representatives of the Chamber of Auditors participate in the work of the Public Council;
3. Joint coordination with the Financial Monitoring Agency of the Republic of Kazakhstan - the authorized body of the Republic of Kazakhstan for anti-money laundering and terrorist financing - is being carried out - a special representative from the Chamber of Auditors is taking part;
4. The Chamber of Auditors conducts joint consultations and interaction with the bodies of the Economic Investigation Service, the National Security Committee, the Prosecutor's Office and other law enforcement agencies - a coordinator has been appointed from the Chamber of Auditors;

5. Participation in coordination with the tax authorities - the State Revenue Committee of the Ministry of finance RK - a coordinator has been appointed from the Chamber of Auditors;

6. the Association of financiers of RK - an organization that connects government agencies, national stakeholders and banks, as well as financial associations - a representative of the Chamber of Auditors is a member - In addition to other financial sector issues, the Chamber of Auditors works to improve auditors' interaction with the financial sector, to introduce initiatives to change legislation in the audit and accounting fields, and to address complaints and disputes against auditors.

The Chamber of Auditors in 2021 is working to conclude a Memorandum among the «EEU» countries in the audit sphere among IFAC member organizations. At the moment, we have concluded a Memorandum with the SRO «Auditor Association Sodruzhestvo» (Russia) on the joint translation, adoption of the ISA and the other standards, the Code of Ethics and the development of practice in the investigation of disciplines and interaction. The decisions reached in this memorandum will be communicated to the authorized body and included in the current legislation of the Republic of Kazakhstan in the very near future.

We also plan to create a "Unified Register of the auditors of the EEU Countries" - where all information about the status of an auditor among Russia, Kazakhstan, Kyrgyzstan, Armenia and Belarus will be reflected. Thus, the consumer of services will be able to obtain information about the auditor's violation of the requirements of professional ethics and existing disputes and complaints, as well as decisions and penalties made in relation to the auditor. The placement of information is planned on the resources of the Professional Council (or its equivalent) and the authorized body of each of the states with periodic adjustments, updates and monitoring.

The "Complaints and Disputes Committee" created by the Chamber of Auditors of the Republic of Kazakhstan in 2016, since 2022 fully transfers its authorities to the Complaints and Disputes Committee of the Professional Council on auditing, which is a unified body on the territory of the Republic of Kazakhstan. Over the past 5 years, the Dispute Committees have considered more than 38 requests from lawyers, legal advisers, individuals and government agencies.

During 2017-2019, the Chamber of Auditors of the Republic of Kazakhstan participates in the development of amendments and additions to the "Code of Administrative Violations of the Republic of Kazakhstan", as well as the development of the practice of conducting investigations:

- 1) Article 245. "Concealment by the auditor of the fact of violation of the legislation of the Republic of Kazakhstan on accounting and financial reporting from customers of the audit";
- 2) Article 246. "Preparation of an unreliable audit report by an auditor and an audit organization, as well as an unreliable audit report on taxes";
- 3) Article 247. "Violation of the legislation of the Republic of Kazakhstan on audit activity", etc.

Also Article 251 in the Criminal Code of the Republic of Kazakhstan. "Abuse of powers by private notaries, appraisers, private court bailiffs, mediators and auditors working as part of an audit organization"

Thus, after the Professional Council in the Republic of Kazakhstan begin functioning, there was formed, practically and methodically prepared a set of measures for preventing, identifying possible violations of the profession requirements; a set of types of responsibilities of the auditor to the results of his work is also developed.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintainance of Ongoing Processes</i>					
34.	Ongoing	Keep on exerting every effort to provide compliance of investigation procedure and discipline of PAO to all requirements of SMO 6, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing Finished	Chairman of EMC	EMC, DRAC
35.	2013	Further development of the disciplinary system in accordance with the revised SMO 6 and its inclusion in QC documentation.	2014 Finished	Chairman of EQAC	EMC, EQAC
36.	Ongoing	Keep on exerting every effort to provide compliance of investigation procedure and discipline of PAO to all requirements of SMO 6, including review of implementation of the Action Plan and updating the Action Plan regarding future actions, as needed.	Ongoing	PAO	PAO PCA RK EQAC
37.	2021	Developing the regulations for Complaints and Disputes Committee of the PCA RK.	2022	PCA RK	PAO
38.	2021	Participate in the work of the Professional Council on auditing of the Republic of Kazakhstan as a founder, as well as in the work of the Complaints and Disputes Committee of the PCA RK.	Ongoing	PAO	PCA RK
39.	2022	Continue to participate in state bodies coordination of methods of prevention, detection and consideration of violations of legislative requirements, international standards and professional ethics by auditors, as well as consideration by the Chamber of Auditors and / or Professional Council on auditing of complaints and disputes at the request of state bodies	Ongoing	PCA RK	PAO
40.	2021	Further development of the disciplinary system in accordance with the revised SMO 6 and its inclusion in QC documentation.	Ongoing	PAO	EMC, EQAC
41.	2021	Further cooperation with IFAC members, especially among the EEU countries, on sharing an experience and best practices in investigations and disciplines	Ongoing	PAO	IRC DRAC
42.	2021	Monitoring the Legislation of the Republic of Kazakhstan and taking part in the development of additions and changes, especially in audit activities	Ongoing	PAO	CLLA

Review of COA's Compliance Information					
43.	Ongoing	Periodic review of COA's response to the SMO 6 section of the Action Plan.	Ongoing	Chairman of IRC	EMC, IRC

Self-Assessment against the Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Yes			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Yes			
Initiation of Proceedings				
3. Both a "complaints-based" and an "information-based" approach are adopted.	Yes			
4. Link with the results of QA reviews has been established.	Yes			
Investigative Process				
5. A committee or similar body exists for performing investigations.	Yes			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Yes			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Yes			

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.	Yes			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Yes			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Yes			
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Yes			
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	Yes			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Yes			
14. Records of investigations and disciplinary processes are established.	Yes			

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

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Use Best Endeavors for Maintaining and Continuous Improvement of the Ongoing Program for Adoption and Implementation of IFRS

Background:					
<p>International Financial Reporting Standards as published by IASB re adopted in the Republic of Kazakhstan as national standards. Legally, IFRS are required for all but governmental entities. COA spoke out in public the importance of further IFRS implementation by participating in round tables and the Consultative Board of the Ministry of Finance. COA provides support to their members by consultations on IFRS issues, training on IFRS implementation, amendments, interpretations, etc.</p> <p>The exposure draft for IFRS for SME was adopted by Ministry of Finance without due process as National Accounting Standard # 2, which went into effect from 1st of January, 2009. COA together with the Chamber of Professional Accountants of Kazakhstan continued to work on implementation of IFRS for SME on the discussion panels of Consulting Board meetings in 2014. Kazakhstan is about to start using IFRS for SME as national standards for SME – Ministry of finance held discussion with SME and provided educational seminars.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Program for Adoption and Implementation of IFRS</i>					
44.	Ongoing	IFRS seminars for practitioners and audit quality inspectors.	Ongoing	IPAA	IPAA
45.	Ongoing	Keep on public speaking about importance of IFRS's use in Kazakhstan by taking part in round tables and seminars devoted to implementation of IFRS and continue training and education in the sphere of IFRS, as well as take an active part in IFRS work program.	Ongoing	Chairman of IFRS Committee, IPAA	President, Chairman of the Board, IFRS, AMSC, Budget
46.	Ongoing	Development and implementation of the comments to IFRS for SME	Ongoing	Chairman of IFRS	IFRS
47.	Ongoing	Continue to make every effort to identify opportunities for additional assistance in the implementation of IFRS, including reviewing the implementation of the Action Plan and updating the Action Plan for future actions as needed.	Ongoing	Chairman of IFRS	IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of COA's Compliance Information</i>					
48.	Ongoing	Periodic review of COA's response to the SMO 7 section of the Action Plan.	Ongoing	Chairman of IRC	IRC, IFRS