

BACKGROUND NOTE ON ACTION PLANS

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The level of a Member's or Associate's fulfillment of IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

Regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#).

Use of Information

¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.















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

ACTION PLAN

IFAC Member: Yemeni Association of Certified Public Accountants (YACPA)
Original Publish Date: December 2021
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Next Update: August 2026

IFAC's Summary Assessment: IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	Shared	 Partially Adopted	 Execute
IES / SMO 2	Shared	 Partially Adopted	 Execute
ISA / SMO 3	No Direct	 Adopted	 Sustain
IESBA / SMO 4	No Direct	 Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Not Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Execute
IFRS / SMO 7	No Direct	 Adopted	 Sustain

Attestation of SMO Compliance

The **Yemeni Association of Certified Public Accountants (YACPA)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned [Governing Body](#) has reviewed the information contained within the SMO Action Plan and affirms that the **YACPA** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute*, *Plan*, *Consider*, or *Not Active* the **YACPA** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **YACPA**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

GLOSSARY

IFRS for SMEs	International Financial Reporting Standards for Small and Medium-Sized Entities
IPSASB	International Public Sector Accounting Standards Board
IPSASs	International Public Sector Accounting Standards
ISAs	International Standards on Auditing

Action Plan Subject: SMO 1–Quality Assurance
Action Plan Objective: Establishing a sound quality assurance program in line with SMO 1 requirements

Background:

Partially Adopted; No direct responsibility.

The Council of Ministers resolution No 51 of 2019 approved officially adopting and implementing international standards without amendments starting January 1, 2020. As per the Law the Ministry of Industry and Trade has the power to implement the QA with the help of YACPA. YACPA already discussed with the MIT (the Public Accountants Permitting Committee) the mechanism of preparing and performing the QA System in which YACPA will be responsible of the professional part and MIT will provide the legal power for such work. YACPA is in the process of establishing sound quality assurance program in-line with International Federation of Accountants (IFAC) SMO 1.

NOTE:

The Ministry of Industry and Trade (MIT) is responsible for field supervision (quality assurance reviews). However, this system is not operational, so YACPA began to develop an early system of 'practice reviews.' This system has been designed to encourage members to maintain a system of quality control. However, after the Ministers' Council resolution of Adopting and Implementing the International Auditing and Accounting Standards officially in Yemen starting January 1, 2020, the QA Committee decided to adhere to the International Standards on Quality Management (ISQM) 1 & 2 and ISA 220. The Committee suggested to consider SOCPA publications as being the best in the region with some amendments with the issues related to the Yemeni Laws and Regulations.

YACPA's practice reviews procedures will help determine whether in practice, members of YACPA are complying with international accounting, auditing and assurance standards. It will also help in determining compliance with standards of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics. YACPA has as one of its main priorities the establishment of a sound quality assurance program in-line with International Federation of Accountants (IFAC) SMO 1, which include the adoption of International Standards on Quality Management (ISQM) 1 & 2.

As per the Law the Ministry of Industry and Trade has the power to implement the QA with the help of YACPA. YACPA already discussed with the MIT (the Public Accountants Permitting Committee) the mechanism of preparing and performing the QA System in which YACPA will be responsible of the professional part and MIT will provide the legal power for such work.

Once the QA System finalized with all policies, procedures and manuals, the Public Accountants Permitting Committee will approve it. (YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.)

YACPA plans to start Voluntary implementation of the QA System in 2021 with 2 volunteers audit entities as samples and to let Auditors to be aware of the QA System. The samples will increase once all logistic and IFAC support completed.

YACPA will actively engage with “The Committee of Adopting and Implementing the International Standards (CAIIS)” to promulgate adopting and implementing the International Standards on Quality Management (ISQM) 1 & 2 and ISA 220.

YACPA will place emphasis on the elaboration and further development of its QA System and will seek IFAC and other international organizations support in this regard.

YACPA was in contact with Palestinian Association of Certified Public Accounting – PACPA to provide a training for 25 YACPA members in the quality review process. We are seeking for fund to cover this session.

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	OCTOBER 2013	COMPLETED The final review of the QA system was completed on January 2022	Request that as part of the World Bank Workshop that one session focus on QA so as to provide membership with a strong overview of QA system development and function. Contribute to design of session so as to ensure that session is tailored to the needs of the Audience.	YACPA President and Chairman / World Bank MNAFM / Quality Assurance Committee
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	OCTOBER 2013	COMPLETED May, 2021 September, 2022	Undertake dialogue with YACPA members, audit firms, Central Bank of Yemen, COCA, MIT about the importance of a sound system of Quality Assurance and the steps required to establish the system. Obtain agreement on need to work as an organization to support development of full system of QA. YACPA conduct one training course and one workshop to introduce and discuss the new standards of Quality (ISQM1 and ISQM2)	YACPA Chairman / YACPA Board / World Bank MNAFM

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	COMPLETED July, 2018	Establish a committee responsible for designing the YACPA system of Quality Assurance.	Administrative Council of YACPA
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	COMPLETED April, 2019	Review SMO1 to increase understanding of the key components of a system of QA.	QA Committee
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	November 2013	ONGOING	Collaborate with peer Professional Accountancy Organizations (PAOs) which have created successful systems of QA in order to learn from their lessons learned. YACPA communicated with PACPA and learned from them how did they start implementing QA system. They offer a training for at least 25 YACPA members in the field of Quality inspection process. We expect to do the training during 2023-2024.	QA Committee / Support from World Bank in identifying peer PAO examples
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	JANUARY 2014	ONGOING	Design an outline for a QA system which can function in the context of Yemen and which is in compliance with SMO 1. Undertake request for comments, opinions and feedback on the development of this system. Incorporate comments and feedback into system outline.	QA Committee / Feedback and Comment from World Bank

SMO 1 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	JUNE 2014	ONGOING	Undertake elaboration of QA System outline. Including development of structure, processes, procedures and guidance on QA system operation.	QA Committee / Seek World Bank funds to support QA system elaboration
<i>Initial Steps in Creating an Effective System of Quality Assurance</i>	January 2021	ONGOING	Educate members and licenses regarding practice Monitoring\Peer Review and its national, regional, and international implications.	QA Committee/ seek Audit Firms supports
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Ensure, through periodic reviews, that the quality review system currently being developed and designed is aligned with the requirements of the SMO 1.	QA Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform Periodic Review of YACPA Response to SMO 1 Section of the IFAC compliance to The IFAC Compliance Self-Assessment Questionnaires and update sections relevant to relevant SMO. Once updated Inform IFAC Compliance Staff about the updates in Order for The Compliance Staff to Republish Updated Information.	QA Committee

SMO 1 Best Practice	Yes	No	Partially	Comments
(Para #) Scope of the System At a minimum, mandatory QA reviews are required for all audits of financial statements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quality Control Standards and Other Quality Control Guidance Firms are required to implement a system of quality control in accordance with the quality control standards.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Most up to date versions of ISQM 1 & 2 and other relevant ISA are adopted as the quality control standards.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yemen already adopted the International Standards including ISQM 1 & 2, but implementation still in process and many trainings, workshops and meetings have been conducted to address the requirements of the new standards. Moreover, a comprehensive training will be conducted after the season (April 30) by YACPA's Institute. QA system is under revision by YACPA.

SMO 1 Best Practice	Yes	No	Partially	Comments
Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YACPA seeks IFAC support or/and WB and we already had several meetings to discuss the best practices applied by nearby PAOs. The main obstacle is regarding the financial support that is required to support the implementation of the quality control system. YACPA via its training Institute will provide further training on the new standards (ISQM1 and ISQM 2).
Review Cycle A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
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).	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
QA Review Team Independence of the QA Team is assessed and documented.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
QA Team possesses appropriate levels of expertise.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
Reporting Documentation of evidence supporting the quality control review report is required.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.

SMO 1 Best Practice	Yes	No	Partially	Comments
A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
Corrective and Disciplinary Actions Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.
QA review system is linked to the Investigation and Discipline system.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented. In addition, Investigation and Discipline system is not establishes as per Law 26 (1999).
Consideration of Public Oversight The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No Public Oversight entity established.
Regular Review of Implementation and Effectiveness Regular reviews of implementation and effectiveness of the system are performed.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	QA review is not yet implemented.

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 Satisfy the Requirements of International Education Standards

Background:

Partially Adopted, No Direct Responsibility.

The Council of Ministers' resolution No 51 of 2019 of adopting and Implementing International Standards, and Audit and Review of Accounts Law No. 26 of 1999 both established Initial Profession Development (IPD) for profession accountants. With support of the Ministry of Higher Education, universities include International Standards in their curriculum.

In order to obtain the YCPA designation, the law stipulates that individuals are required to be Yemeni nationals.

Audit and Review of Accounts Law No. 26 of 1999 prescribes the education and experience requirement for becoming a Public Accountant, subject to passing the specific exam (CPA exam), as follows:

- Minimum education requirement is bachelor degree in accounting (major).
- Practical experience gained subsequent to the accounting qualification in the field of accounts audit or teaching in one of the faculties, universities or higher institutes in the field of accountancy and audit in the following manner:
 - ☐ Four years after the bachelor degree qualification.
 - ☐ Two years after the master degree qualification.
 - ☐ One year after the PhD degree qualification.
 - ☐ Complete the written examinations which conducted by YACPA (except PhD holder).
- Exam preparers are qualified academic persons who are encouraged by YACPA to incorporate the latest development in the accounting profession, including the standards issued by the International Accounting Education Standards Board (IAESB).
- The YACPA YCPA exam consists of 4 parts:
 - ☐ Financial Accounting
 - ☐ Advanced and Managerial Accounting (Managerial Accounting, Cost Accounting, Governmental Accounting, Accounting Information Systems, Tax and Zakat, Non for Profit Organizations, Unified Accounting System)
 - ☐ Auditing

□ Business Law and Regulations, and related laws (include ethics)

As per the Law, YACPA is also in charge of licensing Auditors (the local YCPAs) along with the Ministry of Industry & Trade (PAPC). That is no public accountant can practice the profession until accepted into YACPA membership.

Article 45 of the Professions Law makes it mandatory that YCPAs undertake Continuing Professional Developments (CPD) activities. YACPA is responsible of the professional part and MIT through PAPC provide the legal power for implementation. For this mutual responsibility, on September 2020, YACPA got the approval of the “The Public Accountants Permitting Committee - PAPC” to request its members to have a minimum of 40 CPDs hours annually in order to renew their licenses of practice starting 2021.

NOTE:

The Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. YACPA actively engaged with MIT to promulgate government legislation requiring the use of international standards in Yemen as mentioned above The Council of Ministers and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing the International Auditing and Accounting Standards starting January 1, 2020.

It is worth mentioned that YACPA has achieved legal recognition by MIT for its adoption of the International Education Standards (IESs) before 2020.

The requirements for becoming a Certified Public Accountant (YCPA) member of YACPA and a licensed professional are as follows:

- Bachelor’s Degree: Minimum education requirement is bachelor degree in accounting (major). YACPA is supporting the incorporation of international standards into University curriculum.
- Practical Experience: Practical experience gained subsequent to the accounting qualification in the field of accounting or auditing or teaching in one of the faculties, universities or higher institutes in the field of accountancy and audit in the following manner:
 - o Four years after the bachelor degree qualification.
 - o Two years after the master degree qualification.
 - o One year after the PhD degree qualification.
- YCPA Examination: Candidates meeting the academic and practical experience requirements qualify for taking the YCPA examinations, which are required for becoming a YCPA.
 - o YCPA examinations are conducted by YACPA as per the authorization delegated by the Public Accounts Permitting Committee and with the approval of the Yemen Ministry of Industry.

- o Exam preparers are qualified academic persons who are encouraged by YACPA to incorporate the latest development in the accounting profession, including the standards issued by the International Accounting Education Standards Board (IAESB).
- o The YACPA YCPA exam consists of 4 parts:
 - Financial Accounting
 - Advanced and Managerial Accounting (Managerial Accounting, Cost Accounting, Governmental Accounting, Accounting Information Systems, Tax and Zakat, Non for Profit Organizations, Unified Accounting System)
 - Auditing
 - Business Law and Regulations, and related laws (include ethics)
 - Continuing Professional Education (CPE): Article 45 of the Professions Law makes it mandatory that YCPAs undertake CPE activities; however, it does not specify the minimum number of hours to be spent on CPE. YACPA is presently working to define the specific number of hours of CPD and to ensure that this aligns with IES 7.
 - As per the Law, YACPA is also in charge of licensing Auditors (the local YCPAs) along with the Ministry of Industry & Trade (PAPC). That is no public accountant may practice the profession until accepted into YACPA membership. For this mutual responsibility, YACPA already discussed with the PAPC the mechanism of performing the CPD in which YACPA will be responsible of the professional part and MIT through PAPC will provide the legal power for such work.
 - Once the CPD System finalized (with all policies, procedures and manuals), it will be approved by the Public Accountants Permitting Committee. (YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.)
 - Inclusion of a requirement for mandatory achievement and system for monitoring of Continuing Professional Development (CPD) within education criteria will be documented in a formal written policy. Most likely SOCPA Policies and Procedures will be used with some amendments if contradicted with the local Laws and Regulations.
 - YACPA plans to start in 2021 requesting CPD hours from its members to be able to renew their licenses.
 - YACPA plans to require its members to have a minimum of 40 CPDs hours annually, including not less than 7 hours from YACPA sponsored courses and at least 120 hours of CPDs in a three-year reporting period.
 - In this regard, YACPA Training Institute was activated and as a result during the last 2 years, verity of workshops, training, seminars were delivered by International Firms, Universities, Central Bank of Yemen, Tax Authority, Zakat Authority, IT System Companies. The most areas covered are:
 - Strategic planning
 - Time management skills

- ☐ Negotiation skills
- ☐ Effective communication skills and team work.
- ☐ Training course on money exchange systems (creativity of Software - Yemen Soft - Ebdaa Soft, Enjaz Soft.
- ☐ Several training courses are organized on wide range of topic, including:
- ☐ International commercial arbitration.
- ☐ Corporate governance and the role of a chartered accountant thereof.
- ☐ Step-by-step auditing (from accepting the assignment to report)
- ☐ Annual inventory taking and the role of the auditor thereof.
- ☐ Money laundering and terrorist financing and the role of a chartered accountant thereof.
- ☐ International financial reporting standards:
- ☐ IFRS 15
- ☐ IFRS 9
- ☐ IFRS 16
- ☐ Tax returns and the role of the External Auditor.
- ☐ Zakat returns and new amendments to the zakat law.
- ☐ Other areas.

YACPA contacted the Ministry of Higher Education and explained the important of applying the International Education Standards (IES) in the curriculum and education methods at all Universities that teach Accounting and Auditing.

The Ministry was very cooperative and instructed Universities to consider YACPA request and at the same time YACPA contacted Accounting Departments in most of the Universities explaining the important of IES and soft copy of the IES was delivered to all Universities.

To ensure implementation of the International Standards, YACPA works with Universities to include International Standards in their curriculum and to ensure their engagement in YACPA related Committees.

Sana'a University, the first and largest in the country (15 thousand students in the accounting department) started in November 2019 encouraging preparing the content of the accounting curriculums as per the input and output based approach, which matches with the International Education Standards (IES) and (IAESB) Pronouncements and Guidance. Workshops were conducted for all the Faculty of Commerce and Economics staff during the last months.

YACPA will seek for any partnership in the near future for promotion of accounting and auditing profession in Yemen. Areas of expected supports are finance several capacity building activities including developing a training program for Yemeni YCPA candidates, training candidates on the training program, supporting short term training in IFRS, ISA, International Public Sector Accounting Standards, Governance, etc., and supporting YACPA in their efforts to collaborate with Universities and engage the audit firms with the students.

YACPA will actively engage with "The Committee of Adopting and Implementing the International Standards (CAIIS)" to promulgate adopting and implementing the (IESs) and (IAESB) Pronouncements and Guidance.

In order to get the best practice YACPA will seek support from IFAC and other International Organizations.

YACPA board visited universities and discussed the requirements to comply with the IESs requirements. As a result, the universities agreed on updating their syllabuses for the Auditing and Accounting to comply with the updated standards (IAS, ISA, IFRS).

YACPA also update YCPA exam according to the updated standards (IAS, ISA, IFRS).

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	ONGOING	Studying and benchmarking the current education status as per SMO 2 (IESs) through undertaking of a Gap Analysis between current educational environment and revised IESs. As per IFAC website – these should be completed ASAP. Initial efforts will commence with revised IESs and will move to those presently under review as they are completed. Begun as part of YACPA / World Bank Workshop	YACPA Board, YACPA IFAC Task Force, YACPA Leadership, Universities, Possible cooperation with Ministry of Higher Education and Scientific Research

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<p><i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i></p>	<p>February 2014</p>	<p>ONGOING</p>	<p>Engaging with the Ministry with Higher Education through meetings and workshops with the Ministry and the public and private Universities. Raising awareness within the Universities of the International Education Standards (IES) and the need for embodying the IFRS and ISA.</p> <p>On August 2018, all Yemeni universities have been officially addressed in order to update the curricula of the Accounting and Auditing Department in accordance with international standards, while being guided by what is included in the International Accounting Standards for Accounting Education.</p> <p>On March 2023 YACPA board visited universities and discussed the requirements to comply with the IESs requirements. As a result, the universities agreed on updating their syllabuses for the Auditing and Accounting to comply with the updated standards (IAS, ISA, IFRS).</p>	<p>YACPA Leadership, Ministry of Higher Education and Scientific Research and other stockholders.</p>

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	ONGOING	<p>Engage effectively with the Universities to build relations with them in order to demonstrate the value of YACPA and detail how YACPA can provide assistance in helping to build their capacity in regards to the IES, IFRS, ISA and the IESBA Code of Professional Ethics.</p> <p>✓ This will be done through communication between YACPA and University professors to coordinate the changes introduced into the accounting program curriculum and coordination between the professors and audit firms,</p> <p>Requesting audit firms to provide University students with practical experience.</p>	YACPA Board, YACPA IFAC Task Force, YACPA Leadership, Universities, Audit Firms, Possible cooperation with Ministry of Higher Education and Scientific Research, and other stockholders.
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	Will depend upon availability of resources	<p>Special emphasis shall be placed on reviewing university curriculum, as this is an area where there is interest in Yemeni accountancy community. Gap Analysis may culminate in creation of Findings report which outlines key areas of departure and recommends areas for improvement.</p>	YACPA Board, Universities, Possible cooperation with World Bank, SMEPS

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	Will depend upon availability of resources	Creation of a task force from YACPA and a team of accounting professors from Yemen to prepare a short and long terms plans in reviewing and potentially amending the current accounting curriculum to embody findings report conclusions and recommendations.	YACPA Board, Universities, Possible cooperation with World Bank, SMEPS
<i>Raise Awareness of the Requirements of IESs and Application to University Education - Strengthen Continuous Professional Education Requirements</i>	February 2014	June, 2021	YACPA and MIT agreed on the importance of considering CPD hours from all members as part of renew license. Starting from January 2022, the CPD is essential requirements for renewing license.	YACPA Board, Possible cooperation with World Bank, Ministry of Industry and Trade

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	OCTOBER 2013	ONGOING	<p>YACPA to continue to monitor ISA and IAASB pronouncements and guidance to ensure that all new developments and changes in standards and other guidance are incorporated (Initial Professional Development, CPD and seminars).</p> <p>YACPA has an open license agreement with IFRS foundation Corporation, and we receive all changes in the standards and accordingly we print the updated IFRS annually and distributed it for all members for free.</p> <p>On November 2022 and May 2023 YACPA conducted two seminar and one workshop for its member which include discussions on the new changes in the standards.</p>	YACPA Staff

IES Requirement	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	OCTOBER 2013	ONGOING	<p>Develop a system for communicating new developments and changes in standards and other guidance to educators, government educators, and YACPA membership. This may be through current YACPA magazine, emails, or internet website.</p> <p>YACPA reissuing its Magazine during 2023. And we use social channels to communicate with the public and its members (WhatsApp, Telegram, LinkedIn ...)</p>	YACPA Staff
<i>Review of YACPA's compliance Information</i>	ONGOING	ONGOING	<p>Perform periodic review of YACPA's response to the IFAC's Compliance Self-Assessment questionnaires and update sections relevant to SMO 2, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data:</p> <ul style="list-style-type: none"> ✓ Identify the person that will be assigned and responsible to track changes or modifications. <p>Notify updates to IFAC's Compliance Self-Assessment and any update to SMO 2 as necessary.</p>	Education Committee, YACPA Staff

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

Background:

Adopted, No Direct Responsibility.

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Standards on Auditing (ISA). Including International Standards on Quality Control, Review Engagements, Examination and other Assurance Engagements and Related Services and all publications in this regard starting January 1, 2020. without any amendments.

Before the official approval of adopting and Implementing the International Standards on Auditing, YACPA was self-regulating the profession in the area of professional standards. YACPA was directing its membership to use International Standards on Auditing (ISA).

The regulatory rules and regulations of the Central Bank of Yemen (issued before January 2020), request auditors to use ISA when auditing banking and financial institutions (Commercial Banks, Islamic Banks and Microfinance Banks).

NOTE:

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the auditing standards for the auditing profession in Yemen. However, to date this entity has not been established.

Additionally, the Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called "The Public Accountants Permitting Committee - PAPC" where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing International Standards on Auditing (ISA) and IAASB Standards and Pronouncements starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of ISA with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of the International Standards has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Standards for the country of Yemen. All these efforts let to:

1- The MIT thorough the Public Accountants Permitting Committee Approved adopting and Implementing Auditing and Accounting International Standards and passed this approval in a letter to the Ministers Council, which become the core document for the Council resolution.

2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Standards on Auditing (ISA) and IAASB Standards and Pronouncements starting January 1, 2020. The resolution included the following:

Article (1-B): Adopting and Implementing the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants, including International Standards on Quality Control, Review Engagements, Examination and other Assurance Engagements and Related Services and all publications in this regard as well as the adoption of Code of Ethics for Professional Accountants issued by the International Federation of Accountants.

Article (3-A): The Ministry of Industry and Trade shall form a committee called "The Committee of Adopting and Implementing the International Standards (CAIIS)" mentioned in this resolution, headed by the Undersecretary of the Business Services Sector / the chairman of the Public Accountants Permitting Committee, the members of CAIIS represent the relevant stockholders.

Article (3-B): The CAIIS undertakes the task of following up the adoption and implementation of all standards, identifying small and medium-sized enterprises and which ones can (prepared to) apply the IFRS for SMEs, and the expected date to start the implementation.

Article (4-B): The international auditing standards mentioned in Paragraph (B) of Article (1) shall begin to apply to the work of auditing, examination, assurance or other services that the chartered accountant will perform on any engagement entered into from January 1, 2020 whether it is for auditing financial statements, examination or assurance Or other services related to previous financial years or for financial periods ending after that date even if the link to them was made before the date of January 1, 2020.

Before the official approval of adopting and Implementing the International Standards, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA was directing its membership to use international standards on Auditing (ISA) and continued doing so until these standards approved by the Minister Council in May 2019,

To support this area, YACPA maintains Auditing Standards Committee to examine research and promote the international standards. Through this committee, YACPA supports and directs the use of ISA as these offer the country objectivity, stability and are vetted externally.

In addition to YACPA's directions to its membership, pursuant to the regulatory rules and regulations of the Central Bank of Yemen, auditors are required to use ISA when auditing banking and financial institutions (Commercial Banks, Islamic Banks and Microfinance Banks). Also Article 107 of Tax Bylaws requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts, in absence of the accounting standards specified in the Commercial Companies Law or applicable standards in the Republic of Yemen. Additionally, from a public sector perspective, the Central Organization of Control and Audit (COCA), requires ISAs as the standards to be used in the audit of entities where it has a regulatory role in the approval or appointment of auditors.

YACPA works with universities to include international standards in curriculum, and provides trainings on the subject of international standards to further their application. Additionally, YACPA maintains Standards Committees for accounting, auditing and ethics to examine research and promote the international standards.

YACPA will actively engage with the (CAIIS) to promulgate adopting and implementing the International Standards on Auditing.
The 2021 Handbook of International Quality Control, Auditing, Review, Other Assurance, and Related Services Pronouncements is in use.

ISA	Start Date	Estimated Completion Date	Action	Resources
<i>Promotion of Implementation of ISA's</i>	DECEMBER 2013	Ongoing	<p>Create a formal process for raising awareness of YACPA Members to IAASB Pronouncement changes and modifications to ensure YACPA membership is aware of these changes (e.g., a system of e-mail messages, publication on YACPA website of changes, etc.)</p> <p>YACPA has an active WhatsApp group to share and discuss the updated matters related to International Standards and Other Pronouncements Issued by the IAASB.</p>	YACPA Training Institute, YACPA Staff, Cooperation with World Bank
<i>Promotion of Implementation of ISA's</i>	February 2014	ONGOING	<p>Develop a comprehensive training seminar on IAASB pronouncements for the YACPA members both as part of efforts to increase education and also to improve quality of resulting ISA audits. The resulting program should may have emphasis on the following areas:</p> <ul style="list-style-type: none"> ✓ Fundamentals of ISA; ✓ Recent changes and updates to ISA; 	YACPA Training Institute, YACPA Staff, Cooperation with World Bank

ISA	Start Date	Estimated Completion Date	Action	Resources
			<ul style="list-style-type: none"> ✓ Application of ISA in practice; and ✓ Challenges in applying ISA for small and medium audit practices (SMPs). <p>Every year, YACPA organize with qualified auditors who works with international accounting firms to provide seminars to its members. As a result, two seminars provided in the year 2023, and five seminars in 2022.</p>	
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to support the creation of 'The Higher Council of Accounting and Auditing' and/or for creation of another manner (e.g., MIT formal recognition of YACPA adoption of ISA) of comprehensively adopting ISA within Yemen.	YACPA Leadership
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	<p>Continue to work with universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA ISA trainings and also to have access to YACPA resources on the subject of ISA education.</p> <p>YACPA board visited universities and discussed the requirements to comply with the IESs requirements. As a result, the universities agreed on updating their syllabuses for the Auditing and Accounting to</p>	YACPA Auditing Standards Committee and YACPA Leadership

ISA	Start Date	Estimated Completion Date	Action	Resources
			comply with the updated standards (IAS, ISA, IFRS).	
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure inclusion of ISA related questions, case studies and issues as part of the YACPA YCPA Examination. YACPA also update YCPA exam according to the updated standards (IAS, ISA, IFRS).	YACPA Auditing Standards Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to ensure that up to date ISA and ISA implementation issues are included as part of the YACPA CPD offerings.	YACPA Auditing Standards Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the YACPA Members and that training programs are updated to reflect these changes.	YACPA Auditing Standards Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to SMO of the IFAC self-assessment questionnaires and update the responses as and when it is	YACPA Auditing Standards Committee, YACPA Staff

ISA	Start Date	Estimated Completion Date	Action	Resources
			necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	

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

Background:

Adopted, No Direct Responsibility.

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Auditing and Accounting Standards including IESBA Code of Ethics starting January 1, 2020 without any amendments.

It is worth to mention that YACPA has achieved legal recognition by MIT for its adoption of the IESBA Code of Ethics for the profession before 2020. So, YACPA members have been requested to use the (IESBA) Code of Ethics for Professional Accountants.

NOTE:

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the 'The Higher Council of Accounting and Auditing' to adopt the accounting and auditing standards and the code of professional conduct for the accounting and auditing profession in Yemen. However, to date this entity has not been established.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing IESBA Code of Ethics starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of International Standards with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of International Standards has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Standards for the country of Yemen. All these efforts let to:

- 1- The MIT thorough the Public Accountants Permitting Committee Approved adopting and Implementing International Auditing and Accounting Standards along with Code of IESBA Code of Ethics for Professional Accountants issued by the International Federation of Accountants and passed this approval in a letter to the Ministers Council, which become the core document for the Government resolution.
- 2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing international Auditing and Accounting standards including IESBA Code of Ethics starting January 1, 2020.

It is worth mention that YACPA has achieved legal recognition by MIT for its adoption of the IESBA Code of Ethics for the profession before 2020. So, YACPA members have been requested to use the (IESBA) Code of Ethics for Professional Accountants

YACPA requests including the IESBA Code of Ethics in the local YCPA exams and providing trainings in this area.

YACPA will continue to promote awareness, education and training on the Code of Ethics for Professional Accountants for its candidates for membership, its members, and within the broader community of accountancy (e.g., universities and their education programs).

YACPA will actively engage with “The Committee of Adopting and Implementing the International Standards (CAIIS)” to promulgate adopting and implementing the IESBA Code of Ethics,

The 2022 handbook of the international code of ethics for professional accountants is in use.

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i>	February 2014	June 2021 Completed	<p>YACPA will create a formal process for ensuring that its entire membership has read, understood, and agreed to abide by the Code of Ethics.</p> <p>To aid formalization, it will create a formal document which all members will be required to sign to attest to these facts. YACPA will then monitor completion and signing of all documents.</p> <p>YACPA provides its members with Arabic translations of the standards to support implementation.</p> <p>YACPA share the updated Code of Ethics with all members through WhatsApp group created for members only.</p>	Ethics Committee, YACPA Staff, Yemeni Certified Public Accountants' Committee in The Ministry of Industry and Trade

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i>	February 2014	June 2021 Ongoing	As part CPD and conferences, YACPA will include substantial opportunities for training on the Code of Ethics and will require as part of CPD annual achievement the completion of at least one seminar per year on ethics. Upon completion of ethics coursework, members will be required to sign a document attesting that they have completed the required amount of training in ethics. This will be collected and monitored.	Ethics Committee, YACPA Staff
<i>Creating Formalization of Processes to Ensure Implementation of Code of Ethics</i>	February 2014	ONGOING	YACPA will work to link non-compliance with signing, and agreement to the Code of Ethics and non-compliance with attainment of minimum amounts of ethical training to investigation and disciplinary process and sanction.	Ethics Committee, YACPA Staff
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work with Universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA Ethics trainings and also to have access to YACPA resources on the subject of Ethics education.	YACPA Auditing Standards Committee, Universities

International Code of Ethics	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure inclusion of Ethics related questions, case studies and issues as part of the YACPA YCPA Examination.	YACPA Auditing Standards Committee, Exam Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to ensure creation of Ethics CPD courses which address both the theoretical as well as practical aspects of Code of Ethics implementation.	YACPA Auditing Standards Committee, Exam Committee
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to SMO of the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ethics Committee, YACPA Staff

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

Background:

Not Adopted, No Direct Responsibility.

The Ministry of Finance (MF) and Central Organization of Control and Audit (COCA) are responsible for defining public Sector accounting standard. Currently, IPSAS have not been adopted in Yemen. The Yemeni public sector follows an accounting system called Unified Accounting System.

Under section 149 of the Commercial Company Law, every public company is required to prepare and file annual accounts with the Ministry of Industry and Trade. Due to the absence of IPSAS, IFRS are used in preparing External Financial Reporting Statements.

YACPA will however, continue its best efforts to raise the awareness of government to the benefits of IPSAS and the need for adoption.

NOTE:

Currently, IPSAS have not been adopted in Yemen. The Yemeni public sector follows an accounting system called Unified Accounting System.

Under section 149 of the Commercial Company Law, every public company is required to prepare and file annual accounts with the Ministry of Industry and Trade. Due to the absence of IPSAS, IFRS are used in preparing External Financial Reporting Statements.

The YACPA will however, continue its best efforts to raise the awareness of government to the benefits of IPSAS and the need for adoption. Additionally, YACPA has been active in seeking to identify opportunities where it may be able to cooperate with government to support government accounting training and capacity building efforts. With the creation of the new YACPA Training Institute, YACPA now has greater capacity to provide capacity building activities beyond its own membership to the broader accountancy environment. In the coming years, YACPA will seek to build communication on this possibility and extend the opportunity to government entities of the resource available to them through the YACPA Training Center.

IPSAS	Start Date	Estimated Completion Date	Action	Resources
<i>Begin Dialogue as it Relates to IPSAS and Support Broader PFM Activities</i>	ONGOING	ONGOING	Since the Government has not adopted the IPSASs, the YACPA will use its best endeavors to create awareness of IPSAS, the impact of their use around the world and the progress that has been made, subsequent to their adoption, reflecting the possible benefits of their adoption and the implementation in Yemen.	YACPA Leadership, YACPA Staff, COCA
<i>Begin Dialogue as it Relates to IPSAS and Support Broader PFM Activities</i>	DECEMBER 2013	ONGOING.	YACPA will engage in dialogue on the possibility of cooperation with government entities in the provision of accountancy training and public financial management education through its YACPA Training Institute.	YACPA Leadership, YACPA Training Institute, YACPA Staff, COCA
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to use 'best endeavors' by identifying opportunities to further assist in the adoption of the IPSAS. This includes review of the existing activities and updating action plans for the future activities where necessary.	YACPA Leadership, YACPA Staff

IPSAS	Start Date	Estimated Completion Date	Action	Resources
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA responses to the IFAC compliance self-assessment questionnaires and update responses as and when necessary. Once updated, inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Leadership, YACPA Staff

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Promote alignment with SMO 6 requirements at the jurisdiction level

Background:

Not Adopted, Shared Responsibility.

In accordance of Law No.26 (1999) (Articles #67-70 & 73), a Disciplinary Council which operates under the auspices of the MIT should be created to investigate and recommend disciplinary action under the court system. Although envisioned by law, this Council has not yet been established. As such, YACPA has been working with MIT to support the establishment of a strong independent Disciplinary Council.

Presently, the Ministry of Justice is primarily responsible for investigation and discipline of professionals. As such, serious crimes (e.g., fraud) are addressed through the Yemeni judiciary system and by the courts. To support this process, YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.

When there is an issue regarding to a member professional conduct, the complainant raises the issue to YACPA. YACPA has a committee for member's rights and Ethics which is responsible for studying the case and rise its opinion to the Board and the board take the suitable action.

Regarding the other issues that raised directly to the court (Ministry of Justice) the court usually communicate with YACPA board before taking any action.

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	June 2014	April 2022 Completed	YACPA will work with Government to explore whether establishment of the Disciplinary Council is possible and/or makes sense given the current context of the country, or if there may be an opportunity for amendment of current laws (or decree/directive) which would provide YACPA with further power to undertake full I&D function in accordance with SMO 6.	YACPA Leadership

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	APRIL 2014	April 2022 Completed	Upon determination of Undertake 'gap analysis' to compare the current I&D system which functions in Yemen (YACPA I&D, Disciplinary Council, plus Justice Courts system) and look at the components of SMO 6 to determine where there may be opportunities for further strengthening to meet the requirements of SMO 6.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	SEPTEMBER 2014	September 2022 Completed	Create short report detailing any areas of deviation from SMO 6 and recommendations for improvement.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	DECEMBER 2014	April 2023 Completed	Seek to work with Courts system and other actors to remediate areas identified by short report and recommended for action.	YACPA Leadership, IFAC Task Force, Possible Support from World Bank

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Strengthening of the Investigation and Disciplinary System (I&D)</i>	DECEMBER 2014	Sep 2022 Completed	<p>Work with Ethics Committee to ensure strengthening of I&D system to ensure strong inclusion of guidelines, processes and sanctions for violation of Code of Ethics, Ethics CPD Requirements and/or Ethical pledge of YACPA members.</p> <p>Seek to include among sanctions for ethical violations the possibility for suspension or removal of license for violation of the ethical standards.</p>	YACPA Leadership, IFAC Task Force, Possible Support from World Bank
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	<p>Continue to use best endeavors to ensure the investigation and disciplinary mechanism encompasses addressing all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.</p>	YACPA Leadership, IFAC Task Force, YACPA Staff

SMO 6 Component	Start Date	Estimated Completion Date	Action	Resource
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA response to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Leadership, IFAC Task Force, YACPA Staff

If the system exists, please indicate whether it is aligned with the following best practices of SMO 6:

Although a council of investigation & discipline envisioned by law, this Council has not yet been established. The answer to the bellow questions reflect the current practice, mainly, as per the Ministry of Justice procedures.

SMO 6 Best Practices	Yes	No	Partially	Comments
(Para #) Scope of the system A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.		X		Presently, the Ministry of Justice (MJ) is primarily responsible for investigation and discipline of professionals. To support (MJ) process YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process. <i>As per Article 67(b) of the Audit and Review of Account Law No. 26 of 1999, the disciplinary council is to be formed to take-up the disciplinary matters relating to the profession, however, this council not established yet.</i>
Information about the types of misconduct which may bring about investigative actions is publicly available.			X	
Initiation of Proceedings Both a “complaints-based” and an “information-based” approach are adopted.		X		
Link with the results of QA reviews has been established.		X		

Investigative process A committee or similar body exists for performing investigations.			X	Despite the fact that the disciplinary council is not yet formed as required by the above-mentioned law, in order to activate and start the implementation at least a preliminary investigation and discipline system a committee has been formulated between YACPA, MIT and Tax Authority to look after some violation reported and disciplinary actions have been taken (licenses suspension for three years) against some members after conducting the required review and investigation.
Members of a committee are independent of the subject of the investigation and other related parties.			X	Despite the fact that the system of investigation is not yet established, and in order to maintain at least the minimum independence requirements, the above-mentioned committee has been formulated from well experienced members depending on official nomination from these concerned entities.
Disciplinary process A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.			X	Please refer to the above response.
Members of the committee/entity include professional accountants as well as non-accountants.			X	Please refer to the above response.
The tribunal exhibits independence of the subject of the investigation and other related parties.			X	

Sanctions 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.	X			Yes, as per the Law No. 26 (1999) regulates the auditing and accounting profession.
Rights of representation and appeal A third appeals body exists which is separate from both the disciplinary committee and investigative committee.		X		
Administrative Processes Timeframe targets for disposal of all cases are set.		X		
Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.		X		
Records of investigations and disciplinary processes are established.		X		
Public Interest Considerations Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.			X	All disciplinary actions taken have been shared with all YACPA members (social media) and concerned authorities. In fact, the latest disciplinary action taken by the committee has been published in the local newspaper as required by law.

A process for the independent review of complaints on which there was no follow-up is established.		X		
The results of the investigative and disciplinary proceedings are made available to the public.			X	
Liaison with Outside Bodies There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.			X	
Regular review of implementation and effectiveness Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.		X		

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

Background:

Adopted, No Direct Responsibility.

The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and their interpretations and related publications issued by the International Accounting Standards Board without any amendments. The following establishments shall apply such standards:

- a) Entities subject to public accountability represented by commercial banks, specialized banks and companies operating in the financial institutions sector and others who are obliged to submit their reports and financial statements to the Central Bank of Yemen.
- b) All types of companies and commercial, industrial and service entities (tax classified as major taxpayers) that are obligated to submit their reports and financial statements to the Ministry of Industry and Trade and the Tax Authority
- c) Entities that are not subject to public accountability, and would like voluntarily to adopt the full International Accounting Standards.

In addition, the above mentioned, Council Minister's resolution approved Adopting and Implementing the International Financial Reporting Standard for Small and Medium Enterprises.

Before the official approval of adopting and implementing IFRS, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA directed its membership to use international standards (IFRS). Also, the Central Bank in its circulates (issued before January 2020) requires banking and financial institutions to use IFRS in their external reporting. Article 107 of Tax Bylaws (issued before January 2020) requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts.

NOTE:

As noted in Law No.26 (1999) (Articles #67-70 & 73), a Disciplinary Council (external to YACPA) which operates under the auspices of the MIT should be created to investigate and recommend disciplinary action under the court system. Although envisioned by law, this Council has not yet been established. As such, YACPA has been working with MIT to support the establishment of a strong independent Disciplinary Council that addresses not only professional, but also ethical violations in-line with Yemeni legislation.

Presently, the Ministry of Justice is primarily responsible for investigation and discipline of professionals. As such, serious crimes (e.g., fraud) are addressed through the Yemeni judiciary system and by the courts. To support this process, YACPA has sought and has been granted formal recognition by the Ministry of Justice in providing technical experts to support this legal process.

To ensure that there is an outlet for addressing less serious violations (cases which might fall outside of the judiciary system) YACPA has developed a basic internal system to address professional and ethical complaints. Complaints are raised to the Chairman and the Administrative Council whom appoint a team of YACPA members to investigate the matter and decisions are brought before the Administrative Council, which implements final decisions issued against the members within the authority YACPA has.

YACPA recognizes that its present supplementary system of investigation and discipline is a short-term solution to the long-term challenge of strengthening the system of investigation and discipline in the country of Yemen. Using this internal system is very rare, no single issue noted during the last 2 years. therefore YACPA is working strongly with the MIT to encourage the development of the Disciplinary Council in-line with the tenets of SMO 6 and in strengthening its own internal system of I&D so as to better cover any gaps which currently exist between SMO 6 and the I&D systems (within Ministry of Justice and within YACPA) in operation.

On September 2020, the “The Public Accountants Permitting Committee - PAPC” approved the mechanism suggested by YACPA to handle any issues come to the MIT against any of YACPA members. Copy of the minute and the suggested mechanism attached.

NOTE:

Law No. 26 (1999) regulates the auditing and accounting profession in Yemen. The law empowers a specific body, the ‘The Higher Council of Accounting and Auditing’ to adopt the accounting standards for the accounting profession in Yemen. However, to date this entity has not been established.

Additionally, the Ministry of Industry and Trade (MIT) is the prime regulator of commercial companies and as such is considered an authoritative body in the process of promulgating professional standards. MIT perform this role via a Committee called “The Public Accountants Permitting Committee - PAPC” where YACPA has 2 members in this committee out of 6 members as per the Yemeni Profession Law.

The Council of Ministers in its resolution No 51 of 2019 and based on the letter of the Minister of Industry and Trade approved officially adopting and implementing International Financial Reporting Standards (IFRS) starting January 1, 2020:

In light of the lack of a Higher Council of Accounting and Auditing, YACPA actively engaged with (1) MIT (The Public Accountants Permitting Committee) and (2) with governmental bodies and private sector entities (Chamber of Business etc.) to undertake a formal adoption of IFRS with legal enforcement. Additionally, YACPA has been proactively seeking government support for the adoption of International Standards. A recent request from YACPA leadership to the President of Yemen to support the adoption of IFRS has resulted in a letter from the President directing the Prime Minister to pursue adoption of International Auditing and Accounting Standards for the country of Yemen. The output of the in-depth discussion with stakeholders during the Workshop organized by the World Bank in Cairo during December 19-20, 2013 which focused on adopting the IFRS in Yemen considered the road map toward officially adopting and implementing IFRS. All the above led to:

1- The MIT thorough the Public Accountants Permitting Committee Approved adopting and Implementing International Accounting and Auditing Standards and passed this approval in a letter to the Ministers Council, which become the core document for the Council resolution.

2- The Council of Ministers in its resolution No 51 of 2019 approved officially adopting and implementing International Accounting and Auditing Standards starting January 1, 2020. The resolution included the following:

Article (1-A): Adopting and Implementing the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and their interpretations and related publications issued by the International Accounting Standards Board.

Article (1-C): Adopting and Implementing the International Financial Reporting Standard for Small and Medium Enterprises.

Article (2) The international accounting standards mentioned in Paragraph (A) of Article (1) shall be applied by the following establishments:

a- Entities subject to public accountability represented by commercial banks, specialized banks and companies operating in the financial institutions sector and others who are obliged to submit their reports and financial statements to the Central Bank of Yemen.

b- All types of companies and commercial, industrial and service entities (tax classified as major taxpayers) that are obligated to submit their reports and financial statements to the Ministry of Industry and Trade and the Tax Authority

c- Entities that are not subject to public accountability, and would like voluntarily to adopt the full International Accounting Standards.

Article (3-A): The Ministry of Industry and Trade shall form a committee called "The Committee of Adopting and Implementing the International Standards (CAIS)" mentioned in this resolution, headed by the Undersecretary of the Business Services Sector / the chairman of the Public Accountants Permitting Committee, The members of CAIS represent the relevant stockholders.

Article (3-B): The committee undertakes the task of following up the adoption and implementation of all standards, collecting and studying information with a view to identifying small and medium-sized enterprises and determining the type of entities that can apply the international standard for financial reporting for small and medium-sized enterprises mentioned in Article (1) paragraph (c) and identifying small and medium-sized enterprises prepared to apply this standard The expected date to start applying it.

Article (4-A) The application of International Accounting Standards and International Financial Reporting Standards applies to the financial reports and lists, as of January 1, 2020

Notes:

Before the official approval of adopting and Implementing the International Standards, YACPA was self-regulating the profession in the area of professional standards. As such, YACPA directed its membership to use international standards (IFRS) and continued doing so until these standards approved by the Minister Council in May 2019; also, the Central Bank requires banking and financial institutions to use IFRS in their external reporting. Article 107 of Tax Bylaws requires large and medium taxpayers to use International Accounting Standards in preparing the annual accounts, in absence of the accounting standards specified in the Commercial Companies Law or applicable standards in the Republic of Yemen.

To support this area, YACPA maintains IFRS Standards Committee to examine research and promote the international standards. Through this committee, YACPA supports and directs the use of IFRS as these offer the country objectivity, stability and are vetted externally.

YACPA works with universities to include international Accounting standards in curriculum and provides trainings on the subject of international standards to further their application. Additionally, YACPA maintains Standards Committees for accounting, auditing and ethics to examine research and promote the international standards.

In regards to implementation, YACPA will continue to ensure that its workshops, training and YACPA Institute programs include IFRS materials. During 2018 and 2019 a wide range of seminars/workshops and related subjects were organized.

Additionally, YACPA will work with the stakeholders to cooperate in spreading information to company accountants in small and micro enterprises on the subject of IFRS.

YACPA will actively engage with the CAIS to promulgate adopting and implementing IFRS.

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Steps to Further Promote IFRS Implementation</i>	Feb 2013	COMPLETED	<p>Create a formal process for raising awareness of YACPA Members to IASB Pronouncement changes and modifications to ensure YACPA membership is aware of these changes (e.g., a system of e-mail messages, publication on YACPA website of changes, etc.)</p> <p>YACPA has an open license agreement with IFRS foundation Corporation, and we receive all changes in the standards and accordingly we print the updated IFRS annually and distributed it for all members for free.</p>	YACPA Accounting Standards Committee, YACPA Staff

IFRS	Start Date	Estimated Completion Date	Action	Resources
			<p>On November 2022 and May 2023 YACPA conducted two seminar and one workshop for its member which include discussions on the new changes in the standards.</p> <p>YACPA sharing all updated to its member through WhatsApp private group.</p>	
<i>Steps to Further Promote IFRS Implementation</i>	January 2014	ONGOING	<p>Develop a comprehensive training seminar on IASB pronouncements for the YACPA members both as part of efforts to increase education and also to improve quality of resulting IFRS financial information. The resulting program should may have emphasis on the following areas:</p> <ul style="list-style-type: none"> ✓ Fundamentals of IFRS; ✓ Recent changes and updates to IFRS; ✓ Application of IFRS in practice; and ✓ Challenges in applying IFRS for small and medium entities (SMEs). <p>Three seminar and two workshop held on 2022 in IFRS</p>	YACPA Accounting Standards Committee, YACPA Staff, Accounting Firms

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to support the creation of 'The Higher Council of Accounting and Auditing' and/or for creation of another manner (e.g., MIT formal recognition of YACPA adoption of IFRS) of comprehensively adopting IFRS within Yemen.	YACPA Leadership
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work with Universities to ensure their Accounting Dept. Staff have opportunities to attend YACPA IFRS trainings and also to have access to YACPA resources on the subject of IFRS education.	YACPA Accounting Standards Committee, Universities

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	<p>Continue to ensure inclusion of IFRS related questions, case studies and issues as part of the YACPA YCPA Examination.</p> <p>On November from each year 2021 and 2023 YACPA conducted four seminars for the candidates to take exams for YACPA's member, which include the above-mentioned area.</p> <p>YACPA works to make the standards available to all university students, where master's students were visited in some universities and their attention was drawn to the importance of obtaining an updated copy of the standards from the association.</p>	YACPA Accounting Standards Committee, Exam Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Continue to work to ensure that up to date IFRS and IFRS implementation issues are included as part of the YACPA CPD offerings.	YACPA Accounting Standards Committee
<i>Maintaining Ongoing Processes</i>	ONGOING	ONGOING	Monitor the changes in standards and when there are changes ensure that the changes are communicated to the YACPA Members and that training programs are updated to reflect these changes.	YACPA Accounting Standards Committee

IFRS	Start Date	Estimated Completion Date	Action	Resources
<i>Review of YACPA Compliance Information</i>	ONGOING	ONGOING	Perform periodic review of YACPA response to the IFAC compliance self-assessment questionnaires and update sections relevant to relevant SMO. Once updated inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	YACPA Accounting Standards Committee