

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate compliance with IFAC's Statements of Membership Obligations (SMO). The SMOs require IFAC Members and Associates to support the adoption and implementation 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 quality assurance (QA) review and research and discipline (R&D) systems.¹
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IFAC members and associates conduct a self-assessment against SMO requirements 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 comply with SMO requirements and (b) where some requirements are not yet addressed, submit plans for compliance.

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

Periodic updates of SMO Action Plans are required as part of IFAC's Member Compliance Program.

Information use

Please refer to the [Disclaimer posted](#) on the Compliance Program website.

ACTION PLAN

IFAC Associate: Colegio de Contadores Públicos de Pichincha y del Ecuador (CCPPE)

Approved by Governing Body: Board of Directors

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Upcoming date:

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

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

GLOSSARY

QCC	Quality Control Commission
CCPPE	College of Public Accountants of Pichincha and Ecuador.
IASB	International Accounting Standards
NEC	Ecuadorian Accounting Standards
QC	Quality control
SMO	Membership Obligation Statements
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IASB	International Accounting Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
AIS	Audit of International Standards
ISA	International Standards on Auditing
IFRS	International Financial Reporting Standards
QAP	Quality Assurance Program
SME	Small and Medium-sized Entities
SEPS	Superintendency of Popular and Solidarity Economy
QAS	Quality Assurance System
SME	Small and Medium-Sized Entities
MOS	Membership Obligation Statements
COH	Court of Honor (Ethics Committee)
ISQC	International Standard for Quality Control
ISRE	International Standards for the Orders
ISRE	International Standards on Assurance Orders
ISRS	International Related Services Standards
SENESCYT	Secretariat of Higher Education, Science, Technology and Innovation

Action Plan Topic: General Description of the Organization, Environment and Action Plan Objectives
Action Plan Objective: Describe the regulatory and policy framework, governance, challenges, and key success factors.

General background

The College of Public Accountants of Pichincha and Ecuador (CCPPE) was established by Ministerial Agreement N° 638 on July 14th, 1943. As of June 29th, 2016, through Agreement 2016-107 of the Secretariat of Higher Education, Science, Technology and Innovation, the national scope was modified, and the name of Ecuador was added. Its main function is to promote the progress of accounting professionals. It currently has approximately 18.600 members, of which an average of 3.100 active members renews, annually as Certified Public Accountants and Certified Public Accountants, making it the most representative professional association in Ecuador.

AFFILIATIONS AND RENEWALS IN RECENT YEARS						
YEAR	2020			2021		
MONTH	CBA	CPA	TOTAL	CBA	CPA	TOTAL
January	348	885	1233	200	469	669
February	133	306	439	112	210	322
March	56	134	190	110	250	360
April	0	3	3	78	174	252
May	34	88	122	68	109	177
June	41	107	148	43	114	157
July	47	93	140	45	112	157
August	36	80	116	56	109	165
September	22	73	95	45	121	166
October	53	117	10	48	86	134
November	85	162	247	87	118	205
December	105	194	299	83	170	253
TOTAL	960	2242	3042	975	2042	3017

CCPPE has prepared its Strategic Plan 2022-2025, considering the needs of accounting professionals, regulatory entities and society under the local and international context and reality, considering the experience of related unions in other Latin American countries, based on IFAC guidelines, and the attributes that by law belong to CCPPE; this to adapt CCPPE's strategies to the demands of the environment and for the benefit of its members. Everything related to this, and other topics of interest can be found in the collage website: www.ccpp.org.ec

CCPPE is the pioneer institution in exposing, disseminating, and promoting ethics, values, and professional training.

Regulatory framework and definition of standards

The College of Public Accountants of Pichincha and Ecuador CCPPE is governed by its bylaws and regulations approved by the Ministry of Education and Culture according to agreement 3732 of September 2004. The Accountants Law issued by supreme decree 3004 of September 29, 1964, promoted the profession and established two levels of technical education, higher and middle, in order to seek a better scientific and practical capacity to fully accompany its delicate professional functions.

The College of Public Accountants of Pichincha and Ecuador with CCPPE competence, does not authorize to issue or determine the application of accounting standards in Ecuador, each regulator determines the basis of presentation of their controls, the CCPPE actively supports the accounting application of each regulator through agreements that allow the accounting profession to be updated in the development of activities, among the most important regulatory frameworks we can mention that as of 2010 by provision of the Superintendency of Companies and Insurance, International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) were adopted, to the extent that since 2011 the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS SME) were applied except for Insurance which has not yet begun its convergence process; the Ministry of Finance is the regulatory institution for accounting in the public sector, determined the applicability of the International Standards for the Public Sector (IAS SP) which came into force in 2018, and are in the process of adaptation and convergence. The Banks Superintendency for its regulation determines a manual of accounts that becomes the basis for the preparation of the balance. Popular and Solidarity Economy Superintendency also has two segments: financial and non-financial, the financial segment emulates the provisions of Banking Superintendency, and the non-financial segment has basic presentation regulations. Other civil companies and individuals prepare their accounting based on tax regulations.

Governance framework

The CCPPE is in the reforming process of its bylaws to create commissions that adjust to current realities and to initiate a restructuring process whose work scheme is permanent, created by mandate of the College and others that arise in response to the needs to the correct development of its activities.

The established commissions are:

- Professional Qualification,
- Legislation, Professional Defense and Ethics, Ethics and Professional Practice Subcommittee,
- Administration and Finance,
- Technical Advice on Taxation and Taxation,
- Continuing Education and Professional Improvement, Information Systems and Technology Subcommittee
- Audit, Quality Control and Expertise, Subcommittee Quality Control SMEs, Subcommittee Accounting Expertise and Forensic Auditing
- Corporate and Social Responsibility Committee, Social and Sports Affairs Subcommittee
- Accounting Practice and Research Committee
- Public Sector Practice and Research Commission

CCPPE has created an Executive Committee, which is led by the President of the Board of Directors Dr. Antonio Trujillo, IFAC Affairs Coordinator Dr. Alexei Estrella, and CCPPE's Executive Director Diego Mencías. The committee will instruct the directors of each committee to align their work scheme with some DOM; in this way, an adequate orientation to the works to be carried out will be maintained, as well as constant feedback. In addition, we intend to strengthen this area with the creation of a Corporate

Governance and Institutional Risk Committee, which will oversee studying the structure of the CCPPE, as well as its position on matters of national interest and those of the profession, both in the public and private sectors.

Challenges and key success factors

The CCPPE has an administrative and financial structure led by Mr. Diego Mencías, administrative management, a structure that allows it to undertake and successfully complete the different projects that the CCPPE has undertaken. In addition, the CCPPE has ISO 9001 Quality Certification as a guarantee of compliance with present and future projects. One of CCPPE's challenges is the creation of a professional certification to ratify the suitability of all its members. Another fundamental challenge is to provide training and certification programs for accountants throughout Ecuador, for which the existing technological platform will be strengthened.

Another of CCPPE's main tasks is to make the best effort to raise awareness on issues of ethical importance and quality of financial information; its application generates numerous benefits in terms of transparency and investment.

We are seeking alternatives for the creation of macro agreements with various ministries and oversight agencies, including the Culture Ministry, Finance Ministry, and the Comptroller General of the State Office. The purpose of financing is to maintain a better relationship with public entities, creating a link with the accounting profession.

The agreement between the Internal Revenue Service (SRI) and the CCPPE allows for tax and accounting dissemination and training to contribute to the education of society in civic tax values. The agreement with the Companies Superintendency and the Popular and Solidarity Economy Superintendency has generated several working groups in which they have contributed to establish clearer control rules.

For the CCPPE it is very important and indispensable that members and professionals of similar careers receive a permanent updated training in regulations to successfully develop their objectives through the training of dissemination and linkage of axes.

Carry out the necessary steps with the regulators for the execution of the Quality Control Program in audit work.

Priorities for 2022-2025

One of the priorities for this period is to conduct a study with the Working Commissions, establish a real commitment from their members and align their work plans with the DOM.

Greater interaction between CCPPE within international relations that will allow us to be part of focused decision-making groups, such as GLENIF Latin American Standards Issuers Group, the Regional Alliance for Sustainability, a project led by ISAR UNTAC.

To take the necessary steps to achieve greater links with public or private, national, or international organizations that strengthen the social commitment of the College, becoming an active and representative association.

Carry out the restructuring of CCPPE's commissions, which will allow it to respond to technical needs, as an advisory entity in matters of compliance with international technical regulations, focused on DOM, actively participating in the drafts issued by IFAC and other international issues.

As an Institution, we want to take advantage of the situation that membership in IFAC implies to materialize the changes required by the dynamics and evolution of the profession in our country, as well as those required to be harmonized in the global scheme.

Plan, organize, develop, and execute professional certification processes.

Projects 2022

1. The main Project is the restructuring of the commissions that allows us to technically align ourselves to the obligations of IFAC and AIC members. Creating an open nomination and nomination structure that allows for greater member interaction.
2. To implement a professional certification program at the country level for accountants and auditors: and to maintain the National Plan for Regulatory Disclosure in IFRS, NIAS, IPSAS and Code of Ethics, with which it is intended that the application of these regulations is national and in all the organizations required to keep accounting, and that they are developed in a timely and appropriate manner.

It is based on the dissemination, training, and linkage axes, in addition to considering ethics and quality assurance as transversal axes. The Plan is oriented in such a way that each of these axes is directly related to the Mandatory Membership Statements, so that program activities are in full compliance with the 7 DOM.

This Plan will be socialized with the Internal Revenue Service (SRI), the Popular and Solidarity Economy Superintendence, the Companies Superintendence and the Ministries that issue regulations to their regulated entities.

3. In the previous period, the Firms Forum formed by the Big Four was created under the initiative of the Association of Public Accountants of Pichincha and Ecuador and among its objectives is to promote quality control reviews by the Companies Superintendence on the work presented by the External Auditors.
4. Support the adoption of Accounting Standards in the Public Sector for which it will coordinate with the Finance Ministry, monitoring the IPSA adoption process. The CCPPE will prepare conferences and workshops to socialize with the different agencies and exert joint pressure so that the activities required for implementation are carried out effectively.
5. Establish permanent working groups with Control Organisms officials.
6. To strengthen and maintain face-to-face and virtual training programs for members in all the provinces in the country.
7. Provide equipment and technology in the new CCPPE building, with modern and interactive classrooms.

Action Plan Topic: DOM 1, Quality Assurance

Objective of the Action Plan: *Establishing an Effective Quality Assurance System*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Background:</u></p> <p>The quality assurance system is responsibility of the Securities and Insurance Companies Superintendency. The CCPPE maintains permanent working groups with officials of this institution, providing technical advice to promote actions that allow for better control and review the audit reports. Workshops have been held to prepare regulators and disseminate the importance of quality control. Currently the regulator has not issued a pronouncement or regulation for the implementation of Quality Assurance in Ecuador.</p> <p>Since September 2019, NIAAS schools have been promoted, with participation of Local and International Trainers that included chapters corresponding to Quality Control.</p> <p><u>Application 2022:</u></p> <p>The obligation to submit an audit is based on Articles 20, 23 and 231 of the Companies Act, which determines the mandatory nature of submitting in the first quarter of each year the reports and management reports and inspection institutions established in the law, such as the External Audit reports as appropriate, the College constantly promote technical information and training to disseminate the responsibility and benefits of an adequate quality assurance system, since implicitly all auditors, to comply with current regulations must adopt an effective quality assurance system.</p> <p>The institution in charge of quality control of external audit reports is the Superintendency of Companies through the Intervention and Control Unit, which has random review and control procedures, but not adjusted to a quality assurance system under ISQ 1. Resolution No. SCVS-INC- DNCNDN-2021-0012. SCVS-INC- DNCNDN-2021-0012 is aimed at compliance with International Standard on Auditing # 200, which deals with the overall responsibilities of the independent auditor when performing an audit of financial statements in accordance with ISA and in particular, among others, includes requirements that establish the overall of the independent auditor responsibilities applicable in all audits, including the obligation to comply with ISA, which includes applicable ethics requirements relating to financial statement audit engagements, including those relating to auditor independence, in accordance with Resolution No. Q.ICI.003 of August 21st, 2006, which resolved to provide for the adoption of the International Standards on Auditing and Assurance "ISAAS", as of January 1st, 2009, as indicated in Article 2 of said resolution.</p> <p>Quality Assurance is considered a fundamental axis in the CCPPE Plan with the regulatory institutions.</p>					

<i>Initial steps to create an effective quality assurance system.</i>					
1	April 2022	Quality Control subcommittee creation and formation as part of the Audit and Quality Control Committee.	April 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
2	April 2022	Work Plan Socialization and approval of the Quality Control subcommittee by the Audit and Quality Control Committee.	April 2022	<ul style="list-style-type: none"> ▪ Quality Control Subcommittee CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
3	May 2022	Delivery of the ISQC 1 Quality Control Standard to local regulators to promote the use of this guide by the control entity.	May 2022	<ul style="list-style-type: none"> ▪ Quality Control Subcommittee ▪ Technical Regulatory ▪ Technical Committee 	<ul style="list-style-type: none"> ▪ CCPPE
4	June 2022	Establish working groups with regulators for the discussion and understanding of ISQC 1 Quality Control.	June 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
5	August 2022	Socialization tables among all the regulators (Companies Superintendency, Banks Superintendency, Popular Solidarity Economy, Superintendency, Internal Revenue Service) to share and determine the quality control procedures under ISQC 1 ISQC 1	August 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors ▪ Quality Control Subcommittee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE

6	September 2022	Training for regulators' officials on the ISQC 1 Quality Control ISQC 1 Quality Control Standard. Verification of the compliance process of the auditing firms with the QC manual. Read, analyze, and reflect on the components as a guideline to generate a structure and framework for the Quality Assurance Plan (QAP).	September 2022	<ul style="list-style-type: none"> ▪ Regulators Subcommittee on Quality Control ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE ▪ CCPPE's Board of Directors
7	November 2022	Acquisition of SME audit manual, published by IFAC and sale by IFAC.	November 2022	<ul style="list-style-type: none"> ▪ Technical Commission 	<ul style="list-style-type: none"> ▪ CCPPE
8	December 2022	ISQC 1 Standard dissemination through the Signature Forum, to auditors for its implementation and application.	December 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors ▪ CCPPE Commissions Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Technical Commission
9	December 2022	Obtain IFAC's authorization to publish ISQC 1 to all its affiliates.	December 2022	<ul style="list-style-type: none"> ▪ Executive Director of CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Lawyer ▪ Quality Control Commission (QCCC)
<i>Review and update the information in Parts I and II of the Compliance Program.</i>					
10	Continued	<p>Review the responses to Parts I and II of the Compliance Program and make any necessary modifications to the update. Inform IFAC managers of CAP changes to publish current information.</p> <p>Designate a responsible person to review the information in Part I and II and, if necessary, make modifications.</p> <p>Report changes to IFAC.</p>	Continue to (Every year in December)	<ul style="list-style-type: none"> ▪ Quality Control Commission 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Quality Control Committee (QCC)

Appendix-Principal requirements of GOS 1

Requirements	Y	N	Partially	Comments
System Scope				
1. At a minimum, mandatory quality control reviews are required for all financial statement audits.		X		
Quality control standards and other quality control guidelines				
2. Companies are required to implement quality control system in accordance with Quality Control Standards.		X		
3. Most of the ISQC 1 update versions and other relevant ISA are adopted as Quality Control Standards.				
4. The Member Agency helps companies to understand the objectives of quality control and to implement and maintain appropriate quality control systems.			X	Through training in the NIAAS training schools
Review cycle				
5. A cycle-based, risk-based, or mixed approach is used to select companies for quality control review.		X		
6. For the cycle-based approach, quality control reviews are required to be performed at least every six years (and every three years for audits of public interest entities).			X	The provision that establishes that auditing firms have a three-year rotation in the securities market and a five-year rotation in the rest of the audited entities was eliminated, but the change of work teams in concurrent audits was suggested.

Requirements	Y	N	Partially	Comments
Quality control review team 7. The independence of quality control team is assessed and documented.			X	At the level of private companies with international representation, this type or control exists, but not on the part of the local regulatory institution, which carries it out randomly.
8. The quality control team has the appropriate levels of experience			X	Ídem
Reports 9. Documentation of evidence to support the quality control review report is required.			X	Ídem
10. A written report is issued at the conclusion of the quality control review and provided to the reviewed company /partner.			X	Ídem
Corrective and disciplinary actions 11. Reviewed companies / partners should make timely adjustments to comply with the recommendations of the review report.			X	
12. The quality control review system is linked to the research and discipline system.			X	Within the Legislation, Professional Defense and Ethics Committee, a subcommittee on ethics and professional practice was created to work jointly with the Honor Tribunal to investigate systems of investigation and discipline.

Requirements	Y	N	Partially	Comments
<p>Consideration of public oversight</p> <p>13. The agency responsible for quality control reviews cooperates with its supervisory agency and shares information on the operation of the quality control review systems as necessary.</p>		X		
<p>Periodic review of implementation and effectiveness</p>				
<p>14. Periodic reviews of the implementation and effectiveness of the system are conducted.</p>				

Topic action plan: **DOM 2, International Training Standards and other IAESB guidelines**

Action Plan Objective: *Dissemination of education standard and implementation in CCPPE training programs.*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Background:</u></p> <p>The CCPPE is the entity that joins CPA and Licensed Public Accountants in the country. The requirements that include the CPA include the Degree obtained in universities, while the CBA is obtained through the faculties of Higher Institutes, by the Law Education that applies to Ecuadorians and foreigners, who having attended foreign Universities or Higher Institutes must validate in Ecuador according to the established Ecuadorian regulations or by international agreements for professional practice, established in the Accountants Law. In accordance with the legal requirements of the country, CCPPE cannot impose an admission test, except by law. Currently, all accounting professionals are required to take an examination prior to university incorporation and the awarding of a professional degree. In Ecuador there is no process of continuous professional development.</p> <p>In accordance with Ecuadorian Accountants Law Articles 4 and 5, the accountant functions and responsibilities are established.</p> <p>The requirements to practice as an accountant in Ecuador, it is sufficient to have obtained your professional degree, since to be an auditor the requirements established by the relevant regulatory entity are generally based on experience and training.</p> <p>CCPPE maintains and offers continuous training programs and regulators to its members, through the different schools, workshops, courses, and certifications of which annual statistics are kept and published on the web page.</p> <p>CCPPE during the periods 2020 and 2021 has been promoting the approval of the Organic Law Project for the Professional Defense of Accountants, which establishes a new Accounting Technologist category defining their competencies in this new regulatory framework, also within the projects for this year an approach to regulators is established to determine the importance of national registration and the competence of the accounting professional through training hours and competency exams.</p> <p><u>Application 2022</u></p> <p>CCPPE has planned through the Continuing Education and Professional Improvement Commission; to incorporate a modification in which the members of this commission must be active teachers, for the educational and development process on which the NIES/IES is based; within its educational and national development requirements for the accounting profession, or where appropriate persuade those responsible to incorporate the essential elements of IES into those requirements; and assist the implementation of the IES.</p>					

<i>Increase awareness of NIE requirements through these continuing education programs and motive the inclusion in university education by actively participating in the discussion of the drafts published by the IAESB.</i>					
1	April 2022	Creation of the Continuing Education and Professional Development Commission	April 2022	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
2	April 2022	Socialization and approval of the Work Plan of the Continuing Education and Professional Development Committee.	May 2022	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
3	May 2022	Analysis of DOM 2 components as reference framework for continuing education plans	May 2022	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Volunteers
4	June 2022	Dissemination of the International Education Standards (NIE/IES) for initial professional development through congresses in the country's main universities, Senescyt strengthening the application of NIE/IES N°1 (Entry to the professional training program)	June 2022	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors ▪ Volunteers ▪ Universities ▪ Senescyt
5	July 2022	Declaration of maintenance and recognition of competencies, through the verification of teaching and competencies (Professional Certification), jointly with Senescyt.	July 2022	<ul style="list-style-type: none"> ▪ Education Commission 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors ▪ Volunteers
6	September 2022	Continuing education review program with the purpose of meeting all the requirements of NIE / IES 7, on learning and continuing development programs based on professional competence for Accountants and Auditors in conjunction with Senescyt.	September 2022	<ul style="list-style-type: none"> ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors ▪ Volunteers ▪ Universities ▪ Senescyt
7	May 2022	Declaration of maintenance and recognition of competencies, through the verification of teaching and competencies (Professional Certification), jointly with Senescyt.	May 2022	<ul style="list-style-type: none"> ▪ Education Commission 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors ▪ Volunteers

Topic action plan: **DOM 3, IAASB Standards**

Action Plan Objective: *Use best efforts to improve the implementation of the ISAs.*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Background:</u></p> <p>The Auditing and Assurance Standards, as well as the International Financial Reporting Standards have been adopted in Ecuador by the regulatory entity of the Securities and Insurance Companies Superintendence established in Resolution N° 3 of August 4th, 2006, for all companies with assets exceeding USD 500.000 or the are listed as a public interest company. Financial institutions and the popular and solidarity economy maintain auditing and assurance standards as complementary. In order, to hold the position of External Auditor is necessary to be qualified by the relevant regulator. The CCPPE, through its Training and Continuous Improvement Committee, makes a permanent effort to incorporate the latest updates to this standard into the training processes. However, it is necessary to make greater efforts to raise the audit professional's awareness of the need to apply the regulations.</p> <p>The auditors of the public interest company must be qualified by the Intendencia del Mercado de Valores and additionally must have international representation.</p> <p>The Superintendency in Ecuador requires the International Standards application, in their latest version translated into Spanish, transferring the application in all aspects to accounting and auditing professionals.</p> <p>The CCPPE function as a National Guild is to be the link between the Regulatory Entity and the issuers of international standards, so that the requirements and demands of the latter are compiled.</p> <p><u>Application 2022</u></p> <p>During the year 2022, the committee formerly known as Internal Audit has been restructured under the new name of Audit, Quality Control and Expertise, which will have the purpose and competence to conduct research and direct the audit practices that apply within the international regulatory framework and especially in our country, in addition to internal control and audit processes.</p>					

<i>Increase awareness of NIE requirements through these continuing education programs and motive the inclusion in university education by actively participating in the discussion of the drafts published by the IAESB.</i>					
1	April 2022	Creation of the Audit, Quality Control and Expertise Committee	April 2022	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
2	April 2022	Socialization and approval of the Work Plan of the Audit, Quality Control and Expertise Committee.	May 2022	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
3	May 2022	Conduct DOM 3, analysis, reporting on related practice statements and other documents published in the IAASB during the last 3 years.	May 2022	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors
4	September 2022	Create a process to increase CCPPE members' awareness of the standards published by the IAASB application covering ISQC1, ISA, ISRE, ISAE and ISRS. Promotion of comments in the respective discussion drafts published by the IAASB.	September 2022	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors 	<ul style="list-style-type: none"> ▪ Technical Advisory Committee
5	November 2022	Accompany and influence the regulators responsible for the issuance and development of local regulations for a correct application and adequate incorporation of the IAASB Standards and their corresponding authorization of rights of use by the issuer.	November 2022	<ul style="list-style-type: none"> ▪ Board of the Director of the Technical Advisory Commission 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors

<i>Maintain continuous processes</i>					
6	September 2022	Update through a CCPPE training seminar to members on IAASB Standards. This program should have an emphasis on SME and the following areas: Key Statements Professional ethics Practical applications	October 2022	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE
7	November 2022	Set up a scheme of disclosure of changes in the IAASB Standards. For example: mailings, newsletters, journals, etc. And comments issue by CCPPE to the IAASB on standards issued.	November 2022	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE
8	November 2022	Conduct fairs with audit tool suppliers and CCPPE members to provide useful tools for the correct development of risk-based audits.	November 2022	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ Technical Commission CCPPE
<i>Review and update the information in the Compliance Program Part I and II</i>					
9	Continues	Review compliance with Part I and II by providing feedback and establishing continuous improvement programs.	Continues every year in December	<ul style="list-style-type: none"> ▪ Audit, Quality Control and Expertise Committee ▪ Signature Forum 	<ul style="list-style-type: none"> ▪ CCPPE

Topic action plan: DOM 4, IESBA Code of Ethics

Action Plan Objective: *Update Code of Ethics*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Background:</u></p> <p>In accordance with the Accountants Law, the National Board of Directors, among its attributions in Article 32 paragraph i, dictates the Professional Ethics Code that must be applied in Ecuador and must be aligned with the Code of Ethics by IFAC. For this reason, CCPPE has been carrying out a massive dissemination of the IFAC Ethics Code in force, incorporating it into the permanent training curricula and carrying out massive dissemination programs on television, as can be seen in the following link https://www.ccpp.org.ec/2019/03/27/nuevo-codigo-de-etica/</p> <p>The CCPPE promotes in all its schools the dissemination and application by professionals of ethics in their professional activities.</p> <p><u>Application 2022:</u></p> <p>One of the objectives of the Legislation, Research, Ethics and Professional Practice Committee is to disseminate the Ethics Code and within the activities for compliance with DOM 4. In this way, we intend to adopt the IFAC Ethics Code and consider it as a transversal axis of the Training and Quality Control Plan.</p> <p>For this process to be viable, it is necessary to have the Right of Use by IFAC authorization.</p>					
<i>Adoption of the IESBA Code of Ethics</i>					
1	April 2022	DOM 4 analysis as a basis of the fundamental principles of professional ethics to guide CCPPE members in their work and professional practices.	June 2022		<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ IFAC
2	June 2022	Implement the work plan to obtain authorization for the right of use the IESBA Code of Ethics, together with the regulators.	August 2022		<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ IFAC
3	October 2022	Include a discussion on the application of the Code of Ethics in practice in forums and training seminars. Disseminate and print the IFAC Code of Ethics for subsequent distribution and socialization with members, with the prior authorization of IFAC	October 2022	<ul style="list-style-type: none"> ▪ Education Commission 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ IFAC
4	December 2022	To propose the incorporation of the IFAC Ethics Code within the new draft amendment to the Association Bylaws.	December 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors

<i>Maintain continuous processes</i>					
5	January 2023	Strengthen the Auditor's Ethics, limitations, and responsibility with the existing exceptions on the different assurance services.	Continues (every year in December)	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ Court of Honor ▪ Volunteers
<i>Review and update the information in Parts I and II of the Compliance Program</i>					
6	Continues	Review compliance with Parts I and II, making the corresponding feedback.	Continues (every year in December)	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ Court of Honor ▪ Volunteers

Topic action plan: **DOM 5, and accounting in the Public Domain**

Action Plan Objective: *Increasing awareness of government counterparts*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Fund:</u></p> <p>The Ecuadorian State between the Economy and Finance Ministry and through agreement N° 67 of May 16th, 2016, published in Official Gazette N° 755, issued the main and technical standards for governmental accounting update that repeal the principles issued on December 29th, 2007, in Ministerial Agreement N° 447.</p> <p>In January 1st, 2020 is established as the period of convergence of governmental accounting standards to IPSAS, for which an instruction was published by the Governmental Accounting Undersecretariat of the Economy and Finance Ministry, which can be found at the following link: https://www.finanzas.gob.ec/wp-content/uploads/downloads/2019/04/Instructivo-para-la-aplicaci%C3%B3n-de-NICSP-por-primera-vez_OK.pdf</p> <p>The functions of the CCPPE are promote the appropriate dissemination of IAS SP among public sector professionals, in coordination with the Finance Ministry.</p> <p>It has made a formal pronouncement on the IPSAS application in the accounting of the National Public Sector. We are designing training seminars on this Standard; the next year, CCPPE intends to hold more events to disseminate and raise awareness of the importance of implementing these Standards.</p> <p><u>Application 2022</u></p> <p>CCPPE created the Public Sector Commission to work on discussions and comments on the Standards issued by IPSASB and is expected to sign and comments on the Standards issued by IPSASB and is expected to sign a cooperation agreement with the Economy and Finance Ministry to establish a program for the dissemination of Accounting Standards for the Public Sector.</p>					

<i>Initiate dialogue on IPSAS</i>					
1	March 2022	The CCPPE creates within its technical commissions the Public Sector commission that is aligned to meet the IPSASB objectives.	March 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors
2	Mayo 2022	CCPE initiates the macro process of an agreement with the Economy and Finance Ministry, in order to participate in public discussion on the possible benefits in the adoption and IPSAS implementation in Ecuador and will request the right to use the IFAC Regulations.	June 2022	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors ▪ Economy and Finance Ministry 	<ul style="list-style-type: none"> ▪ CCPPE Board of Directors ▪ Economy and Finance Ministry
<i>Maintain continuous processes</i>					
3	Continues	The Action Plan will include the design of seminars for the training of public sector professionals, in coordination with entities such as the Ministry of Economy and Finance, among others.	Continues every year in December	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee 	<ul style="list-style-type: none"> ▪ CCPPE Public Sector Commission
4	Continues	Maintain contact with the central government authorities (Ministry of Finance and the Comptroller General's Office), so that this regulation is adequately disseminated within the regulators.	Continues	<ul style="list-style-type: none"> ▪ Public Sector Commission Technical Commission 	<ul style="list-style-type: none"> ▪ CCPPE Public Sector Commission
<i>Review and update the information in Parts I and II of the Compliance Program.</i>					
5	Continues	<p>Review compliance with Part I and II by providing feedback and establishing continuous improvement programs.</p> <p>Delegate a person responsible for the alignment of the new standards.</p>	Continues	<ul style="list-style-type: none"> ▪ Public Sector Commission Technical Commission 	<ul style="list-style-type: none"> ▪ CCPPE Public Sector Commission

Topic action plan: DOM 6, Research and Discipline

Action Plan Objective: *Strengthen research and disciplinary processes.*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Fund</u></p> <p>The Investigation and Discipline process was previously assigned to the Honor Committee. In order to establish and adequate process, this year the Legislation, Investigation and Ethics and Professional Practice Committee of the CCPPE was created, which will be the independent body within the investigation and discipline processes.</p> <p>The Law determines that CCPPE has no responsibility forte acts of its member; CCPPE's responsibility is to urge those responsible to implement investigation and disciplinary procedures, which are currently the responsibility of the regulator bodies.</p> <p><u>Application 2022</u></p> <p>The Commission on Legislation, Investigation, Ethics and Professional Practice CCPPE will establish a process for receiving complaints and accepting resolutions from regulators, aimed at placing exclusion in the performance of professional qualification.</p>					
<i>Strengthening the Research and Discipline System (R & D)</i>					
1	April 2022	The Legislation, Research, Ethics and Practice Committee shall establish a procedure for receiving complaints regarding the placement of exclusion and shall coordinate with the respective regulators.	May 2022	<ul style="list-style-type: none"> ▪ Board of Director ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
2	Mayo 2022	The Legislation and Professional Defense Committee of the CCPPE will prepare the document for the integral revision of the Legal Framework, to establish alternative procedures for discipline and Professional Qualification. Coordinate the application of arbitration with the Chambers of Commerce in case of professional malpractice.	July 2022	<ul style="list-style-type: none"> ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE

Action Plan of the
College of Public Accountants of Pichincha and Ecuador (CCPPE)

#	Start date	Actions	Effective date	Responsibility	Resources
3	July 2022	Present the document for analysis to the Board of Directors.	July 2022	<ul style="list-style-type: none"> ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
4	August 2022	Obtain feedback from the Board of Directors and issue a revised document.	August 2022	<ul style="list-style-type: none"> ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
5	September	Send this document to the regulators for comments	September2022	<ul style="list-style-type: none"> ▪ Regulators 	<ul style="list-style-type: none"> ▪ CCPPE ▪ IFAC
6	October 2022	Posting on the CCPPE website or other means, to open it to comments from colleagues.	October 2022	<ul style="list-style-type: none"> ▪ Responsibility 	<ul style="list-style-type: none"> ▪ CCPPE
7	October 2022	Send this document to the Board of Directors for comments.	October 2022	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
8	November 2022	Obtain the final document from the Board of Directors	October 2022	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
9	November 2022	Send the draft to the General Assembly and obtain comments.	November 2022	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
10	December 2022	Issue a final document with comments for the National Assembly	December 2022	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors
11	January 2023	Submit for approval by the Assembly	January 2023	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors
12	February 2023	Posting on the website or other means to be open to comments from members	February 2023	<ul style="list-style-type: none"> ▪ Board of Directors ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors

<i>Maintain continuous processes</i>					
13	Continues	Ensure through annual reviews that the R&D quality level of the R&D system complies with the DOM 6 components, communicating in a timely manner to regulators.	Continues every year in December	<ul style="list-style-type: none"> ▪ Legislation and Professional Defense Committee of the CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
14	January 2023	To provide support and become an impartial mechanism for the resolutions of disciplinary conflicts that are analyzed by the CCPPE Honor Tribunal	December 2022 - December 2023	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE
<i>Review and update the information in Parts I and II of the Compliance Program</i>					
15	Continues	<p>Review Part I and II Compliance Program responses and make modifications as necessary to update the parts.</p> <p>Inform IFAC employees of updates to publish them.</p> <ul style="list-style-type: none"> - Designate a responsible person to review the information in Parts I and II and make modifications. - Report changes to IFAC 	Continues every year in December	<ul style="list-style-type: none"> ▪ CCPPE's Board of Directors 	<ul style="list-style-type: none"> ▪ CCPPE

Appendix – Main requirements of SMO 6

Requirements	Y	N	Partially	Comments
System Scope				
1. There is a system of investigation, discipline and appeals for the accounting profession. The system is operational.	X			In the 2022-2025 period, the committees were restructured, creating the Legislation, Investigation and Professional Ethics Committee with the Legislation, Investigation and Discipline subcommittee.
2. Information on the types of misconduct that may give rise to investigative actions is publicly available.		X		The CCPPE is not competent to make value judgments.
Initiation of proceedings				
3. Both a "complaint-based" and information-based" approach are adopted.	X			One of the committee objectives is to propose procedures for an approach based on agreements made with other institutions such as the Chamber of Commerce.
4. A link has been established with the results of quality control reviews		X		
Investigation process				
5. There is a committee or similar agency to conduct investigations.	X		X	In the 2022 - 2025 period, the committees were restructured, creatin the Legislation, Investigation and Professional Ethics Committee with the Legislation, Investigation and Discipline subcommittee.
6. The members of a committee are independent of the subject of the investigation and other related parties.	X			
Disciplinary process				
7. There is a separate disciplinary committee/entity to make disciplinary decisions on referrals from the investigation committee	X			The CCPPE Board of Directors, based on the report submitted by the disciplinary commission, decides whether to issue a public or private reprimand to the offender.
8. Committee / entity members include professional accountants as well as non-accountants.			X	Accountants only

Requirements	Y	N	Partially	Comments
9. The court exhibits independence from the subject of investigation and other related parties	X			
Sanctions 10. The disciplinary system allows for the imposition of a wide range of sanctions. It is particularly important to include: a) loss of professional designation b) restriction and removal of exercised rights, and c) exclusion from memberships.			X	Exclusion from the guild, without this meaning that he/she cannot exercise his/her professional activity.
Rights of representation and appeal 11. There is a third appeals body that is separate from both the disciplinary committee and the investigation committee.	X			The CCPPE's Court of Honor as the highest organism
Administrative Processes 12. Deadline targets are established for the elimination of all cases.		X		The Commission shall establish terms, deadlines, and procedures for the disciplinary process.
13. Follow-up mechanisms are established to monitor progress in the investigation and discipline and related procedures.			X	
14. Records of investigations and disciplinary proceedings are established.	X			An annual record is kept of the investigations and disciplinary processes carried out
Public interest considerations 15. Activities are supported to ensure that the public is aware that there is an investigation and discipline system in place in the jurisdiction.			X	Even though not all professionals are associated, alternatives are provided to denounce professional malpractice.

Requirements	Y	N	Partially	Comments
16. A process is established for the independent review of complaints that were not followed up on		X		
17. The results of investigative and disciplinary proceedings are presented to the public.		X		
Liaison with external bodies 18. There is an appropriate process in place for liaison with external bodies regarding possible involvement in crimes and serious misconduct.		X		Work is being done on agreements with the Commerce Chambers to alert them about inadequate professional performance in crimes and serious misdemeanors.
Periodic review of implementation and effectiveness 19. Periodic review of system implementation and effectiveness is performed, and corrective actions are implemented.		X		

Topic action plan: **DOM 7 and IFRS 7**

Action Plan Objective: *Improving the implementation of IFRS.*

#	Start date	Actions	Effective date	Responsibility	Resources
<p><u>Fund:</u></p> <p>The IFRS implementation process in Ecuador began in 2010; through the Companies, Securities, and Insurance Superintendence to its regulated entities, allowing the use of the complete standards and the SME standards, from 2019 onwards, non-listed companies will be allowed to use the IFRS for SME, eliminating the requirement based on income, assets and personnel. The Superintendency of Banks initiative workshops with external auditors and international organizations on risk-based supervision in which the importance of Basiela 3 and the incorporation of IFRS in financial institutions is determined, the following link contains information on progress in banking https://www.superbancos.gob.ec/bancos/seminario-internacional-en-ecuador-sobre-supervision-basada-en-riesgos-17-diciembre-2021-900-am-a-330-pm/. CCPPE has played and continues to play leading role at the national level in the dissemination, analysis, and application of standards. It has trained some 5.000 professionals in the last 10 years. Government control agencies rely on CCPPE to disseminate, promote, and socialize the different legal provisions and regulations that come into force by law. Our permanent commitment to the country's professionals is to update their knowledge with the lowest resolutions and to provide professional development in accordance with the requirements of the accounting profession, to present quality financial information. The process of implementing the standard at the national level is gradually being consolidated and full support has been given to the mandatory nature of its application through the application of IFRS concepts with the Tax Frameworks and, also to the composition of the business sector in the case of (full) IFRS, since very few companies are listed on open markets or need to publish financial statements. Discussion Forums have been opened within the College to agree on criteria and form there develop a strategy both to create more appropriate training mechanisms and to open permanent channels with the economic sector to allows better implementation of the IFRS for SME.</p> <p><u>Application 2022:</u></p> <p>The CCPPE has the responsibility to disseminate and train to achieve the national implementation of IFRS, IFRS for SME and create awareness that this issue is no longer a business problem and becomes a country issue. We are awaiting the latest publication of the IFRS for SME to begging a process of dissemination and training.</p> <p>The new Board of Directors created the Accounting Research Commission to coordinate the work in conjunction with GLENIF, with which we have admitted as members for Ecuador.</p>					

<i>Intermediate stages of IFRS implementation</i>					
1	April 2022	Create the Accounting Research Technical Committee to support IFAC initiatives in compliance with IFRS DOM 7.	April 2022	<ul style="list-style-type: none"> ▪ Accounting Investigation Committee 	<ul style="list-style-type: none"> ▪ CCPPE
2	May 2022	Establish a mechanism for the dissemination of the IASB proposals, so that members can comment on these drafts.	Continues	<ul style="list-style-type: none"> ▪ CCPPE 	<ul style="list-style-type: none"> ▪ CCPPE
3	May 2022	Collect the comments issued by the members and have them evaluated by the technical committee to define relevant aspects and prepare a report for the Board of Directors.	Continues	<ul style="list-style-type: none"> ▪ CCPPE ▪ Accounting Investigation Committee 	<ul style="list-style-type: none"> ▪ CCPPE
4	May 2022	Exchange Technical Report criteria with the different regulators to determine its applicability	Continues	<ul style="list-style-type: none"> ▪ CCPPE ▪ Accounting Investigation Committee 	<ul style="list-style-type: none"> ▪ CCPPE ▪ Board of Directors
5	May 2022	Create a system for the disclosure of changes in IASB standards to ensure that members are informed of changes.	Continues	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ Accounting Investigation Committee 	<ul style="list-style-type: none"> ▪ CCPPE

<i>Maintain continuous processes</i>					
6	Continues	Continued efforts to ensure the coverage of training and dissemination or information on IFRS and IFRS for SME, through the distribution of books containing the Standards.	Continues every year in December	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ Accounting Investigation Committee 	▪ CCPPE
7	Continues	Monitor changes in IASB standards and that the changes are reflected in the training programs offered by the College.	Continues every year in December	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ Accounting Investigation Committee 	▪ CCPPE
8	Continues	Make every effort to identify opportunities to support the implementation of IFRS and Full IFRS for SME. It includes a review of existing activities and an update of the action plan for future activities worked on in conjunction with the regulators.	Continues every year in December	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development 	▪ CCPPE
<i>Review and update the information in Parts I and II of the Compliance Program</i>					
9	Continues	<p>Review the responses to Parts I and II of the Compliance Program and make any necessary modifications to update them. Report the progress of the processes to IFAC on the incorporation of International Regulations.</p> <ul style="list-style-type: none"> - Designate a responsible person to review the information in Parts I and II and make modifications. <p>Publish application guides for IFRS practices.</p>	Continues every year in December	<ul style="list-style-type: none"> ▪ Continuing Education and Professional Development Committee ▪ Accounting Investigation Committee 	▪ CCPPE