

## **BACKGROUND NOTE ON ACTION PLANS**

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

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

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

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

### **Use of Information**

Please refer to the Disclaimer published on the IFAC Member Compliance Program website.

## **ACTION PLAN**

**IFAC Member/Associate:**

**Approved by Governing Body:**

**Original Publish Date:**

**Last Updated:**

**Next Update: July 2024**

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

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

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**GLOSSARY**

<b>IAASB</b>	International Assurance and Auditing Standards Board
<b>IESs</b>	International Education Standards
<b>IESBAs</b>	International Ethics Standards for Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISQC 1</b>	International Standard on Quality Control 1
<b>ISA</b>	International Standards on Auditing
<b>QA</b>	Quality Assurance
<b>SMEs</b>	Small and Medium Sized Entities
<b>SMOs</b>	Statement of Membership Obligations
<b>SMPs</b>	Small and Medium Practitioners

**Action Plan Subject:** SMO 1–Quality Assurance

**Action Plan Objective:** To implement an effective system of Quality Assurance in compliance with IFAC SMO 1 (Quality Assurance).

**Background:**

**Suggested Content:**

With the ratification of the Chartered Accountants Act 13/2020 in the year 2020, Institute of Chartered Accountants of the Maldives (CA Maldives) was established as the legal body mandated with the regulation of the accounting profession in the Maldives.

Pursuant to the Chartered Accountants Act 13/2020, CA Maldives is responsible to regulate, and develop the field of chartered accountancy in the Maldives.

Under the Regulation for Statutory Audit and Assurance Services in the Maldives (R-3/2021) made pursuant to the Chartered Accountants Act 13/2020, Audit and Licensing Committee (ALC) of the Institute is mandated with carrying out the audit quality assurance work ensuring the licensed auditors are compliant with the requirements of this regulation and compliant with International Standards on Auditing, legal and other regulatory requirements. In order to discharge this responsibility and maintain the quality of the audit service provided by statutory licensed auditors in Maldives, ALC will be establishing quality assurance review system.

The Quality Assurance Review (QAR) framework that will has been developed by the ALC will ensure compliance with International Standards on Auditing (ISA 220 revised) and International Standards on Quality Management (ISQM)1 at the engagement level and firm level.

To start off with pilot phase of quality assurance review system, the review team will consist of members of the ALC and selected staff of management of the Institute. However, ALC can explore the option of engaging external expert (auditor with experience of quality review) to strengthen the capacity and knowledge of the review teams.

Once the QAR function is fully developed, the Institute's plan is to raise awareness among the Statutory Auditors to ensure that they understand the objectives of carrying out QAR and the importance of effectively maintaining and implementation of an appropriate quality management system in carrying out financial statement audits.

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Action Steps:

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Establishing/Supporting the Establishment of QA review system (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	Dec 2022	ALC has completed Quality Review Framework and has been approved by the CA Maldives Council. And is in the process of publishing the framework. And establish a QA Function in the CA structure and identify required resources and capacities and create plans to conduct reviews. CA Maldives is in the process of recruiting a Technical Director who is going to lead the QAR function.	May 2023	Admission & Licensing Committee (ALC)	Management & ALC Committee
2	-	There is no requirement for international standards to be translated to local language because English language is used in the profession mainly and as business language in the Maldives However, if any translation which requires ALC's assistance will be provided to management.	-	Management	Management
3	Continuous	The Institute, having established the Quality Review Framework, plans to take action by organizing awareness sessions to incorporate valuable experiences from other countries.	Continuous	Admission & Licensing Committee (ALC)	Admission & Licensing Committee (ALC)
<i>Support Implementation of Quality and Assurance review system (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	-	ALC will be carrying out the reviews it does not apply to us.	-	Admission & Licensing Committee (ALC)	Admission & Licensing Committee (ALC)

**Commented [SG1]:** •Directly establishing a QA review system  
 •Providing timely, accurate, and complete translation of relevant international standards into the local language.  
 •Raising awareness of lessons learned from the experiences of other countries.

**Commented [SG2]:** •Raising awareness of importance of a QA review system and need to establish one to the responsible parties.  
 •Participating in public consultations in the jurisdiction.  
 •Providing timely, accurate, and complete translation of relevant international standards into the local language.  
 •Promoting ongoing review process after establishment.  
 •Providing technical support (implementation guidelines, trainings, discussion forums etc.).  
 •Including standard-related topics into education, assessment, and CPD activities.  
 •Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.

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2	Continuous	Upon successfully establishing a fully functional Quality Review System, CA Maldives will undertake the action of publishing implementation guidelines, organizing trainings, and hosting discussion forums for key stakeholders.	Continuous	Admission & Licensing Committee (ALC)	Management & ALC Committee
3	Continuous	CA Maldives, in the process of establishing the quality review function, will take action to update all relevant standards on its website. Additionally, the institute will include ISQM 1 and ISQM 2 as Continuing Professional Development (CPD) topics in the CPD Calendar for 2023. This ensures that professionals can stay updated and informed about the latest standards and practices in quality review.	Continuous	Admission & Licensing Committee (ALC)	Management & ALC Committee
4	Continuous	Publish all updates of relevant standards and international developments on CA Maldives' website and social media platforms. Furthermore, these publications will include a direct link to the CA website, allowing easy access to the information for interested individuals.	Continuous	Admission & Licensing Committee (ALC)	Management & ALC Committee

SMO 1 Best Practice	Yes	No	Partially	Comments
<b>(Para #) Scope of the System</b> At a minimum, mandatory QA reviews are required for all audits of financial statements.	Yes			There is no mandatory requirement to subject all FS audits for QAR. Priority will be given to statutory audits and FS audits of PIEs. We have planned to carryout QR in 3rd Quarter of 2023.
<b>Quality Control Standards and Other Quality Control Guidance</b> Firms are required to implement a system of quality control in accordance with the quality control standards.	Yes			As per Regulation for Audit & Assurance Service in the Maldives Section 19(d), licensed auditors/audit firms are required to follow pronouncement issued by IAASB
Most up to date versions of ISQC 1 and other	Yes			As per Regulation for Audit & Assurance Service in the

**Commented [SG3]:** Where PAOs are not yet meeting the full requirements of the SMO (i.e. an "X" marked in the "No" column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan's implementation according to the timetable.

Actions may fall under 3 categories:

- Establishment of a QA review system
- Support the establishment (advocacy, raising awareness)
- Support the implementation and operation (training, knowledge sharing)

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<b>SMO 1 Best Practice</b>	<b>Yes</b>	<b>No</b>	<b>Partially</b>	<b>Comments</b>
relevant ISA are adopted as the quality control standards.				Maldives Section 19(d), licensed auditors/audit firms are required to follow pronouncement issued by IAASB
Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	Yes			Through CPD events members firms are facilitated to understand the objectives of quality control and going forward, efforts are geared towards ensuring that appropriate systems of quality control are enhanced. The institute will include ISQM 1 and ISQM 2 as Continuing Professional Development (CPD) topics in the CPD Calendar for 2023.
<b>Review Cycle</b> A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	Yes			Risk based approach to be used in selecting firms for QA review as per the QAR framework.
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).		No		We are taking a risk-based approach, so this is not required
<b>QA Review Team</b> Independence of the QA Team is assessed and documented.	Yes			In the pre-engagement stage, conflict of interest forms of review team members will be completed. Further, the reviewee also must declare whether there is any conflict of interest with QAR review team members.
QA Team possesses appropriate levels of expertise.	Yes			In the quality review manual, how the experience and competency of the audit review team will be assessed will be included. QAR framework allows ALC to explore the option to engage an expert/ consultant [where required] (auditor with experience of QA reviews), this will help fill any gaps in terms of expertise.
<b>Reporting</b>	Yes			It is required to maintain documentation and the process

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SMO 1 Best Practice	Yes	No	Partially	Comments
Documentation of evidence supporting the quality control review report is required.				will be detailed in QAR Manual.
A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	Yes			QAR team leader shall be responsible for issuing written QAR report to the reviewee upon completion of each QAR assignment
<b>Corrective and Disciplinary Actions</b> Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	Yes			The requirement will be carried out as stated in Section 5.5 "of QAR framework
QA review system is linked to the Investigation and Discipline system.	Yes			As per the QAR Framework Section 5.5 "Where (a) ALC considers that an unsatisfactory conclusion of quality assurance review represents serious failings by the firm or partner, and (b) there is no mechanism in place to take corrective action under the QAR system to address this unsatisfactory conclusion, a link shall be established between unsatisfactory conclusion of quality assurance reviews and the initiation of disciplinary proceedings." Actions taken because of unsatisfactory results of quality assurance reviews that constitute disciplinary action will be carried out by ethics committee of CA Maldives.
<b>Consideration of Public Oversight</b> The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.		No		Maldives does not have these arrangements. CA Maldives is directly responsible for this SMO and no other body overrides its mandate. the QAR function in CA Maldives is established in such a way that ALC will be regarded as an oversight committee, where the CA Management will lead the QARs and the teams whilst ALC will oversee their works (QAR final report approvals, review of the proper functioning of the QAR function).
<b>Regular Review of Implementation and</b>	Yes			How the review of system effectiveness will be carried out



SMO 1 Best Practice	Yes	No	Partially	Comments
<b>Effectiveness</b> Regular reviews of implementation and effectiveness of the system are performed.				internally and the procedure will be set forth in the QAR manual.

- Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB
- Action Plan Objective:** Align education and qualification requirements with IES standards and ensure that the knowledge, skills, and behaviors of finance and accounting professionals registered under CA Maldives are in accordance with IES standards

**Background:**

In line with the mission of International Accounting Education Standards Board (IAESB), “to serve the public interest by strengthening the worldwide accountancy profession through the development and enhancement of professional accounting education”, The Institute of Chartered Accountants of Maldives (CA Maldives) recognizes the importance of the three stages of building the profession through the Entry, Initial Professional Development (IPD) and Continuing Professional Development (CPD)

- Entry to professional accounting education programmes.
- Initial Professional Development (“IPD”) of aspiring professional accountants; and
- Continuing Professional Development (“CPD”) of professional accountants.

In this regard, CA Maldives is responsible for the oversight of the accounting profession in the Maldives. Currently, there are no locally run professional accounting programs and thus, CA Maldives plays no role in determining the entry level for professional accounting programs. The entry requirements are set by IFAC member bodies that award the qualifications locals are engaged in. However, at the national level, [Maldives National Qualifications Framework 2017](#) provides general entry requirements for various levels of qualifications and specific requirements as specified by some professional bodies are incorporated for specific programs such as medicine and dentistry.

As of now, the recognition level of professional qualifications as per MNQF has not been consistent with what is observed in other jurisdictions.

For instance, ACCA Applied Knowledge Level is recognized as a Diploma, Applied Skills level is recognized as Advanced Diploma, and Strategic Professional Level is recognized as a bachelor’s degree. Out of the three levels, the final Strategic Professional Level is generally considered equivalence of a Master’s Degree across Globe including in the [United Kingdom](#).

Table 1: ACCA Qualification Recognition in UK and Maldives

ACCA Level	Recognition in UK	Recognition in Maldives
ACCA Professional Level	Master’s Degree	Bachelor’s Degree
ACCA Applied Skills Level	Bachelor’s Degree	Advanced Diploma

ACCA Applied Knowledge Level	Certificate of Higher Education	Diploma
<p>CA Maldives is permitted to register individuals under four different categories.</p> <ol style="list-style-type: none"><li>1. Member (Associate Member and Fellow Member)</li><li>2. Affiliate</li><li>3. Student</li><li>4. Accountant in Business</li></ol> <p>Articles 8, 9 and 10 of The <a href="#">Maldives Chartered Accountants Act (13/2020)</a> specifies the requirements for membership and fellow membership. It requires all members to belong to an IFAC body and that they must be in “good standing” as specified by the member bodies.</p> <p>Fellow membership status is granted upon meeting the minimum requirements of 5 years of work experience. As per Article 10(b) of the Act, members who have a minimum of five years of experience as a lecturer (provided they have membership of an IFAC body) are qualified for Fellow Membership (FCA – Fellow Chartered Accountant).</p> <p>Furthermore, all members are expected to meet the fit and proper requirements as specified in Article 13 of the Maldives Chartered Accountants Act (13/2020).</p> <p>Education related matters are mandated to the Academic Committee formed under Article 27 of the Maldives Chartered Accountants Act (13/2020).</p> <p>Initial Professional Development (IPD)</p> <p>The IAESB defines an aspiring professional accountant as “an individual who has commenced a professional accounting education program as part of IPD”. In the Maldives, currently, there are no local programmes of professional accounting offered, the IPD requirements are, thus, those specified by IFAC member bodies from where the qualifications are obtained.</p> <p>Continuous Professional Development (CPD)</p> <p>As per IAESB, CPD is the learning and development that develops and maintains professional competence to enable professional accountants to continue to perform their roles competently. CPD provides continuing development of the learning outcomes for (a) technical competence, (b) professional skills, and (c) professional values, ethics, and attitudes which were achieved during IPD.</p> <p>CA Maldives sets CPD requirements in line with other such bodies. Thus, the annual CPD requirement is set at 40 hours, of which 21 hours must be verifiable and 6 hours must be obtained through programmes conducted by CA Maldives or by other organizations in collaboration with the Institute.</p>		

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resources
<i>Adoption/Supporting Adoption of IESs (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	1 July 2023	Top level meetings with stakeholders (HEIs and MQA) about adoption /supporting adoption of IES. <ul style="list-style-type: none"> <li>The purpose is creating an enabling environment for graduates of accounting / finance and business programs to obtain professional qualifications through cross-crediting (exemptions) from IFAC member bodies.</li> </ul>	31 December 2023	CA Council, Academic Committee, HEIs	Awareness sessions to be conducted by CA Maldives. Curriculum development experts could be contracted to provide consultancy to CA Maldives.
2	1 October 2023	<ul style="list-style-type: none"> <li>Identification of changes required for syllabi for accounting / finance and business programs that require revision.</li> </ul>	31 December 2023	HEIs	Experts in curriculum development in accounting profession
3	2 January 2024	<ul style="list-style-type: none"> <li>Proposing changes to syllabi to respective committees (e.g., Curriculum Committee at Faculties, Committee on Courses, Academic Senate, and University Council of MNU)</li> <li>CA Maldives could provide technical assistance in seeking approval from IFAC bodies.</li> <li>Individual (HEIs may potentially sign an MMOU)</li> </ul>	30 June 2024	HEIs	Experts in evaluating curriculum competencies. Harmonizing cross-crediting.
4	1 April 2024	<ul style="list-style-type: none"> <li>Development of Practical Experience Requirements (PER) in a way that will achieve objectives laid out in IFAC bodies. PER to be incorporated into the syllabi to ensure competencies are met.</li> </ul>	31 July 2024	HEIs	Approved PER Supervisors

**Commented [SG4]:** •Directly adopting/incorporating the IES requirements  
 •Providing timely, accurate, and complete translation of IES into the local language.  
 •Establishing ongoing process to incorporate new and amended standards into national requirements.  
 •Raising awareness of lessons learned from the experiences of other countries.  
 •Raising awareness of the responsible parties about the IES requirements.  
 •Promoting the establishment of ongoing adoption processes.  
 •Promoting the need to adopt the IES requirements to the responsible parties.  
 •Participating in public consultations in the jurisdiction.  
 •Providing timely, accurate, and complete translation of IES into the local language.

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Support Implementation of Educational Standards (See SMO Action Plan Update Explanatory Note for examples of possible actions)					
5	Continuing	<p>Support implementation of IES</p> <ul style="list-style-type: none"> <li>Local programs in accounting to be aligned with the requirements of IES. Regular review as and when necessary.</li> <li>Awareness sessions for students / potential students. Create a framework to recognize local programs for membership at CA (CA Council to deliberate on the matters of recognition in collaboration with Academic Committee).</li> </ul>	continuing	Academic Committee, CA Council	Curriculum development experts from Universities / Colleges or freelancers.
Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)					
6	Continuing	<ul style="list-style-type: none"> <li>Notifications to be send to Members of CA Maldives whenever there is an opportunity to comment any Exposure Drafts of IES.</li> <li>CA members, in particular the members of Academic Committee are expected to provide their comments to IES.</li> <li>Members are informed of changes to proposed and revised standards through CPD programs held by CA Maldives.</li> </ul>	Continuing	Academic Committee / CA Members	Corresponding documents (e.g., past standards or practice guides, any other pronouncements) to be circulated by Secretariat of Academic Committee
7	Continuing	<ul style="list-style-type: none"> <li>Promoting use of IAASB practice notes and staff alerts and other non-authoritative material to provide guidance and practical assistance.</li> <li>Secretariat to send alerts on a timely basis. (Automation of alerts for members to receive on the go will be good)</li> </ul>	Continuing	CA Council and respective Committees	Automation of the process of sending alerts. Updating correspondence information on a regulation basis.
8	Continuing	<ul style="list-style-type: none"> <li>Encouraging members to comment on consultations related to IESs.</li> <li>(Emphasis on importance of stakeholder consultation in standard setting process through CPDs or reminders at CPDs. Sessions on standard</li> </ul>	Continuing	Academic Committee and Secretariat	Experts to take CPD sessions on standard setting process. Experts who could facilitate sessions on

**Commented [SG5]:** •Providing technical support (implementation guidelines, trainings, discussion forums etc.).  
 •Incorporating IES requirements into educational components the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)  
 •Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.

**Commented [SG6]:** •Providing comments to the international standard-setters' Exposure Drafts.  
 •Contributing to public consultations.

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		setting process as a CPD could be useful)			IES.
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**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB

**Action Plan Objective:** Continue to maintain an ongoing process to adopt ISAs and assist in the implementation of the adopted Standards

**Background:**

**Suggested Content:**

The application of International Standards on Auditing is stipulated in the Regulation on Statutory Audit and Maldives Banking Act. The Regulation on Statutory Audit issued by the Auditor General's Office states in Clause 27 (a) that in conducting audit quality reviews, the application of International Standards on Auditing (ISAs) or auditing standards issued by Accounting and Auditing Organization for Islamic Financial Institutions Standards (AAOIFI) will be reviewed.

Also, Maldives Banking Act No. 24 of 2010 Clause 49 (f) states that the external auditor shall audit the bank's operations on a consolidated basis in compliance with internationally recognized auditing standards and any standards issued through regulation or otherwise by MMA. In practice this is interpreted to include International Standards on Auditing (ISA).

It is noted that upon inception of the Institute of Chartered Accountants of the Maldives (CA Maldives) as the Professional Accounting Organization (PAO) of the Maldives on 8th September 2020, the relevant jurisdictional authority to set auditing standards shall be CA Maldives.

In the year 2021 CA Maldives endorsed the International Standards on Auditing (ISAs) and other pronouncements of International Auditing and Assurance Standards Board (IAASB) for the purpose of providing audit and assurance services in the Maldives.

Action Plan Developed by Institute of Chartered Accountants of the Maldives

Action Steps:

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of ISAs (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	1 April 2021	Carry out a project for adoption of all existing Auditing and assurance standards and statements issued by International Auditing and Assurance Standards Board (IAASB) following the required due process.	23 November 2021	Technical and Standards Committee	Technical and Standards Committee Member
<i>Support Implementation of Auditing Standards (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
2	December 2021	Publish the adopted standards in the CA Maldives Website ( <a href="https://camaldives.org/auditing/">https://camaldives.org/auditing/</a> )	December 2021	Technical and Standards Committee and Admin staff of the institute	Technical and Standards Committee Members and Admin staff of the Institute
3	Continuous	Provide support and guidance to members in the form of technical training (webinars, information sessions, forums etc.). Examples of these already conducted include: - Maldives Accountants Forum 2021 - IFRS and ISA Forum 2022 Maldives Accountants Forum 2022	Continuous	Technical and Standards Committee	Technical and Standards Committee Member
4	Continuous	Produce ISA based audit programs to ensure audit procedures are carried out in line with the framework.	Continuous	Technical and Standards Committee	Technical and Standards Committee Member
5	Continuous	Development of new and updating of existing continuing education courses to assist with implementation of standards (existing/new)	Continuous	Technical and Standards Committee	Technical and Standards Committee Member

**Commented [SG7]:** •Directly adopting/incorporating the ISA as national auditing standards  
 •Providing timely, accurate, and complete translation of ISA into the local language.  
 •Establishing ongoing process to incorporate new and amended ISA.  
 •Raising awareness of lessons learned from the experiences of other countries.  
 •Raising awareness of the responsible parties about the ISA.  
 •Promoting the establishment of ongoing adoption processes.  
 •Promoting the need to adopt the ISA to the responsible parties.  
 •Participating in public consultations in the jurisdiction.  
 •Providing timely, accurate, and complete translation of ISA into the local language.

**Commented [SG8]:** •Providing technical support (implementation guidelines, trainings, discussion forums etc.).  
 •Including ISA and standard-related topics into educational training the PAO is involved in (i.e. pre-qualification training, exams and assessments, and/or and CPD activities)  
 •Disseminating information on the updates to the relevant standards/international developments in the area through printed materials and websites.



*Action Plan Developed by Institute of Chartered Accountants of the Maldives*

6	Continuous	Development of accounting and auditing industry guides, practice aids and risk alerts.	Continuous	Technical and Standards Committee	Technical and Standards Committee Member
7	Feb 2024	Launch a discussion forum in the Institute's website for members to raise queries and for technical discussion	June 2024	Technical and Standards Committee and IT staff of the Institute	Technical and Standards Committee Members and IT staff of the Institute
<i>Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
8	Continuous	Notify and initiate discussion of the exposure drafts and pronouncements issued by IAASB with all members and industry experts. Example of these already completed include: Exposure Draft of International Standards on Auditing of Financial Statements of Less Complex Entities (ISA for LCE)	Continuous	Technical and Standards Committee and Admin staff of the institute	Technical and Standards Committee Members and Admin staff of the Institute
9	Continuous	Submit comments on exposure drafts or other communications issued by the IAASB, after taking the views of members of the Institute. Example of these already completed include: Exposure Draft of International Standards on Auditing of Financial Statements of Less Complex Entities (ISA for LCE)	Continuous	Technical and Standards Committee	Technical and Standards Committee Members and Council Members of the Institute
10	Continuous	Publish a document with the quarterly updates on new standards, exposure drafts, FAQ and others issued by IAASB on the CA Maldives website. ( <a href="https://camaldives.org/auditing/">https://camaldives.org/auditing/</a> )	Continuous	Technical and Standards Committee	Technical and Standards Committee Members

**Commented [SG9]:** •Providing comments to the international standard-setters' Exposure Drafts.  
•Contributing to public consultations.

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

**Action Plan Objective:** Continue to maintain members' professional conduct in accordance with the IESBA Code of Ethics

**Background:**

International Code of Ethics for Professional Accountants (including International Independence Standards (IIS) of International Ethics Standards Board for Accountants (IESBA)) sets out fundamental principles of ethics for professional accountants, reflecting the profession's recognition of its public interest responsibility. These principles establish the standard of behaviour expected of a professional accountant.

The IESBA Code of ethics is in use following endorsement by the CA Maldives during the year 2022. An Ethics Committee has been established which advises to the Council on appropriate courses of actions to be taken against members in respect of cases investigated by the Institute regarding alleged violation of the Act, Regulations made under the Act, and the Code of Professional Conduct and Ethics.

Measures are being undertaken to continuously educate members on the requirements of the IESBA Code of Ethics with respect to conflicts of interest and other matters. This will be enhanced through a robust CPD program.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IESBA Code of Ethics (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	Feb 2022	Carry out a project for the endorsement of the International Code of Ethics for Professional Accountants (including International Independence Standards (IIS) of the International Ethics Standards Board for Accountants (IESBA) following the required due process.	May 2022	Technical and Standards Committee	Members of Technical and Standard Committee, Staff
<i>Support Implementation of IESBA Code of Ethics (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
2	May 2022	Notify and initiate discussion of the exposure drafts and pronouncements issued by IESBA with all members and industry experts. Example of these include: Exposure Draft: Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits.	May 2022	Technical and Standards Committee	Members of Technical and Standard Committee, Staff

*Action Plan Developed by Institute of Chartered Accountants of the Maldives*

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
3	May 2022	Submit comments on exposure drafts or other communications issued by the IESBA, after taking the views of members of the Institute. Example of these include: <ul style="list-style-type: none"> <li>Exposure Draft: Proposed Revisions to the Code Relating to the Definition of Engagement Team and Group Audits.</li> </ul>	May 2022	Technical and Standards Committee	Members of Technical and Standard Committee, Staff

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** To provide technical assistance to authorities that are charged with the legal responsibility of determining public sector accounting standards.  
**Responsibility:** No direct responsibility. The Institute provides assistance to the Ministry of Finance with Implementation of Public Sector Accounting Standards when and where necessary.

**Background:**

The Government of Maldives has adopted IPSAS issued by the IPSASB. The government has been making efforts to implement International Public Sector Accounting Standards (IPSAS) to improve transparency, accountability, and financial management. Also, currently a project is being carried out to move from Cash basis of accounting to Accrual basis of accounting. The project is based on the strategic decisions under the Government Strategic Action plan to move from cash basis of accounting to accrual accounting. The project is part of strengthening the fiscal government and management. Currently the project is in the initial stage and the first set of Financial Reporting on Accrual Accounting is targeted to be presented in 2025 (for the year ended 2024).

The CA Maldives is vested with assisting the government of the Maldives in implementation of IPSAS accrual accounting. Members of the Technical and Standards Committee of CA Maldives has had discussions with the Financial Controller of the State and has agreed to provide assistance in the implementation of IPSAS accrual accounting.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IPSASs (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	June 2023	Officially nominate the Chair of Technical and Standards committee from CA Maldives to sit in the IPSAS Accrual Committee.	June 2023	Technical and Standards Committee	Technical and Standards Committee Members and Council Members of the Institute
<i>Support Implementation of International Public Sector Accounting Standards (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					

*Action Plan Developed by Institute of Chartered Accountants of the Maldives*

#	Start Date	Actions	Completion Date	Responsibility	Resource
2	Continuous	<ul style="list-style-type: none"> <li>Trainings on IPSAS has been a topic agreed for further training by the CA Maldives.</li> </ul>	Continuous	Technical and Standards Committee	Technical and Standards Committee members
<i>Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
3	Continuous	<ul style="list-style-type: none"> <li>Technical &amp; Standards committee will notify new, proposed and revised IPSAS and other pronouncements issued by IPSASB.</li> <li>Submit comments on exposure drafts or other communications issued by the IPSASB after taking the views of members of the Institute.</li> </ul>	-	Technical and Standards Committee	Technical and Standards Committee members

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

**Action Plan Objective:** To implement an effective investigation and discipline system in compliance with the requirements of SMO 6, ensuring a transparent and efficient process addressing professional misconduct.

**Background:**

The Maldives Chartered Accountants Act 13/2020 establishes the legal framework for the investigation and discipline (I&D) system of professional accountants in the Maldives. The I&D system is managed by the Council, Ethics Committee, Appeal Committee, and the Management team of the Institute of Chartered Accountants of the Maldives (CA Maldives). The Ethics Committee is responsible for carrying out investigations, while the Council oversees the disciplinary process. CA Maldives employs both "complaints-based" and "information-based" approaches to initiate investigations. The Ethics Committee comprises both professional accountants and non-accountants, while the Council is made up of professional accountants. To ensure legal compliance, the Institute has retained a legal retainer to provide legal opinions when required.

The I&D system is still in its early stages, with cases being promptly handled through two case registers maintained by the Ethics Committee and the Management team. The Ethics Committee has investigated and concluded a few cases and is currently working on formulating its Regulation for Complaints Handling and Conducting Investigations, which will be an extension of the Maldives Chartered Accountants Act 13/2020 and the Audit Licensing Regulation 2021/R-3 Appendix 1. The Act and the Regulations provide information about the types of misconduct, investigative actions, and relevant sanctions. Although the Institute's regulations and announcements are readily available on its website, CA Maldives plans to conduct training sessions after the publication of the Regulation to raise public awareness.

The I&D system is compliant with SMO 6 (revised 2012) and undergoes periodic reviews to enhance its efficiency. Overall, the Maldives Chartered Accountants Act 13/2020 and the I&D system established by CA Maldives provide a strong foundation for promoting professional standards and ensuring accountability for professional accountants in the Maldives.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Establishing/Supporting the Establishment of I&amp;Ds (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	March 2021	Establish internal procedures for Ethics Committee <ul style="list-style-type: none"> <li>• Terms of Reference of Ethics Committee</li> <li>• Rules of Procedure of Ethics Committee</li> </ul>	Completed / Implementation ongoing	Ethics Committee, Council	Members of Ethics Committee, Members of

*Action Plan Developed by Institute of Chartered Accountants of the Maldives*

#	Start Date	Actions	Completion Date	Responsibility	Resource
					Council, Staff
2	March 2021	Establish a mechanism for reporting breaches of the Code of Conduct Complaint form	Completed / Implementation ongoing	Ethics Committee	Members of the Ethics Committee, Members of the Council, Staff
3	March 2022	Establish standards for review and taking action: <ul style="list-style-type: none"> <li>• Guidance on disciplinary actions</li> <li>• Regulation for Complaint Handling and Investigation Process</li> <li>• Procedure for conciliation</li> <li>• Procedure of Review of complaints by Sub-committee</li> </ul> Annex 1 - disciplinary actions	Ongoing / March 2024	Ethics Committee	Members of the Ethics Committee, Members of the Council, Staff
4	March 2021	Establish a strong appeal process to ensure justice, fairness and impartiality	Ongoing	Appeal Committee	Members of the Appeal Committee, Members of the Council, Staff
<i>Maintaining Ongoing Processes</i>					
5	Continuous	Investigation of complaints	Continuous / Enhancements ongoing	Ethics Committee	Members of the Ethics Committee, Staff

Action Plan Developed by Institute of Chartered Accountants of the Maldives

SMO 6 Best Practices	Yes	No	Partially	Comments
<p><b>(Para #) Scope of the system</b></p> <p>A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.</p>			Yes	<p>A system of investigation, discipline and appeals exists in accordance with the Maldives Chartered Accountants Act 13/2020. The system is implemented, maintained and managed by the Council, Ethics Committee, Appeal Committee and the Management team of the Institute. (Maldives Chartered Accountants Act 13/2020 Section 28)</p> <p><a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a></p> <p>This will be established in the Regulation for Complaint Handling &amp; Conducting Investigations which is being drafted by the Ethics Committee as well (Publication of Regulation Q3 2023).</p>
<p>Information about the types of misconduct which may bring about investigative actions is publicly available.</p>			Yes	<p>Information about the types of misconduct which may bring about investigative actions and sanctions are mentioned in the Audit Licencing Regulation 2021/R-3 Section 12 and Appendix 1 published by the Institute which is available in the Institute's website and the Government Gazette.</p> <p><a href="https://camaldives.org/audit-licencing-regulation/">https://camaldives.org/audit-licencing-regulation/</a></p>
<p><b>Initiation of Proceedings</b></p> <p>Both a "complaints-based" and an "information-based" approach are adopted.</p>	Yes			<p>Institute follows both "complaints-based" and "information-based" approaches under the Maldives Chartered Accountants Act 13/2020.</p> <p><a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a></p> <p>This will be established in the Regulation for Complaint Handling &amp; Conducting Investigations which is being drafted by the Ethics Committee as well (Publication of</p>

**Commented [SG10]:** Where PAOs are not yet meeting the full requirements of the SMO (i.e. an "X" marked in the "No" column above), the Action Plan provides space for the following:

- The specific actions that must be taken to achieve the improvement;
- A timeline showing when each action is to be taken to ensure that the work is completed on time;
- The names of the individuals or groups responsible for implementing each action; and
- The resources to be used to enable the plan's implementation according to the timetable.

Actions may fall under 3 categories:

- Establishment of a I&D review system
- Support the establishment (advocacy, raising awareness)
- Support the implementation and operation (training, knowledge sharing)



Action Plan Developed by Institute of Chartered Accountants of the Maldives

SMO 6 Best Practices	Yes	No	Partially	Comments
				Regulation Q3 2023).
Link with the results of QA reviews has been established.	Yes			Under the Audit Licensing Regulation 2021/R-3 Section 14(b), if an investigative action is found from the results of the quality review it should be reported to the Ethics Committee. <a href="https://camaldives.org/audit-licencing-regulation/">https://camaldives.org/audit-licencing-regulation/</a>
<b>Investigative process</b> A committee or similar body exists for performing investigations.	Yes			Under Maldives Chartered Accountants Act 13/2020 Section 28 Ethics Committee is mandated to perform an investigation and provide recommendations to the Council of the Institute. Rules of Procedure of Ethics Committee was passed to govern the business/proceedings of the Ethics Committee. <a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a>
Members of a committee are independent of the subject of the investigation and other related parties.	Yes			Rules of Procedure of Ethics Committee Section 4.4 ensures all members of the Ethics Committee are independent of conflict of interest.
<b>Disciplinary process</b> A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Yes			As the Institute's is at an early stage, it was decided that Council involvement is necessary and not to create a separate committee for disciplinary decisions. The investigation process is carried out by the Ethics Committee while the disciplinary process is carried out by the Council. Cases are investigated by the Ethics Committee and the findings and recommendations are forwarded to the Council for disciplinary action.
Members of the committee/entity include professional accountants as well as non-accountants.	Yes			Ethics Committee consists of professional accountants as well as non-accountants. Council of the Institute consists professional accountants. The Institute has retained a legal retainer to obtain legal opinion when required.

Action Plan Developed by Institute of Chartered Accountants of the Maldives

SMO 6 Best Practices	Yes	No	Partially	Comments
				Rules of Procedure of Ethics Committee to be published.
The tribunal exhibits independence of the subject of the investigation and other related parties.	Yes			Rules of Procedure of Council Section 4.7 ensures all members of the Council are independent of conflict of interest.  Rules of Procedure of Ethics Committee to be published.
<b>Sanctions</b> The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Yes			Disciplinary situations and relevant sanctions are mentioned in the Maldives Chartered Accountants Act 13/2020 Section 28 and the Audit Licensing Regulation 2021/R-3 Appendix 1. <a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a>
<b>Rights of representation and appeal</b> A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Yes			Under Maldives Chartered Accountants Act 13/2020 Section 29 Appeal Committee is mandated to consider the appeals lodged by members not satisfied with the decisions of the Council or a committee of the Institute. <a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a>  Under the Regulation for Complaint Handling & Conducting Investigations which is being drafted by the Ethics Committee, complainant and respondent are given the right to appeal. (Publication of Regulation Q3 2023)
<b>Administrative Processes</b> Timeframe targets for disposal of all cases are set.	Yes			As of right now, timeframe targets are set considering the urgency and importance of the case.  Ethics Committee will be establishing timeframe targets in the Regulation for Complaint Handling & Conducting Investigations. (Publication of Regulation Q3 2023)

Action Plan Developed by Institute of Chartered Accountants of the Maldives

SMO 6 Best Practices	Yes	No	Partially	Comments
Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Yes			Tracking mechanisms have been established via two case registers - by Ethics Committee and by Management team to ensure that all investigations and decisions are promptly handled and that all necessary actions are taken at the appropriate stage. (Rules of Procedure of Ethics Committee Section 8)  Rules of Procedure of Ethics Committee to be published.
Records of investigations and disciplinary processes are established.	Yes			Records of investigations and disciplinary processes such as case report and other relevant supporting documents are maintained by the Management team both physically and electronically.
<b>Public Interest Considerations</b> Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Yes			The Institute publishes its regulations and announcements on its website which is publicly available and user-friendly. Terms of reference and information about the Committees can be found on the website as well. CA Maldives plans to conduct training sessions after the publication of the Regulation Complaint Handling & Conducting Investigations to raise public awareness. <a href="https://camaldives.org/committees/">https://camaldives.org/committees/</a>
A process for the independent review of complaints on which there was no follow-up is established.	Yes			Maldives Chartered Accountants Act 13/2020 Section 25 has established Council to review the works of the Committees. Ethics Committee's findings and recommendations on cases investigated are referred to the Council for review and decision-making. <a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a>
The results of the investigative and disciplinary proceedings are made available to the public.	Yes			Institute publishes its annual report on its website which contains a summary of all activities of the Ethics Committee

Action Plan Developed by Institute of Chartered Accountants of the Maldives

SMO 6 Best Practices	Yes	No	Partially	Comments
				<a href="https://camaldives.org/annual-report/">https://camaldives.org/annual-report/</a>
<p><b>Liaison with Outside Bodies</b></p> <p>There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.</p>	Yes			<p>Maldives Chartered Accountants Act 13/2020 Section 28 allows Ethics Committee to involve other parties relevant to the investigation. Rules of Procedure of Ethics Committee Section 6(h) has established a process for liaison with outside bodies on any possible criminal offence as well.</p> <p><a href="https://camaldives.org/chartered-accountants-act/">https://camaldives.org/chartered-accountants-act/</a></p> <p>Regulation for Complaint Handling &amp; Conducting Investigations which is being drafted by the Ethics Committee will be establishing the process as well.</p> <p>Rules of Procedure of Ethics Committee to be published.</p>
<p><b>Regular review of implementation and effectiveness</b></p> <p>Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.</p>	Yes			<p>Under Rules of Procedure of Ethics Committee Section 10, a periodic review of the Procedure will be performed whereby changes can be made in order for Ethics Committee to be more efficient.</p> <p>Rules of Procedure of Ethics Committee to be published.</p>

**Action Plan Subject:** SMO 7-International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Continue to maintain an ongoing process to adopt and assist in the implementation of the adopted IFRS

**Background:**

With the introduction of Companies Act in the year 1996, all companies were required to submit audited financial statements, but the Act did not specify a specific standard to follow in the preparation and presentation of financial statements. According to the Securities Act enacted in 2006, all listed companies in the Maldives Stock Exchange are required to prepare their financial statements based on International Accounting Standards. Furthermore, with the enactment of Maldives Banking Act in 2010, all banks and financial institutions are required to comply with International Accounting Standards. As per Business Profit Tax Act enacted in 2011 and its regulations thereby, the tax authority specified the accounting standards to be followed by the taxpayers in preparation of the financial statements.

International accounting standards have been an important part of the financial reporting for both foreign and local companies in the Maldives. With the enactment of long-awaited Maldives Chartered Accountants Act in the year 2020, the International Financial Reporting Standards are now being adopted and enforced by an Act.

**Action Steps:**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption/Supporting Adoption of IFRSs (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
1	1 April 2021	Carry out a project for adoption of all existing Financial Reporting Standards (IFRSs) and related interpretation and guidance of International Accounting Standards Board (IASB) after following the required due process.	23 Nov 2021	Technical and Standards Committee	Technical and Standards Committee Member
<i>Support Implementation of International Financial Reporting Standards (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
2	December 2021	Publish the adopted standards in the CA Maldives Website ( <a href="https://camaldives.org/accounting/">https://camaldives.org/accounting/</a> )	December 2021	Technical and Standards Committee and Admin staff of the institute	Technical and Standards Committee Members and Admin staff of the Institute

Action Plan Developed by Institute of Chartered Accountants of the Maldives

#	Start Date	Actions	Completion Date	Responsibility	Resource
3	Continuous	Provide support and guidance to members in the form of technical training (webinars, information sessions, forums etc.). Examples of these already conducted include: <ul style="list-style-type: none"> <li>- Maldives Accountants Forum 2021</li> <li>- FRS and ISA Forum 2022</li> </ul> Maldives Accountants Forum 2022	Continuous	Technical and Standards Committee	Technical and Standards Committee Member
4	Continuous	Publish a document with the quarterly updates on new standards, exposure drafts, FAQ and others issued by IASB on the CA Maldives website.	Continuous	Technical and Standards Committee	Technical and Standards Committee Member
<i>Contributing to International Standard-Setting (See SMO Action Plan Update Explanatory Note for examples of possible actions)</i>					
5	Continuous	Notify and initiate discussion of the exposure drafts and pronouncements issued by IASB with all members and industry experts. Example of these already completed include: <ul style="list-style-type: none"> <li>- Exposure Drafts: Non-Current Liabilities with covenants (Proposed amendments to IAS 1)</li> <li>- Supplier Finance Arrangements (Proposed amendments to IAS 7 and IFRS 7)</li> <li>- Exposure Draft of Subsidiaries without Public Accountability.</li> <li>- Exposure Draft: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</li> <li>- Exposure Draft: IFRS S2 Climate-related Disclosures</li> </ul>	Continuous	Technical and Standards Committee	Technical and Standards Committee Members

*Action Plan Developed by Institute of Chartered Accountants of the Maldives*

#	Start Date	Actions	Completion Date	Responsibility	Resource
6	Continuous	Submit comments on exposure drafts or other communications issued by the IASB after taking the views of members of the Institute. Example of these already completed include: <ul style="list-style-type: none"><li>- Exposure Drafts: Non-Current Liabilities with covenants (Proposed amendments to IAS 1)</li><li>- Supplier Finance Arrangements (Proposed amendments to IAS 7 and IFRS 7)</li></ul>	Continuous	Technical and Standards Committee	Technical and Standards Committee Members