

## **BACKGROUND NOTE IN ACTION PLANS**

The SMO Action Plan aims to provide a summary of:

1. The legal and regulatory environment of the profession;
2. The status of adoption of international standards and best practices in the jurisdiction; and
3. The level of compliance with IFAC membership requirements by a member or associate.

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. SMOs are recognized as the international benchmarks for credible, high-quality PAOs that focus and have the expertise necessary to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where 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 take into account IFAC recommendations. Depending on the level of compliance with the PAO (see *IFAC Summary Assessment*, page 2), an action plan may not be required for each SMO section and instead the '*Witness to Ongoing SMO Compliance*' is used to confirm your ongoing commitments. However, PAOs may wish and are welcome to use the Action Plan as a

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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.

tool to demonstrate how they are using 'best practices' and going beyond their mandate with innovative approaches to comply with GOS and strengthen the national profession.

The specifics of each organization's actions will vary even when two PAOs are involved in the same SMO area. Each PAO operates within its own unique regulatory and regulatory framework and has different operational, technical and resource capabilities. In addition, when deciding when and how a particular SMO requirement should be addressed, PAOs may have different timelines and objectives to achieve. Despite these inevitable differences, seeking advice and assistance from other PAOs who have already faced and dealt with similar challenges can save a lot of time and resources. IFAC staff will offer assistance as needed.

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

**ACTION PLAN**

**IFAC Member:** Salvadoran Institute of Public Accountants (ISCP)














**Approved by Governing Body:** Board of Directors

**Original Post Date:** November 2019

**Last Updated:** April 2023

**IFAC Summary Evaluation:** PAOs are encouraged to consider staff recommendation as part of future strategic planning discussions in the PAO.

For more information on the IFAC Member Compliance Program and the legends used to describe the adoption status of international standards, best practices, and compliance with SMO requirements, see the SMO Adoption Status and Compliance methodology .

	PAO's Level of Responsibility for Adoption	Adoption status as of 2022	SMO compliance level from 2022
Quality Control/SMO 1	No Direct	 Adopted	 Sustain
IES/SMO 2	No Direct	 Partially adopted	 Sustain
ISA/SMO 3	No Direct	 Adopted	 Sustain
IESBA/SMO 4	No Direct	 Adopted	 Sustain
IPSAS/SMO 5	No Direct	 Partially adopted	 Sustain
I&D/SMO 6	No Direct	 Partially adopted	 Sustain
IFRS/SMO 7	No Direct	 Partially adopted	 Sustain

### **SMO Compliance Attestation**

The **Salvadoran Institute of Public Accountants (ISCP)** has developed an Action Plan to demonstrate how it meets the requirements of SMOs (revised in 2012). The *aforementioned Governing Body* has reviewed the information contained in the SMO Action Plan and affirms that the **ISCP** continues to take these and other relevant actions to maintain continued compliance and compliance with members' obligations, where IFAC evaluations are in *Review and Improve and/or Maintain*. In areas where IFAC evaluations are under *Execute*, the **ISCP** has updated the Action Plan to reflect specific actions, to adopt or support implementation for improvement accompanied by a timeline.

On behalf of the **ISCP**, the *Governing Body* endorses the information contained in the GOS Action Plan, as of the date of publication and its publication on the IFAC website in the interest of transparency and to demonstrate our commitment to improving the quality and credibility of the accounting profession worldwide.

## GLOSSARY

<b>IFAC</b>	International Federation of Accountants
<b>CVPCPA</b>	Supervisory Board of the Public Accounting and Auditing Profession
<b>R&amp;D</b>	Research and Discipline
<b>IASB</b>	International Accounting Standards Board
<b>IAESB</b>	International Accounting Education Standards Council
<b>IES</b>	International Training Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISCP</b>	Salvadoran Institute of Public Accountants
<b>NIA</b>	International Standards on Auditing
<b>PAC</b>	Quality Assurance Program
<b>Plural of pyme</b>	Small and Medium Entities
<b>Quality control</b>	Quality assurance system
<b>SMO</b>	Statements of Membership Obligations

**Theme of the Action Plan:** General Description of the Organization, Environment and Objectives of the Action Plan  
**Objective of the action plan:** describe the regulatory and normative framework, governance, challenges and key success factors

### **General background**

The Salvadoran Institute of Public Accountants (ISCP) was established on October 31, 1997, as a non-profit, apolitical association, which was born from the merger of what was: The College of Academic Public Accountants of Salvador, The College of Authorized Public Accountants and the Association of Public Accountants. The ISCP aims to promote a continuing education program to elevate the profession to high quality levels, allowing public accountants knowledge and skills that will contribute to being permanently updated to face the new requirements required by the business community. Currently, the Institute has approximately 1200 associates. The ISCP has created a five-year plan, considering the ISCP's vision aligned with IFAC's objectives and the attributes required by law; all this in order to adapt the strategies of the ISCP to what the environment demands, for the benefit of all its associates. All this, as well as other related topics of interest, can be found on our website: [www.iscpelsalvador.com](http://www.iscpelsalvador.com)

### **Regulatory framework**

The Supervisory Board of the Public Accounting and Auditing Profession (CVPCPA), has the purpose and function of complying with the Law on the Exercise of Accounting, establishing ethical and technical standards that regulate the accounting profession, auditors and public accountants. in accordance with the provisions of the Law, its statutes and other applicable regulations; being the authority in El Salvador to define accounting and auditing standards in the country. International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs) were adopted in 2003, and International Financial Reporting Standards for Small and Medium-sized Entities (IFRS SMEs) were adopted in 2009. The ISCP is the body in charge of promoting the profession, for this it has signed an Agreement with the CVPCPA to work together. This Agreement includes the development of a permanent assistance program to the CVPCPA, in accordance with the provisions of the Law on the Exercise of Accounting; as well as, to rule on: 1) the formulation of bills and regulations necessary to regulate the profession and the regulations prior to their approval; (2) lays down general standards for the preparation and presentation of the financial statements and supplementary information of the reviewed entities; 3) determine the principles and rules on the basis of which companies must keep accounting books and establish the criteria for the valuation of assets, liabilities and constitution of provisions, accumulated reserves, among others; (4) approves the application of accounting principles and the adoption of international auditing standards, including financial standards, where the law has not specifically stated on them; and collaborates with the promotion of ethical standards and other technical provisions that must be complied with in the exercise of the profession.

### **Governance Framework**

The Government of the ISCP is composed of the following bodies: The General Assembly of Associates and the Central and Subsidiary Board of Directors. The Board of Directors of the subsidiaries shall report and coordinate communication with the Central Management Board. The ISCP has established technical working commissions, in response to the permanent needs that arise for the proper performance of activities (e.g. Ethics Committee, Quality Management Committee, Mutual Life Insurance Committee, IFAC-AIC Affairs Committee, Continuing Education Committee, Technology Committee, University Liaison Committee, Finance Committee, Technical and Legal Policy Evaluation Committee, Communications Committee, Legal Accounting Relief Committee, Membership Committee and Social, Cultural and Sports Events Committee.

The ISCP has an Executive Director, currently occupied by Laura Estela Aguilar de Ventura, and a representative who coordinates the work scheme carried out by each committee according to the SMOs; as well as maintaining an adequate orientation of the activities to be carried out and constant feedback to the associates. For more information visit our website: [www.iscpelsalvador.org](http://www.iscpelsalvador.org)

### **Challenges and key success factors**

One of the main challenges on which the ISCP focuses is to maintain constant communication with the CVPCPA on issues related to Quality Control and the application of disciplinary actions. The other challenge is to give continuity to our objectives when there is a change of Board of Directors; to this end, the Institute plans to incorporate the obligation of SMOs in our communication areas. Another challenge is the development of professionals and continuing education of the different topics that make up the annual training program that is developed. Likewise, accompany the CVPCPA in matters of Quality Control and finally, promote an ethical attitude in the members of the ISCP.

### **Priorities for 2023-2024**

One of the priorities in this period is to establish a real commitment from our members and align our work plans with the GOS. Likewise, carry out activities in order to strengthen the financial position of our Institution, including the growth of membership, since we have in the headquarters of San Salvador with the facilities that allow to develop the training school where seminars, workshops, diplomas, among others, are taught. These facilities will also allow for SMO outreach activities in our country. The ISCP is in the stage of reorganizing the current organizational structure, with the vision of changing to a more functional organization to meet the necessary activities and effectively meet the issues that our new situation of being IFAC membership requires. The management committee promotes the training program and promotes the different national and international themes attached to the SMO. Our priority is to maintain constant communication with the boards of directors of the subsidiaries so that they are aligned with the objectives, mission, vision and institutional values to work together with the ISCP and its associates.

### **Projects**

In the evolution of the ISCP, 4 strategic lines have been determined that will govern the institutional work, focusing on: a) Membership as a fundamental axis and the institutional *raison d'être*; (b) Continuing education as a basis for professionalism; c) The ISCP positioned as a leader of the accounting profession in El Salvador and as a reference of IFAC-AIC-CILEA as international organizations and other national and international entities and d) Institutional resources at the service of the accounting professional. In search of a better positioning, the ISCP will promote a Marketing Plan at the national level with the purpose of making the ISCP brand highly recognized in the professional field, as a reference in the provision of training services on quality assurance, compliance with standards and ethics.

### **Update the IFAC Action Plan**

1.	Assess progress against Action Plan activities	Biannually	ISCP
2.	Update action plan	Annually	ISCP

**Theme of the action plan:**

SMO 1 – Quality Assurance

**Objective of the Action Plan:**

Establish an Effective Quality Assurance System

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<b>OBJECTIVE:</b>					
Update 2023					
<p>The Salvadoran Institute of Public Accountants (ISCP) supports the Quality Assurance System, which is the responsibility of the Oversight Council of the Public Accounting and Auditing Profession (CVPCPA), a government institution responsible for ensuring the process and results of quality control of Public Accounting and Auditing professionals in the performance of their independent practice. The ISCP is an Association that contributes to this effort in communicating to the Associates the guidelines and provisions that emanate from the governing body.</p> <p>The mechanism we use is the disclosure of regulatory aspects that must be taken into account by the Associates in the performance of Accounting and Auditing, annually the CVPVPA performs sampling of reviews to the documented work of the audit processes, carrying out review based on a work guide, which allows to know the performance of the work, compliance with law and other regulations; as well as, quality assurance in processes.</p> <p>In 2023, the ISCP has an agreement with the CVPCPA, to support quality assurance and continuing education; Likewise, there is representation of 1 member of the 12 that make up the Board of Directors of the Supervisory Board of the Public Accounting and Auditing Profession (CVPCPA), who collaborate in standardization and quality control commissions.</p> <p>Work has been carried out on holding monthly and quarterly meetings with the CVPCPA, seeking approaches to document the results of the quality control program of ISCP members, in order to seek points of agreement and improvement in said management, interested in maintaining effective communication for the union.</p>					
<i>Initial steps to create an effective quality assurance system</i>					
1.	March 2023	<p>The ISCP periodically maintains communication with the CVPCPA, to support the dissemination of topics related to the accounting and auditing profession and on the training program on the subject of quality assurance in the independent performance of the profession.</p> <p>It is important to develop a compliance procedure that includes the consequences of non-compliance, omission, lack of due care and attention, abuse and intentional ignorance; as well as corrective procedures.</p>	December 2023	Board Quality Control Committee	<ul style="list-style-type: none"> <li>• Committee (3 Active Directors)</li> </ul>
2.	2022-2023	Design of quality assurance program together with the CVPCPA, which allows to teach accounting, auditing, ethics, quality control among others, agreeing to develop training and / or seminars in coordination with the guild.	Permanent Activity	ISCP/CVPCPA Committee	<ul style="list-style-type: none"> <li>❖ Communication staff</li> <li>❖ Collaborators</li> <li>❖ ISCP website</li> </ul>



#	Start date	Behaviour	Completion Date	Responsibility	Resource
3.	2022-2023	<p>The ISCP through its website and other social networks promotes a program of communication and approach to Associates and the general public, to position ourselves as a benchmark brand of the accounting profession in El Salvador.</p> <p>From the first quarter of 2023, "Bulletin and / or Accounting and Audit Magazine" will be shared with the Associates that denotes the professional events and participation in the guild by the ISCP, a document that will make visible the management of the ISCP, compiling and including "informative capsules" on different topics including the assurance of quality control, Events held, events to be held, historical reviews, work of the commissions, training on quality control, among others.</p> <p>For 2023, a marketing plan has been designed that will contribute to keeping the management of the ISCP active and for the Associates to participate in the promotional takeoff of the ISCP, which will make us more visible and position us in the minds of the partners.</p>	Permanent Activity	Special Committee	<ul style="list-style-type: none"> <li>❖ Communication staff</li> <li>❖ Collaborators</li> <li>❖ ISCP website</li> <li>❖ 2 Directors</li> </ul>
4.	2022-2023	<p>The ISCP seeks to strengthen the relationship with the different universities and houses of study of San Salvador and the interior of the country, through a leading role by the University Liaison Committee, for this it designs the Work Plan of the Committee.</p> <p>The ISCP updates the database of university representatives, in order to maintain constant communication about university work, so that training events of mutual collaboration are carried out, that is, dissemination forums, seminars, diplomas on quality control, accounting and auditing issues, ethics and other topics that include the curricula.</p>	Permanent Activity	University Liaison Committee	<ul style="list-style-type: none"> <li>• 2 Directors</li> <li>• ISCP Staff</li> <li>• University Teaching Staff</li> </ul>
5.	March 2023	<p>The collaboration is linked through the signing of Agreements or updating of these, between the ISCP and the University authorities to develop topics for the training of the teaching staff, active students and students close to</p>	Permanent Activity	<p style="text-align: center;">Board</p> <p>University Liaison Committee</p>	<ul style="list-style-type: none"> <li>• 2 Directors</li> <li>• ISCP Staff</li> <li>• University Professors</li> </ul>

#	Start date	Behaviour	Completion Date	Responsibility	Resource
		<p>graduating, considering important the identification for placement in internships and job offers included in the "job bank" found on the website.</p> <p>As of March 2023, Saturday talks for university students begin, which will be developed virtually and / or face-to-face, in collaborative support with universities.</p>			<ul style="list-style-type: none"> <li>• CVPCPA Quality Control Commission</li> </ul>
6.	March 2023	<p>The approach with universities is a basic aspect for the ISCP, since it is where the new generations of professionals are trained and their training must be promoted, through the realization of events such as "award for the best or outstanding", in the facilities of the universities or in the Graduation Act of the promotions of Public Accountants.</p> <p>In the case of awards or recognition of active students, the ISCP seeks to obtain special discounts or participation in Forums, Congresses, Seminars, among others.</p>	Permanent Activity	University Liaison Committee	<ul style="list-style-type: none"> <li>• 2 Directors</li> <li>• ISCP Staff</li> <li>• University Professors</li> </ul>
7.	April 2023	<p>Participating in the review of university curricula is considered an important axis for the ISCP since, it constitutes a contribution to the assurance of quality control of the exercise of the profession in accounting and auditing issues, this activity will be constant over time, since the study plans are valid for 5 years.</p>	Permanent Activity	University Liaison Committee	<ul style="list-style-type: none"> <li>• 3 Directors</li> <li>• ISCP Staff</li> <li>• University Professors</li> </ul>
<i>Ongoing process maintenance</i>					
8.	March to 2023 and continuous in time	<p>Through the Representative of the ISCP, accompany the CVPCPA and generate communication links, through periodic meetings aimed at developing a Quality Control Assurance Program, based on the experience and observations identified by the CVPCPA in the annual reviews of Private Audit Firms, independent professionals in the exercise of the profession, with the purpose of exercising the role of supporting the Council, documenting the actions carried out (PAC), and disseminating and training our Associates to help raise the level of quality of the same in compliance with DOM1.</p>	Permanent Activity	Board Quality Control Committee	<ul style="list-style-type: none"> <li>• Board Directors</li> <li>• ISCP Staff</li> <li>• CVPCPA Quality Assurance Committee</li> </ul>
<i>Review ISCP compliance information</i>					

#	Start date	Behaviour	Completion Date	Responsibility	Resource
9.	March 2023	The ISCP will constantly verify IFAC's changes, progress and updates around the Quality Assurance Compliance Program and inform Associates through website and social media posts.	Permanent Activity	Board  Quality Control Committee	<ul style="list-style-type: none"> <li>• Board Directors</li> <li>• ISCP Staff</li> <li>• CVPCPA Quality Assurance Committee</li> </ul>

**Theme of the Action Plan:** SMO 2 - IES  
**Objective of the Action Plan:** IES Implementation

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The ISCP is the entity that groups public accountants registered in the country. The requirements include having obtained the Bachelor's Degree in Public Accounting or a minimum level of 2 and a half years of University studies. The CVPCPA is responsible for giving the registration numbers to practice public accounting and auditing.</p> <p><i>2023 Update:</i></p> <p>There is a Committee for Liaison with Universities that is responsible for the dissemination of HEIs.</p>					
<p><i>Raise awareness about the requirements of HEIs and begin application to university education</i></p>					
1.	March 2023	Disseminate the components of DOM2 to the academic directors who teach the career of public accounting in all authorized universities in the country, as a guide to build a structure and framework for the curriculum and continuing education in the profession	December 2023	Board	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Academic Directors of Universities</li> <li>• Volunteers</li> </ul>
2.	March 2023	Diagnosis: analysis between DOM2 and the current situation and issue recommendations to close these gaps and thus increase the level of compliance with the training standards of public accounting and auditing professionals.	June 2023	Board Committee for Liaison with Universities	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Committee for Liaison with Volunteer Universities</li> </ul>
3.	July 2023	Disseminate the results of the diagnosis and recommendations, through publication in the official media of the ISCP, forums, talks, among others.	September 2023	Board Committee for Liaison with Universities	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Education Committee</li> <li>• volunteers</li> </ul>
4.	September 2023	Dissemination to the accounting profession in general, of the IES, through the official media of the ISCP.	Permanent Activity	Board of Directors,	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Education Committee</li> <li>• volunteers</li> </ul>
5.	March 2023	Include HEIs in the ISCP continuing education program.	Permanent Activity	Board Committee for Liaison with Universities	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> </ul>

#	Start date	Behaviour	Completion Date	Responsibility	Resource
				Education Committee	<ul style="list-style-type: none"> <li>• Committee for Liaison with Universities</li> <li>• Education Committee</li> <li>• Volunteers</li> </ul>
<i>Start discussions on the importance of professionalizing continuing education.</i>					
6.	March 2023	Initiate talks to sign a technical cooperation agreement with the CVPCPA to identify opportunities for improvement in the training of professionals interested in strengthening competencies, through continuing education.	December 2023	Board	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> </ul>
7.	March 2023	Explore the possibility of certifying some knowledge acquired by members, through ISCP's own certification programs or with strategic alliances. Realization of forums and chats to deal with the subject.	Permanent Activity	Board Education Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Education Committee</li> <li>• volunteers</li> </ul>
<i>IES Implementation Process Maintenance</i>					
8.	September 2023	Monitor through annual reviews, that the requirements to enter the profession, professional education, professional examinations, practical experience and continuing education are in conformity with the requirements of DOM 2.	Continuous (Every year in December)	Universities Liaison Committee IFAC and AIC Affairs Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Committee for Liaison with Volunteer Universities</li> </ul>

**Theme of the Action Plan:** SMO 3 - IAASB pronouncements  
**Objective of the action plan:** use best efforts to improve ISA implementation

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>ISAs have been adopted in El Salvador by the CVPCPA. The ISCP makes permanent efforts to incorporate the latest updates made to these standards into the training process. Greater efforts are needed, however, to raise awareness among audit professionals of the need to apply standards.</p> <p><i>Update 2023</i></p> <p>The development of this SMO is continuous and vital for the progress of the institution and its professionals. The Training and Dissemination pillars of the ISCP aim to monitor this SMO.</p>					
<p><i>Promoting ISA Implementation</i></p>					
1.	March 2023	Include in the annual work plan the guidelines proposed by IFAC in DOM 3.	March 2023	Board of Directors, IFAC and AIC Affairs Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• IFAC and AIC Affairs Committee</li> </ul>
4.	July 2023	Diagnosis: analysis between the DOM3 and the current situation of the study programs of the five main universities in the country that teach the public accounting career and issue recommendations to close these gaps and thus increase the level of compliance.	October 2023	Board Committee for Liaison with Universities	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Committee for Liaison with Universities</li> </ul>
5.	Permanent Activity	Conduct courses, workshops and student and professional congresses to disseminate and train ISCP members and the accounting community in general in ISCs.	Permanent Activity	Continuing Education Committee Committee for Liaison with Universities	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Continuing Education Committee</li> <li>• Committee for Liaison with Universities</li> </ul>
<p><i>Ongoing process maintenance</i></p>					
6.	Permanent Activity	Keep ISCP members informed about changes and modifications to the IAASB rules (e.g., a publication system on the ISCP website, among others.)	Permanent Activity	Technology and Marketing Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• IFAC and AIC Affairs Committee</li> </ul>

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<i>Review ISCP compliance information</i>					
7.	Continuous	Review the responses of the Part I and Part II Compliance Program and make the modifications that are required to update the parts. Report updates to IFAC to publish the actual information. <ul style="list-style-type: none"> <li>- Designate a responsible person to review the information in Part I and II and make modifications</li> <li>- Inform IFAC of changes.</li> </ul>	Continuous (Every year in December)	Technical Standards Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Technical Standards Committee</li> </ul>

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

**Objective of the Action Plan:** *Update the Code of Ethics to the Current IESBA Code of Ethics*

**Background:**

Through resolution 129 dated May 24, 2022, the CVPCPA ratifies the adoption of the International Code of Ethics for Public Accounting professionals issued by the IESBA (Version 2021). The ISCP has signed agreements with the CVPCPA and the Universities of El Salvador, to establish mechanisms that promote the level of knowledge about the contents of the IES and create an ethical culture. The use of the current Code of Ethics is applicable to all accounting professionals in El Salvador, in accordance with the resolutions issued by the CVPCPA.

In addition, in Official Gazette 239, dated December 21, 2009, the Legislative Assembly incorporated the Code of Ethics into the Tax Code to make it applicable for tax purposes, and must be complied with by accountants, including those with a bachelor's degree or vocational technician, with a specialty in accounting recognized by the Ministry of Education.

Update 2023

The ISCP sends its members periodic communications of the new pronouncements issued by IFAC related to the IFAC Code of Ethics, as well as conducts training to disseminate the concepts included in it. In these trainings, in accordance with the Continuing Education Standard authorized by the CVPCPA, the study of said Code is mandatory.

During 2022, the ISCP was permanently disseminating capsules related to ethics in all its courses and training events, with the aim of promoting an ethical culture. The ISCP emphasizes the need for full compliance with the code by its associate members. The action plan for this cycle is aimed at keeping members informed of the terms of the Code of Ethics. The ISCP informed its members that it would continue to report on the pronouncements issued by IFAC, and would also include in its training program the requirements established by the IFAC Code of Ethics.

To develop some activities there is the Ethics Committee (CSMO4) which has the following responsibilities:

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| <ul style="list-style-type: none"><li>a) Publish and promote the culture of compliance with the ethical values of the profession of public accountant, contained in the Code of Ethics promulgated by the IFAC.</li><li>b) Develop a program on the knowledge and application of the ethical values of the profession for members of the Institute</li><li>c) Evaluate and recommend to the Board of Directors of the Institute on failures to the Code of Ethics coming from the partners or actions of organizations that have signed agreements with the Institute.</li></ul> |
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#	Start date	Actions	End date	Responsibility	Resource
<i>Adoption of the IESBA Code of Ethics</i>					
1.	May 2023	Disseminate in the ISCP-WEB training courses, tools and articles related to the Code of Professional Ethics, and promote research on this topic in Universities	Permanent activity included in the Professional Development Program implemented by the ISCP	Board CSMO-4	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• Membership Committee</li> <li>• Administrative Committee</li> <li>• Committee for Liaison with Universities</li> </ul>
2.	August 2023	<p>Monitor compliance with the ethical conduct policy by ISCP members, which lays the groundwork for designing and implementing a program for the application of IFAC's code of ethics.</p> <p>Strengthen communication channels between the ISCP and the CVPCPA to monitor compliance with the ethics of its members. This would include the development of a guide of policies and procedures that typify threats to ethical principles, including analysis of anti-corruption and bribery cases.</p>	2023	Board CSMO-4 Administrative Committee	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• IFAC Code of Ethics</li> <li>• Administrative Director</li> </ul>
3.	May 2023	Publish short capsules related to the Code of Professional Ethics. Also in the material that is delivered in other courses, short topics on professional ethics are included so that it is known by the participants.	Permanent Activity	Board CSMO-4	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• Digital Marketing</li> <li>• Administrative Director</li> </ul>
4.	May 2023	Request a Statement of Ethics from ISCP members	June 2023	Board CSMO-4 ISCP Director at CVPCPA	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• ISCP representatives in the CVPCPA</li> </ul>
<i>Continuous process maintenance</i>					
5.	Current	Monitor the changes to the Code of Ethics made by IESBA and ensure that the changes are communicated to the members of the ISCP.	Permanent Activity	Board CSMO-4	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• Membership Committee</li> <li>• Marketing Digital</li> </ul>
6.	October 2023	Conduct quarterly visits to regulatory bodies such as the CVPCPA, SSF/SV and SOM, to obtain reports of unethical conduct, in order to take corrective actions in	2023	Board CSMO-4	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• Administrative Committee</li> </ul>

		accordance with the guidelines of the IFAC Code of Ethics and the ISCP statutes.			
7.	October 2023	That the ISCP serve and establish a channel to make specific allegations or questions against inappropriate professional practices, which would be investigated and tracked by CSMO-4.	(In progress Follow-up)	Board CSMO-4	<ul style="list-style-type: none"> <li>• CSMO-4 Members</li> <li>• Administrative Committee</li> </ul>
<i>Review ISCP compliance information</i>					
8.	Current	Conduct a review of the MOS and the ISCP SMO Action Plan and update the relevant sections as necessary. Once updated, inform IFAC compliance staff about the update so compliance staff can republish the updated Action Plan.	Current (Every year in December)	Board Management Committee Ethics Committee	<ul style="list-style-type: none"> <li>• ISCP Board of Directors</li> <li>• Ethics Committee</li> </ul>

**Theme of the Action Plan:** SMO 5 - Public Sector Accounting

**Objective of the Action Plan:** Raise awareness of IPSAS among government counterparts

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<i>Background</i>					
In El Salvador, the Central Government has adopted as of January 2022 IPSAS 1, 2, 12, 17 and 31.					
<i>Update 2023.</i>					
The ISCP seeks to be the answer to the dissemination and knowledge of the rules in general, and the benefits obtained by the country. We have the mission as a guild to help the Central Government of El Salvador adopt the rest of IPSAS and facilitate their knowledge to our associates.					
<i>Initiating the IPSAS dialogue</i>					
1.	March 2023	Include within the annual work plan the guidelines proposed by IFAC in DOM 5.	March 2023	Board of Directors, IFAC and AIC Affairs Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• IFAC and AIC Affairs Committee</li> </ul>

#	Start date	Behaviour	Completion Date	Responsibility	Resource
2.	Permanent Activity	Conduct courses, workshops and student and professional congresses to disseminate and train ISCP members and the accounting community in general in IPSPC.	Permanent Activity	Continuing Education Committee and University Liaison Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Continuing Education Committee</li> <li>• Committee for Liaison with Universities</li> </ul>
<i>Ongoing process maintenance</i>					
3.	Permanent Activity	Keep ISCP members informed about changes and modifications to the IAASB rules (e.g., a publication system on the ISCP website, among others.)	Permanent Activity	Technology and Marketing Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• IFAC and AIC Affairs Committee</li> </ul>
4.	Continuous	Promote the creation of a technical table made up of the ISCP, Ministry of Finance and the CVPCPA, to monitor the success of the IPSAS implementation process in El Salvador.	Continuous	Board	<ul style="list-style-type: none"> <li>• Board</li> </ul>
<i>ISCP compliance</i>					
1.	Continuous	Review the responses of the Part I and Part II Compliance Program and make the modifications that are required to update the parts. Report updates to IFAC to publish the actual information. <ul style="list-style-type: none"> <li>- Designate a responsible person to review the information in Part I and II and make modifications</li> <li>- Inform IFAC of changes.</li> </ul>	Continuous (Every year in December)	Committee on Technical Standards	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Committee on Technical Standards</li> </ul>

**Theme of the Action Plan:**

SMO 6 – Research and discipline

**Objective of the Action Plan:**

*Strengthening of research and discipline processes (R+D)*

**Background:**

The process of investigation and discipline is the responsibility of the CVPCPA, so the ISCP has no direct responsibility; accordingly, the efforts of the ISCP are aimed at encouraging the CVPCPA to comply with the requirements of DOM-6.

The CVPCPA carries out its work proactively through control procedures, and also attends to complaints procedures. The cases investigated may result in punishable offences which are classified as misconduct and other breaches. Professional ethical faults are recognized and judged by an Ethics Commission, which are subsequently known by the plenary of the CVPCPA Board of Directors, who finally is the sanctioning body that will determine the type of sanction, either for being a pecuniary fine, including temporary suspension of the exercise of the profession.

Update 2023:

During the past year, the ISCP, through the representative in the CVPCPA, was kept informed of the level of demands that authorized public accountants had received from the general public, which has led to the study and launch of proposals to include in the Law of the Exercise of Accounting.

The ISCP implements, through its ethics commission, disclosures of compliance with ethical requirements for its members, and also through the training programs it conducts annually.

#	Start date	Actions	End date	Responsibility	Resource
<i>Strengthening the Research and Discipline System (R+D)</i>					
1	May 2023	Update of the agreement with the CVPCPA in order to provide timely follow-up to cases of ethical non-compliance by ISCP members (See Annex 1 of SMO 6 of the topics to be considered in the update)	June 2023	CSSMO-6 Board of Directors	<ul style="list-style-type: none"> <li>ISCP Directors en CVPCPA</li> </ul>
2.	October 2023	Review of research and discipline actions of the CVPCPA, and ISCP to comply with IFAC, and prepare statistical reports of non-compliance and disciplinary actions.	November 2023	CSSMO-6 Board of Directors	<ul style="list-style-type: none"> <li>Director of ISCP in CVPCPA</li> </ul>
3.	October 2023	Request corrective action plans from ISCP members who appear with disciplinary reports.	November 2023	CSSMO-6 Board of Directors	<ul style="list-style-type: none"> <li>CSSMO-6 Members</li> </ul>

#	Start date	Actions	End date	Responsibility	Resource
4.	October 2023	Discuss and approve corrective actions	November 2023	CSMO-6 Board of Directors	• CSMO-6 Members
5.	November 2023	Strengthen the channels of communication between the ISCP and the CVPCPA, SSF/SV and SOM to monitor compliance with the ethics of the members of the Institute.	December 2023	CSMO-6 Board of Directors	• CSMO-6 Members
<i>Continuous process maintenance</i>					
6.	Current	Ensure through annual reviews, that the quality level of the R+D system complies with the SMO 6 components.	Current (Every year in December)	Board of Directors Ethics Committee	• ISCP Staff • Ethics Committee • Volunteers
<i>Review ISCP compliance information</i>					
7.	Current	Conduct a review of the revised SMOs and the ISCP SMO Action Plan and update the relevant sections as necessary. Once updated, inform IFAC compliance staff about the update so compliance staff can republish the updated Action Plan.	Current (Every year in December)	Board of Directors Ethics Committee	• ISCP Staff • Ethics Committee

**SMO 6 ANNEX 1 - Issues to be considered in updating the ISCP-CVPCPA agreement**

Requirements	Y	N	Partially	Feedback
<b>System Scope</b> 1. That there is a system of investigation, discipline and appeals for the accounting profession. The system is operational.				

Requirements	Y	N	Partially	Feedback
2. That information on the types of unethical conduct that may lead to investigative action is publicly available.				
<b>Initiation of proceedings</b>				
3. That come from a "complaint" supported by "information"				
4. A link to the results of quality control reviews is established.				
<b>Research process</b>				
5. That there is a committee or similar body to conduct investigations.				
6. That the members of a committee are independent of the subject matter of the investigation and other related parties.				
<b>Disciplinary process</b>				
7. That there be a separate disciplinary committee/entity to make disciplinary decisions on referrals from the investigative committee.				
8. That the members of the committee/entity include professional accountants as well as non-accountants.				

Requirements	Y	N	Partially	Feedback
9. Independent independence of the tribunal with respect to the subject of the investigation and other related parties is verified.				
<b>Sanctions</b> 10. That there is a disciplinary regime that imposes a wide range of sanctions. It is particularly important to include: (a) loss of professional designation; (b) the restriction and withdrawal of rights in exercise; and (c) exclusion from membership.				
<b>Rights of representation and appeal</b> 11. That there be a third appellate body that is independent of both the disciplinary committee and the investigative committee.				
<b>Administrative Processes</b> 12. That time limits be established for the resolution of all cases.				
13. That follow-up mechanisms be established to monitor progress in the investigation and related discipline and procedures.				
14. That records of investigations and disciplinary proceedings be established.				

Requirements	Y	N	Partially	Feedback
<p><b>Considerations of public interest</b></p> <p>15. That activities are supported to ensure that the public is aware that there is a system of investigation and discipline in the jurisdiction.</p>				
<p>16. That there be a process for independent review of complaints for which no follow-up was established.</p>				
<p>17. That the results of investigation and disciplinary procedures are made available to the public. (Under the relevant legal considerations such as LAIP.</p>				
<p><b>Liaison with external bodies</b></p> <p>18. That there is an adequate process of liaison with external bodies on possible involvement in serious crimes and misdemeanours.</p>				
<p><b>Periodic review of implementation and effectiveness</b></p> <p>19. That periodic reviews of the implementation and effectiveness of the system are carried out and corrective actions are implemented.</p>				

NOTE: Compliance with several sections of this list depends on the scope of the agreement between the ISCP and the CVPCPA establishes. By legal provisions, the regulatory body has the power to monitor, investigate and impose sanctions.



**Theme of the Action Plan:** SMO 7 - IFRS's  
**Objective of the Action Plan:** Improving IFRS Implementation

#	Start date	Behaviour	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The process of implementing IFRS and IFRS for SMEs in El Salvador has been successful. The ISCP, with the project (IDB/MIF) achieved the training of 44 instructors and the respective replication of this knowledge in the different modules that make up the certification program. The process of implementing standards at the national level has been successful and effective since their implementation is mandatory according to the Law. In addition, banks require it from companies that have loans for more than \$100,000.</p> <p><i>2023 Update:</i></p> <p>The CVPCPA ratified in 2009 the application of IFRS or IFRS, in its version for SMEs, at the national level. Our role is to work in two main vertical areas (Training and Outreach), and two horizontal areas (Ethics and Quality Control).</p>					
<p><i>Ongoing process maintenance</i></p>					
1.	March 2023	Include within the annual work plan the guidelines proposed by IFAC in DOM 7.	March 2023	Board of Directors, IFAC and AIC Affairs Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• IFAC and AIC Affairs Committee</li> </ul>
2.	Permanent Activity	Conduct courses, workshops and student and professional congresses to disseminate and train in Full IFRS and IFRS for PYMes to ISCP members and the accounting community in general.	Permanent Activity	Continuing Education Committee and University Liaison Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Board</li> <li>• Continuing Education Committee</li> <li>• Committee for Liaison with Universities</li> </ul>
3.	Permanent Activity	Keep ISCP members informed about changes and modifications to the IASB rules (e.g., a publication system on the ISCP website, among others.)	Permanent Activity	Technology and Marketing Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• IFAC and AIC Affairs Committee</li> </ul>
<p><i>Review ISCP compliance information</i></p>					

#	Start date	Behaviour	Completion Date	Responsibility	Resource
4.	Continuous	Review the responses of the Part I and Part II Compliance Program and make the modifications that are required to update the parts. Report updates to IFAC to publish the actual information. - Designate a responsible person to review the information in Part I and II and make modifications - Inform IFAC of changes.	Continuous (Every year in December)	Standards Committee Liaison Committee	<ul style="list-style-type: none"> <li>• ISCP</li> <li>• Standards Committee</li> <li>• Liaison Committee</li> </ul>