

## **BACKGROUND NOTE ON ACTION PLANS**

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

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

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the 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. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

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

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

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

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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 affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<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.

## Use of Information

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

## ACTION PLAN

**IFAC Associate:** Palestinian Association of Certified Public Accountants (PACPA)

*Approved by Governing Body:* PACPA Board of Directors















**Original Publish Date:** June 2014

**Last Updated:** April 2023

**Next Update:** April 2027

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

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

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Adoption Status as of 2022	Level of SMO Fulfillment as of 2022
QA / SMO 1	Direct	 Adopted	 Sustain
IES / SMO 2	Shared	 Adopted	 Sustain
ISA / SMO 3	No Direct	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Adopted	 Sustain
IFRS / SMO 7	No Direct	 Adopted	 Sustain

### **Attestation of SMO Compliance**

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

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

## **GLOSSARY**

<b>AICPA</b>	American Institute of Certified Public Accountants
<b>BPA</b>	Board of Professional Accountants
<b>BSP</b>	Business Service Provider
<b>CA</b>	Chartered Accountant
<b>COE</b>	Code of Ethics
<b>CPD</b>	Continuing Professional Developments
<b>I&amp;D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IASCA</b>	International Arab Society of Certified Accountants
<b>IESs</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISAs</b>	International Standards on Auditing
<b>ISQC</b>	International Standards on Quality Control
<b>SCAAB</b>	State Audit And Administrative Control Bureau
<b>PACPA</b>	Palestinian Association of Certified Public Accountants (PACPA)
<b>PCMA</b>	Palestinian Capital Markets Authority
<b>PMA</b>	Palestinian Monetary Authority
<b>QA</b>	Quality Assurance
<b>SME</b>	Small and Medium Enterprise
<b>SMO</b>	Statement of Membership Obligations

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Develop PACPA QA system in accordance with SMO 1

**Background:**

In accordance with the Auditing Practice Law No. (9) For the year 2004, the Palestinian Association of Certified Public Accountants (PACPA) is responsible for audit quality inspection; this was mentioned in the above law (Article No. (17)) & in PACPA bylaws in Article No. 7. PACPA has finished working on developing the working procedures for this system through its Quality Assurance Committee which comply with SMO1 and ISQC1. The QA Committee maintains its objective to implement the QA manual to verify whether they are indeed complying with the International Standards on Auditing (ISAs) and International Standards of Quality Control (ISQC) 1. PACPA has adopted the ISA 220 and the ISQC 1 as quality control standards are reflected in the Quality Assurance manual. PACPA started performing the audit quality inspection in 2020, reviewers were contracted and started conducting the actual quality review visits in the middle of the year, the reviewers are expected to conduct QA for the 2018, 2019 and 2020 audits to implement the QA system.

All Auditors in Palestine are subject to the Quality Assurance (QA) review system. In the current annual plan, around 25% of the practitioners will be subjected to QA.

The selection of sole practitioners was based on the risk bases approach, e.g. auditors of listed firms or PEIs were highly considered in the sections.

The plan allows that all audit firms will be reviewed over the three years' time period, and all the sole practitioners will be reviewed over 4-6 years.

In 2018, regulations (instructions No. 1 of the year 2018) were passed by the PBA stating that adoption of ISQCA is mandatory by the PACPA and auditors as issued by the International Federation of Accountants, IFAC.

In 2022 PACPA has completed its own strategy to start implementing the stage (2) of QA after the success of implementing stage (1) of QA which was done in 2022, the QA was executed on 24 sole practitioners and 4 Audit firms the selection was done on a risk-based approach after PACPA completed all the requirements and procedures for QA system implementation, PACPA through its strategy will work to update its QA manual As per the requirements of ISQM to proceed with the stage 2 implementation which will be at the beginning of 2023.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Further Developing the PACPA QA Review System</i>					
1.	Ongoing	Understand and review the SMO1, to help PACPA upgrade the currently existing QA review system to a comprehensive system of QA in accordance with SMO1. First draft of the QA manual as prepared by the international consultant engaged for the assignment was submitted to PACPA Board of Directors for discussion on 6 February 2014. The final draft is expected to be approved and issued by the 1st of April	2020	PACPA Board Member	PACPA staff

		2014, through this engagement. The deliverables will contain the following; <ul style="list-style-type: none"> <li>- QA Guidelines to help PACPA implement and ensure compliance of Audit firms with ISQC 1.</li> <li>- QA Quick Guide and Implementation Model to aid practitioners adhere to the basic requirements of PACPA QA Guidelines.</li> </ul>			
2.	ongoing	The printing out and circulation of the QA manual to PACPA Members, Update the manual as per the ISQM and re-circulation to PACPA members	completed	PACPA Board Member	PACPA staff
<i>Supporting Implementation of the Quality Assurance Guidelines</i>					
3.	January 2020	Planning, organizing and leading specialized training workshops that aid PACPA members adequately understand the contents of the quality assurance guidelines. <ul style="list-style-type: none"> <li>• This will help PACPA to establish &amp; publish the quality control standards and will assist Audit firms with their implementation. The training workshops shall be attended by all PACPA general assembly members as mandatory training requirements.</li> <li>• Conduct specialized training for PACPA members on QA.</li> </ul>	Completed January 2020	Continuing Education Committee, QA Committee	Appointed BSP under the supervision of the Continuing Education Committee, QA Committee and PACPA Staff
4.	June 2020	PACPA through the QA committee started implementing the QA manual. The committee hired qualified reviewers and conducted a special training session for them, in addition to sending QA notifications for the sample selected determining the name of the reviewer and the assigned date of the visit.	completed	QA Committee	Appointed BSP under the supervision of the Committee, and PACPA Staff
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Updating the adopted manual as and when needed to ensure compliance with the latest updates, including the revised requirements of SMO 1, as issued by IFAC.	Ongoing	PACPA Board Member	PACPA staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
6.	Annually	Perform periodic review on implementation of QA guidelines as necessary and as per the requirements of the revised SMO 1.	Annually	Quality Assurance Committee	Quality Assurance Committee, PACPA Staff
<i>Review of Compliance Information</i>					
7.	Annually	Review and update the sections relevant to SMO 1 as necessary.	Annually	Quality Assurance Committee	Quality Assurance Committee, PACPA Staff

#### **Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b> 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	✓			
<b>Quality Control Standards and Other Quality Control Guidance</b> 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	✓			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	✓			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	✓			Training Materials were developed; awareness and training programs were conducted.

Requirements	Y	N	Partially	Comments
<b>Review Cycle</b>				
5. A mixed approach for selecting firms for QA review is used.	✓			Mixed approach is considered while selecting the sample of members to be subject for the first round of QA.  A sample of the auditors of listed entities and other PIEs.  Another sample of auditors unrelated to PIEs.
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	✓			It is considered in the QA plan
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.	✓			
8. QA Team possesses appropriate levels of expertise.	✓			
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	✓			
10. A written report is issued upon conclusion of the QA review and provided to the reviewed firm/partner.	✓			
<b>Corrective and Disciplinary Actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet the review report recommendations.	✓			
12. The QA review system is linked to the Investigation and Discipline system.	✓			



Requirements	Y	N	Partially	Comments
<b>Consideration of Public Oversight</b> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	✓			
<b>Regular Review of Implementation and Effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	✓			

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

**Action Plan Objective:** Develop PACPA Continuing Professional Development (CPD) and support the enhancement of professional accountancy education quality in accordance with International Education Standards (IESs)

**Background:**

To qualify as a new member of PACPA, the candidate shall be a holder of an official license issued by BPA to practice auditing in accordance with specific requirements as stated in Auditing Practice Law No. (9) for the year 2004. In accordance with this law, candidates must be holders of a bachelor's degree besides practical experience in the field. The length of practical experiences is determined based upon the level of education: holders of a Bachelor degree in accounting are required to have at least five years of practical experience in accounting and auditing including two years at least as a senior auditor whereas holders of a master degree are required to have three years of experiences including one year as a senior auditor. All candidates are also required to pass final examinations. The detailed requirements are stated in Auditing Practice Law No. 9 for the year 2004 on chapter 3, article 9. Recently, BPA developed a curriculum for those who are preparing for the BPA examination for licensing and practice as a licensed auditor in Palestine. The curriculum covers the IESBA Code of Ethics for Professional Accountants, International Financial Reporting Standards (Full IFRS), IFRS for SMEs and ISAs, in consistent with IES 6.

Continuing Professional Developments (CPD):

As per PACPA bylaws and as a requirement for renewing the permit to practice, all PACPA practicing members are required to attend at least three training hours annually on the code of ethics. This ethical training is required as a part of the annual CPD requirement which states that every PACPA member shall attend a minimum of 90 cumulative training hours every three consecutive years. PACPA maintains an official record to monitor the achievement of CPD requirements. Moreover, PACPA does not renew the permit of the members who do not comply with these requirements.

It is possible to introduce this addition by adding new areas required for training to increase the numbers of the required training hours, the new areas of training might be in local rules and regulations and code of ethics for professional accountants, however many of the members complete more than 90 hours every three years.

Mutual Recognition:

The holders of international professional certificates such as CPA, UK CA, and Canadian CA are exempted from the required exam except the exam of local rules and regulations, besides one year of practical experience as a senior auditor, as per Auditing Practice Law No.9 for the year 2004.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting the IES requirements to PACPA Membership and BPA</i>					
8.	September 2019	Review the revised SMO 2 and increase awareness of the PACPA General Assembly members and the BPA regarding the components and requirements of SMO 2.	December 2019 Completed	Continuing Education Committee	Continuing Education Committee, PACPA Staff
<i>Promoting the Incorporation of the International Standards in University Syllabus</i>					
9.	January 2019	<p>PACPA through the Continuing Education Committee hosts the Palestinian Universities in its new Headquarters and encourages them to include the IFRSs and ISAs in the University Syllabus through a special workshop for the staff and the students.</p> <ul style="list-style-type: none"> <li>Arab American University, Birzeit University, Al Najah National University and Abu Dies University are currently teaching the international standards as part of their official curriculum.</li> </ul>	December 2019 Completed	Continuing Education Committee	Continuing Education Committee
10.	Oct. 2019	<p>Meeting the leading Palestinian universities to promote ISA, IFRS, IFRS for SMEs through regular visits and conducting workshops explaining the benefits of adopting the international standards and supporting their implementation.</p> <ul style="list-style-type: none"> <li>A workshop was Organized with Al Najah National University, Birzeit University, Al Quds University, Bethlehem University, and the Arab American University on October 2019.</li> </ul>	Oct. 2019 Completed	Continuing Education Committee	Continuing Education Committee, PACPA Staff
<i>Continuing to Enhance the Quality of CPD and Related Trainings</i>					
11.	Ongoing	Ensure that the working procedures of Continuing Education Committee (CEC) will meet the requirements of SMO 2 and IESs. This committee meets on a regular basis to update the Committee's working procedures; the committee exchanges that experience with the Saudi Organization for Certified Public Accountants (SOCPA).	Ongoing	Continuing Education Committee	Continuing Education Committee, PACPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
12.	Ongoing	Conducting self-assessment questionnaires on needs of PACPA members to develop related CPD courses, and develop an annual plan for training by geographical area and scheduled training sessions and workshops.  Development of training courses evaluation mechanism to ensure that the training executed met the preset objectives.	March 2014 Completed. Repeated once every three years, done again in 2018 and 2021	Continuing Education Committee	Continuing Education Committee, Board of Directors, PACPA Staff
13.	April 2019	PACPA launched its new training center, this center exists in the PACPA new headquarters, and was accredited from the Ministry of Higher Education in Palestine, and through the Continuing Education Committee. PACPA is working annually to develop its training program.	Ongoing	Continuing Education Committee	Continuing Education Committee, Board of Directors, PACPA Staff
<b>Maintaining Ongoing Processes</b>					
14.	Ongoing	Reviewing and providing comments on new and revised Exposure Drafts issued by the International Accounting Education Standards Board in partnership with Palestinian universities.	Ongoing	Continuing Education Committee	Continuing Education Committee, PACPA Board Members
15.	Ongoing	Propose to BPA to consider the requirements of IES 8 as part of the requirements, specifically the professional exam subjects, for granting the audit license.	June 2016 Completed	Continuing Education Committee	Continuing Education Committee, PACPA Board Members in BPA
16.	2022	Participate in MENA IES Project led by IFAC/IPAE as well as activities that arise from said project. <ul style="list-style-type: none"> <li>- Completed IES gap analysis questionnaire, Q1 2022</li> <li>- Completed interview with IFAC / IPAE, Q1 2022</li> <li>- Participated and presented at IES MENA regional webinar on June 21, 2022</li> </ul>	Ongoing	Continuing Education Committee	Continuing Education Committee, PACPA Board Members in BPA
17.	2022	PACPA participated in the first bi-annual virtual MENA PAO Knowledge Exchange Workshop on Accountancy Education on October 25, 2022 as well as subsequent webinars in the series as it continues to promote	Ongoing	Continuing Education Committee	Continuing Education Committee, PACPA Board Members in BPA

		alignment with the revised 2019 IES at the jurisdiction level.			
<i>Review of Compliance Information</i>					
18.	Ongoing	Review and update the sections relevant to SMO 2 as necessary.	Ongoing	Continuing Education Committee	Continuing Education Committee, Board of Directors, PACPA Staff

**Action Plan Subject:** SMO 3—International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Develop plans to enhance current efforts to translate, publish and circulate ISAs

**Background:**

PACPA enjoys a corporate body, financial and administrative independence to perform all legal acts needed to achieve its goals stated in its bylaws. As such, PACPA adopted ISAs several years ago. However, some of the small audit firms have not fully adopted the standards as they need capacity building and proper training to increase their knowledge and experience in the standards. Public Interest Entities (PIE) which includes listed companies, financial institutions such as banks, insurance companies, etc..., are fully compliant with IFRS in the preparation of Financial Statements and their auditors completely apply ISAs in their Audit, as the PMA and PCMA require the Auditors to follow International Standards. For every new version of ISA that has been issued by the International Auditing and Assurance Standards Board (IAASB), PACPA adopts the newly issued version without modification in its regular meetings. PACPA strongly encourages the implementation of ISAs and the other pronouncements issued by the IAASB with the leading Palestinian Universities, and other related parties.

In regards to translations, PACPA works in coordination with the International Arab Society of Certified Accountants (IASCA) to provide us with the latest translated versions to be used by PACPA members, PACPA obtains the translated versions of the standards that were issued by IASCA and distributes them among its members.

The latest translated version of the standards is the 2019 version.

In 2018, regulations (instructions No. 1 of the year 2018) were passed by the PBO stating that adoption of ISAs is mandatory by auditors as issued by The International Auditing and Assurance Standards Board, IAASB, International Federation of Accountants, IFAC.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Raising Awareness of Auditors Regarding the ISAs and Supporting the Implementation of the International Standards</i>					
19.	Ongoing	Organize and lead specialized training programs in ISA and related IAASB pronouncements for PACPA members. <ul style="list-style-type: none"> <li>This is conducted annually based on a preset plan for continuous education programs.</li> <li>This includes training on IFAC Small and Medium Practices (SMP) Committee <i>Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities</i>.</li> </ul>	Ongoing	Continuing Education Committee, PACPA staff	Continuing Education Committee, PACPA Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Obtaining an Arabic Translation of the ISAs</i>					
20.	Ongoing	<p>Evaluate the possibilities of securing an updated Arabic translation of ISAs conducted in accordance with IFAC Translation Policy; this will be made available for use by PACPA members.</p> <ul style="list-style-type: none"> <li>PACPA is considering establishing liaison, cooperation and coordination with other Arabic PAOs in the region to secure updated professional translations of these international standards. The latest translated version of the standards is the 2015 version.</li> </ul>	Ongoing	Board of Directors	Continuing Education Committee, PACPA Staff
<i>Maintaining Ongoing Processes</i>					
21.	Once every two years	<p>Complete the third International Professional Conference in Accounting &amp; Auditing, titled:</p> <p><b><u>“Auditing Profession, and its role in strengthening the governance and anti-corruption”</u></b></p>	March 2019 Completed	Board of Directors, PACPA Staff	Board of Directors, PACPA staff, & PACPA Committees
22.	Quarterly	<p>Circulate the latest updates &amp; amendments of ISA on the PACPA website &amp; updating PACPA members on new standards and pronouncements to maintain concurrent knowledge. This is made possible through periodic follow up of the research committee in determining relevant updates that require circulation and if needed, possible training of PCPA members.</p>	Ongoing	Scientific Research Committee	Board of Directors, Scientific Research Committee
<i>Review of Compliance Information</i>					
23.	Annually	<p>Review and update the sections relevant to SMO 3 as necessary.</p>	Annually	Board of Directors, Foreign Relation Committee	Board of Directors, Foreign Relation Committee and PACPA Staff
<i>Participation in International Standard-Setting</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
24.	Ongoing	PACPA participates in the international standard-setting process by providing comments in collaboration with the Board of Professional Auditing, the entity licenses auditors, on exposure drafts issued by the IAASB.	Ongoing	Board of Directors, PACPA Staff	Board of Directors, PACPA staff, & PACPA Committees



**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Improve the level of compliance with the IESBA Code of Ethics among PACPA members & accountancy professionals

**Background:**

The IESBA Code of Ethics for Professional Accountants has been adopted by PACPA as the national code of conduct without any changes. PACPA adopted the Code of Ethics for Professional Accountants several years ago. Each time a new version of the Code of Ethics is issued by the International Ethics Standards Board for Accountants (IESBA), PACPA board adopts the newly issued version without modifications in its regular meetings. The latest translated version of the Code was in 2014 and Arabic copies have been made available to members & fully detailed training had been delivered to PACPA members during 2016, the 2016 IESBA code of ethics has been fully adopted.

Since its adoption, PACPA has worked very hard to improve compliance with the standards and raise its member's awareness of the IESBA Code. The Continuing Education Committee took a decision that the attendance of the Code of Ethics course is a mandatory requirement for renewing the Auditing Practice Permit for all the practicing members.

Additionally, PACPA through the Code of Professional Conduct Committees is working in close collaboration with the Board of Directors to resolve all the complaint cases related to the violation of the Code of Ethics among the members as per the working procedures of the Committee which are stipulated through PACPA bylaws.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Reviewing Ethical Requirements in Palestine</i>					
25.	Annually	Review the ethical requirements in all related laws and regulations for accountants and auditors and compare them with those included in the IESBA Code of Ethics to ensure harmonization, in our bylaws. We refer to the code of ethics or any updates issued by the IFAC, therefore any updates will be effective immediately. <ul style="list-style-type: none"> <li>Make recommendations to the related parties to amend and modify (if needed).</li> </ul>	Ongoing	Board of Directors	Board of Directors
<i>Assisting PACPA Members with the Implementation of the IESBA Code of Ethics</i>					
26.	Completed	Include the IESBA Code of Ethics exam as part of the licensing requirements.	Completed	Professional Conduct Committee	BPA, PACPA Board of Directors

#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	Annually	Include a requirement that each professional attend five hours of ethical training as part of their annual CPD.	Annually	Board of Directors, Professional Conduct Committee , Continuing Education Committee	Board of Directors, Continuing Education Committee
28.	Ongoing	Organize training courses and workshops on the IESBA Code.	Ongoing	Board of Directors, Professional Conduct Committee	Board of Directors, Professional Conduct Committee
<i>Disseminating the IESBA Code of Ethics and its Arabic Translation</i>					
29.	September 2019	Circulate the most recent version of the Code available in Arabic language to all PACPA members.	September 2019 Completed	Board of Directors, Professional Conduct Committee	Board of Directors, Professional Conduct Committee
30.	2021	Circulate the last updated English version of the IESBA Code of Ethics (2021 Handbook) to all PACPA members.	2021 Completed	Board of Directors, Professional Conduct Committee	Board of Directors, Professional Conduct Committee
<i>Participating in International Standard Setting</i>					
31.	Ongoing	Reviewing and providing comments on new and revised Exposure Drafts issued by the International Ethics Standards Board for Accountants (IESBA), in partnership with BPA.	Ongoing	Board of Directors, Professional Conduct Committee	Board of Directors, Professional Conduct Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of Compliance Information</i>					
32.	Annually	Review and update the sections relevant to SMO 4 as necessary.	Annually	Code of ethics committee, disciplinary committee	Professional Conduct Committee, Disciplinary Committee, & Board of Directors, Board of Directors, PACPA Staff

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Promote adoption of IPSASs amongst governmental counterparts.

**Background:**

The Palestine implements the Governmental Accounting policies issued by the Palestinian Ministry of Finance (MOF). Currently, the PA does not implement the full International Public Sector Accounting Standards (IPSASs), it partially implements the IPSAS as they mentioned through their last correspondence with us after we informed them that we are ready to assist in implementing the standards; therefore, PACPA undertakes the role of promoting IPSASs to the government as per the requirements of SMO 5.

The Palestinian MOF is responsible for the issuance/ adoption and the implementation of public sector accounting standards, PACPA will continue its efforts to encourage the PA to adopt the IPSASs.

PACPA encourages all its members as well as the decision makers e.g. Supreme audit institution and Ministry of Finance to attend and participate in many seminars and discussion related to adoption of IPSAS around the world to gain more knowledge of other countries success stories.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Raising Awareness of IPSAS through PACPA Communications with the Public Sector</i>					
33.	January 2020	Raise awareness of the importance of using and implementing the IPSAS and its positive impact on the whole performance and stability of PA government. It is worth noting that PACPA has sent a formal letter to Mr. Mahmoud Abbas, the President of Palestine, the Prime Minister, the Minister of Finance, the head of State Audit and Administrative Control Bureau explaining the importance and the positive effects resulting from the adoption of IPSASs, moreover we will send them a copy of translated standards every year.	January 2020	SCAAB, Board of Directors	SCAAB, Palestinian Authority, MOF. Ministry of Interior, Private Sector
34.	Ongoing	Design workshops regarding the adoption of IPSASs. Examples of topics covered include Recognition of Revenues & Expenses, etc.	November 2015, February 2016	SCAAB	SCAAB, Palestinian Authority, MOF Ministry of Interior, Private Sector
35.	Ongoing	Publishing articles and bulletins on the subject of IPSASs adoption and implementation through available media advertising such as the PACPA website and PACPA publications and magazines.	Ongoing	Board of Directors	Board of Directors

<i>Promoting Adoption of IPSAS</i>					
36.	June 22, 2022	PACPA presented at the IFAC / World Bank webinar held on June 22, 2022 titled <a href="#">Connecting the PFM Ecosystem: Transitioning from Cash-Basis to Accrual-Basis accounting</a> in an effort to raise awareness on the support needed in the shift to accrual-basis IPSAS in Palestine. PACPA intends to continue its participation in subsequent webinars in this annual series.	Ongoing	Board of Directors	Board of Directors
<i>Maintaining Ongoing Processes</i>					
37.	Ongoing	Coordinate with Arab and international institutions to exchange professional experience and provide the PA with examples of IPSAS adoption and implementation projects. PACPA used the Jordanian government with IASCA as a progressing story and as a module. PACPA and IASCA shared with the Palestinian officials action plans and information used by the Jordanian government for implementing the IPSAS.	Ongoing	Board of Directors	Board of Directors, PACPA Staff
<i>Review of Compliance Information</i>					
38.	Annually	Review and update the sections relevant to SMO 5 as necessary.	Annually	Board of Directors	Board of Directors, PACPA Staff
<i>Participation in International Standard Setting</i>					
39.	Ongoing	Reviewing and providing comments on new and revised Exposure Drafts issued by the International Public Sector Accounting Standards Board for Accountants (IESBA), in partnership with BPA.	Ongoing	Board of Directors	Board of Directors, PACPA Staff

**Action Plan Subject:** SMO 6—Investigation & Discipline

**Action Plan Objective:** Ensure ongoing compliance of PACPA I&D system with Palestinian Auditing Practice Law (No.9) and SMO 6

**Background:**

Once PACPA receives a complaint, the complaint is then transferred to the PACPA Disciplinary Committee. The committee reviews, studies and investigates the complaint. If needed, the Disciplinary Committee may review the related working papers to assist in judgment. Upon reaching a judgment, the Disciplinary Committee transmits it to the Board of PACPA for approval. If the auditor was found to be guilty or not in compliance with the Code of Ethics and accounting standards, then punishments and sanctions are handled out in accordance with PACPA by-laws. Possible sanctions include requiring an individual to attain additional CPD, pay a monetary penalty, and/or suspension of license. The only sanction that PACPA cannot undertake alone is to withdraw an audit license. This must be done in coordination with BPA by placement. Whenever a judgment is reached regarding a breach of professional or ethical standards, a copy of the judgment is sent to the BPA. Suspension or cancellation of the license is done, if necessary.

BPA has an operational I&D system in accordance with the SMO 6 requirements.

Concerning to Palestinian Capital Market Authority, Palestinian Stock Exchange, and the Palestinian Monetary Authority they have an operational I&D system in accordance to their by-laws and internal procedures for the offending auditor, in addition to that, they report to us regarding these issues.

Once the quality assurance system is fully functioning and members have gained experience with this process, the intention is to link the system of quality assurance with that of Investigation and Discipline.

The following are the statistics of complaints which were reviewed by the PACPA Code of Ethics committee & Discipline committee.

Year	Number of complaints
2019	60
2020	29

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ensuring Ongoing Compliance of PACPA I&amp;D System with Palestinian Auditing Practice Law (No.9) and Revised SMO 6</i>					
40.	January 2020	Ensure that PACPA disciplinary process continues to comply with the Palestinian Auditing Practice Law No. (9) 2004 and with the SMO 6.	Ongoing	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
41.	Ongoing	Raise the public, interested users and PACPA members' awareness of the PACPA system of investigation and discipline and of related penalties through PACPA website and the PACPA regular magazine named (AL MODAQEQ AL FALASTINI). The awareness approach will include raising the public's awareness of the functioning of the mechanisms so that contingent complainers can forward possible complaints to the responsible authority as needed.	Ongoing	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee
<i>Maintaining Ongoing Processes</i>					
42.	Ongoing	Continuous meeting of the Disciplinary Committee on a regular basis to follow up on complaints submitted in accordance with specified procedures as per PACPA bylaws.	Ongoing	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee
43.	Ongoing	Reviewing of the disciplinary committee in terms of its functions and evaluating the I&D mechanisms to ensure they function as intended, is to be conducted by the PACPA board on an annual basis.	Ongoing	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee
44.	Ongoing	Enhance working procedures for receiving, discussing and reviewing the complaints of alleged unethical behavior on any PACPA members, and follow up on procedures on any outstanding complaint.	Ongoing	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee
45.	Ongoing	Developing an analysis report for identifying the gap between the current I&D system in accordance with the requirements of SMO 6.	completed	Board of Directors, Disciplinary Committee	Board of Directors, Disciplinary Committee
<i>Review of Compliance Information</i>					
46.	Annually	Review and update the sections relevant to SMO 6 as necessary.	Annually	Board of Directors	Board of Directors, PACPA Staff

### Main Requirements of SMO 6

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	✓			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	✓			
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approaches are adopted.	✓			
4. Link with the results of QA reviews has been established.	✓			
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.	✓			
6. Members of a committee are independent of the subject of the investigation and other related parties.	✓			
<b>Disciplinary Process</b>				Disciplinary committee & Code of Ethics committee.
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	✓			
8. Members of the committee/entity include professional accountants as well as non-accountants.	✓			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	✓			



Requirements	Y	N	Partially	Comments
<b>Sanctions</b>				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	✓			
<b>Rights of Representation and Appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	✓			
<b>Administrative Processes</b>				
12. Timeframe targets for disposal of all cases are set.	✓			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	✓			
14. Records of investigations and disciplinary processes are established.	✓			
<b>Public Interest Considerations</b>				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	✓			
16. A process for the independent review of complaints on which there was no follow-up is established.	✓			
17. The results of the investigative and disciplinary proceedings are made available to the public.	✓			

Requirements	Y	N	Partially	Comments
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	✓			
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	✓			

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Adoption & implementation of IFRSs and enhancing awareness and teaching the standards

**Background:**

Palestine does not have an independent body responsible for setting accounting standards. However; all related laws require the use of international standards. In accordance with Securities Law No. 12 for the year 2004 and its bylaws, regulated entities subject to the Palestinian Monetary Authority (PMA) and Palestinian Capital Markets Authority (PCMA) regulations, such as financial institutions, insurance companies and listed companies, are required to follow IFRSs, undergo annual independent audits (by PACPA members), and make their financial statements available to the public.

Companies' Law for the year 1964 (from the Jordanian era) identifies the basis of financial reporting for private entities as “prepared in accordance with internationally accepted standards.” Although not specifically identifying IFRSs as the basis of financial reporting for these entities, “internationally accepted” is generally interpreted to refer to IFRSs. In an effort to specifically identify IFRSs (full IFRS) as the standards to be used for non-listed company financial reporting, the PMA has developed an updated draft companies Law which names these standards. The draft companies law is taking and will take more time due to many local debates on many issues. Efforts are ongoing to adopt this draft legislation. PACPA, along with other financial sector representatives was selected by the President of PA to participate in the activities of the committee responsible for drafting, commenting and promoting the new draft Companies Law. PACPA intends to continue participation in this Committee until the law becomes effective.

Currently, there is no clear legal enforcement for adoption of IFRS for non-listed entities, PACPA encourages the adoption of adopted IFRSs or the IFRS for SMEs. Additionally, in 2011, PACPA announced encouragement for the adoption of the International Financial Reporting Standards for Small & Medium Enterprises (IFRS for SMEs) without any modifications, for non-Public Interest Entities. PACPA is working continuously with planned activities to achieve this objective.

PACPA, through the work of its members and through its continuous professional relationship with the leading Palestinian Universities, is strongly promoting the adoption and implementation of IFRSs and IFRS for SMEs and supports the implementation of the pronouncements of the International Accounting Standards Board (IASB).

In 2018 regulations (instructions No. 2 of the year 2018) were passed by the PBO, stating that adoption of IFRS is mandatory for public companies. Non-Public companies and other not for profit entities may select to use either IFRS or IFRS for SMEs. Adoption becomes mandatory after 6 months from the date of issuance from the IASB.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Encouraging More Comprehensive Adoption of IFRSs Through Legislation</i>					
<i>Assisting PACPA Members with the Implementation of the IFRSs</i>					
47.	Ongoing	Promote and encourage the leading Palestinian universities to include the IFRSs, IFRS for SMEs and International Accounting Standards (IASs) in their academic curriculum (syllabus). Through the MOUs with the universities and participation in activities related to developing the curriculums.	Completed In 2016 for some universities	Board of Directors, Continuing Education Committee	Board of Directors
48.	Ongoing	Make the Arabic version of IFRSs and IFRS for SMEs available to PACPA members. The 2019 version is the latest version currently used.	Ongoing	Board of Directors	Board of Directors
<i>Maintaining Ongoing Processes</i>					
49.	Ongoing	Conduct workshops to educate members regarding updates to IFRSs and IFRS for SMEs. The objective will be to train auditors on issues, such as: <ul style="list-style-type: none"> <li>- Code of Ethics for professional accountants.</li> <li>- Latest updates on IFRSs and ISAs.</li> <li>- IFRS for SMEs.</li> <li>- Preparing and presenting financial statements in accordance with International Accounting Standards.</li> <li>- Auditing in a computer-based environment.</li> <li>- Financial instruments: Recognition &amp; Measurement as per IAS 39.</li> <li>- Financial instruments: Recognition &amp; Measurement as per IAS 39.</li> </ul>	Ongoing	Board of Directors, Continuing Education Committee	Board of Directors, Continuing Education Committee
<i>Compliance Information</i>					
50.	Annually	Review and update the sections relevant to SMO 7 as necessary.	Annually	Board of Directors	Board of Directors, PACPA Staff
<i>Participating in International Standard Setting</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	Ongoing	Reviewing and providing comments on new and revised Exposure Drafts issued by the IFRS Foundation, in partnership with BPA.	Ongoing	Board of Directors	Board of Directors, PACPA Staff