



ОБЪЕДИНЕНИЕ БУХГАЛТЕРОВ И АУДИТОРОВ

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Date 13/01/2021

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**Subject: Letter to Confirm Institutional Support for the SMO Action Plan**

Dear Mr.Dancey,

This letter is to confirm that the leadership of the Union of Accountants and Auditors has reviewed the information contained in the SMO Action Plan prepared by the Union of Accountants and Auditors as part of the IFAC Member Compliance Program and will provide institutional support for its implementation.

On behalf of the leadership of the Union of Accountants and Auditors, I endorse publication of the SMO Action Plan 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.

/Sincerely,

Eric Taranchiev, President

Union of Accountants and Auditors

13/01/2021

## **BACKGROUND NOTE ON ACTION PLANS**

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

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

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

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

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member:</b>	Union of Accountants and Auditors Kyrgyzstan (UAA)
<b>Approved by Governing Body:</b>	UAA Council
<b>Original Publish Date:</b>	December 2009
<b>Last Updated:</b>	February 2021
<b>Next Update:</b>	February 2024

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

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

## **GLOSSARY**

<b>CAP/CIPA</b>	Certified Accountant Practitioner; Certified International Professional Accountant
<b>CoE</b>	Code of Ethics
<b>CPD</b>	Continuing Professional Development
<b>CPE</b>	Continuing Professional Education
<b>ECCAA</b>	Eurasian Council of Certified Accountants and Auditors
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IAASB</b>	International Auditing & Assurance Standards Board
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standard on Quality Control
<b>QA</b>	Quality Assurance
<b>QC</b>	Quality Control
<b>ROSC</b>	Report on Observance of Standards and Codes
<b>SME</b>	Small and Medium Enterprises
<b>SMO</b>	Statements of Membership Obligations
<b>SRSFM</b>	Service for Regulation and Control of Financial Markets of the Kyrgyz Republic
<b>UAA</b>	Union of Accountants and Auditors

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Quality Assurance System development and implementation

**Background:**

Service for Regulation and Supervision of the Financial Market of the Kyrgyz Republic (SRSFM) is an authorized body of the government responsible for regulation of audit activity under the law “On activity of auditors.”

SRSFM develops and submits to Kyrgyz Republic Government the standards on auditing for approval; issues normative legal acts for the organization of certification system, trainings and further improvement of auditors’ qualification in the Kyrgyz Republic, licensing of audit activity; monitors compliance of audit firms and individual auditors with standards on auditing; keeps the state registers of audit firms, individual auditors, professional auditors’ associations. Additional requirements for audit of financial sector are established by the National Bank.

According to the legislation, the audit activity license is issued by SRSFM. Mandatory requirement for obtaining a license is a certificate of qualification of the auditor that is also issued by SRSFM after passing the qualifying examination.

License of auditor can be issued to any individual auditor or audit firm. All audit firms and individual auditors, after receiving a license, provide report to SRSFM on their activities annually. The law does not provide for mandatory membership in professional associations of auditors.

The law “On activity of auditors” provides the use of ISA and introduction of quality assurance system. The law obliges auditors’ organizations to establish and maintain standards of internal quality control for audits carried out by them in accordance with standards on auditing.

At the moment, quality control system is present in a very limited number of audit firms. ISQC 1 is not followed properly. There is no separate legal act that establishes requirement to follow ISQC 1. As this standard is part of ISA handbook in Russian, it is assumed that it must also be applied. SRSFM is responsible for introduction and establishment of quality assurance (because it is the authorized state body in charge of regulation of auditors’ activities). SRSFM started revision of audit organizations for existing quality assurance system. Currently, SRSFM does not have enough resources to undertake QA reviews. Representatives of professional organizations are not involved in the QA reviews. Currently meetings with SRSFM are conducted to discuss the possibility of participation of professional organizations representatives in such revision.

Currently, due to Kyrgyzstan entering into Eurasian Economic Union draft agreement "On Auditing" is being developed, which provides for the harmonization of quality control requirements for all countries - participants.

SRSFM together with the World Bank within the framework of the «FIRST Initiative» Project «Kyrgyzstan: corporate financial reporting» developed the

Strategy and Action Plan for the Country for 2013 – 2020 which define the overall program of reform for audit and corporate reporting for the next seven years. Quality Assurance for audit services is one of the key components of the Country Action Plan. UAA plans to actively contribute to the process.

A draft strategy for the development of the non-bank financial market for 2020-2025 has been developed, which provides for:

improving the regulatory legal framework and ensuring the harmonization of the legislation of the EAEU countries in the field of auditing;

strengthening the supervisory and regulatory functions in the field of audit, and increasing control over the audit quality;

improvement of the auditor certification system.

A draft Law "On Auditing Activity" has been developed, which contains a number of significant changes, specifically:

The possibility of auditing by individual auditors is excluded;

Membership of audit organizations in professional audit associations is (now) compulsory;

The existence of internal quality control rules developed in accordance with auditing standards, quality control standards and the Code of Ethics is required;

Quality control will be carried out by a designated government agency (SRSFM). To carry out quality control, the authorized state body will attract experts on a competitive basis.

Creation of a Public Audit Supervision Council under the authorized state body, which will consider issues of audit and external quality control. The council will consist of representatives of government agencies, the business environment and the academic environment.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting Adoption and Implementation of ISQC 1</i>					
1.	August 2009	Developing the program for ISQC implementation. (Comment: as audit activity is regulated by the government, there is a limited possibility for professional organizations in the sphere of quality assurance).	December 2016	Audit Committee Chairman	Members of the UAA Council
<i>Supporting SRFM with the Establishment of a QA Review System ( Actions 1, 2, 3, 4, 6, 7)</i>					
2.	April 2013	Studying the revised SMO 1 and developing of recommendations for it implementation. Promote awareness of the revised SMO 1 requirements on Quality Assurance and its application in the proposed system of QA by SRSFM.	September 2015 Ongoing	Audit Committee Chairman	Members of the UAA Council
3.	January 2015	Contacting other IFAC members who have a QA system in place to understand how to structure and implement such a system.	December 2015 Completed	Audit Committee Chairman, Executive Director	Members of the UAA Council
4.	March 2015	Considering the types of public interest entity audits that would be in the scope of the system and its applicability.	June 2015 Ongoing	Members of the UAA Council	Members of the UAA Council
5.	January 2016	Contacting other IFAC members in order to obtain information about tools such as checklists and training materials used to implement quality control requirements.	July 2016 Completed	Audit Committee Chairman, Executive Director	Members of the UAA Council
6.	December 2016	Establishing an action plan for the implementation of the QA review system.	March 2017	Audit Committee Chairman	Members of the UAA Council
7.	March 2011	Collaborating with SRSFM (previously – Supervisory and Control service on financial market) in the development of the quality assurance system.	Supposedly July 2016	President	Members of the UAA Council, Executive Director
8	2021	Collaboration with SRSFM in the development of a draft document providing the procedure for conducting external audit quality control.	Supposedly December 2022	Executive Director	Members of the UAA Council

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Supporting Members with the Implementation of Quality Control Standards</i>					
9.	November 2009	Organize seminars for auditors to study the quality control Standards.	March 2010 Completed	Audit Committee Chairman	Members of the UAA Council
10.	December 2020	Development of a document regulating the procedure for internal quality control (to help small audit companies and individual auditors)	April 2021	Audit Committee Chairman, Executive Director	Members of the UAA Council
11.	April 2021	Assisting auditors to improve the internal quality control system	December 2022	Audit Committee Chairman, Executive Director	Members of the UAA Council
12.	December 2021	Assisting auditors to prepare for external quality control	December 2023	Audit Committee Chairman, Executive Director	Members of the UAA Council
13.	July 2009	Attempting to reach the agreement with Service for Regulation and Control of Financial Markets of the Kyrgyz Republic (SRSFM) about participation of UAA experts in Quality Assurance audit.  (Comment: Currently SRSFM begins the process of implementation of quality assurance reviews. At this stage, it is being done by SRSFM staff without participation of representatives of professional organizations. Reaching an agreement on participation in this process will probably take a lot of time, because this is function of the agency, our participation - assistance in the development of methodology).	After finalizing the quality assurance system	Audit Committee Chairman, Executive Director	Members of the UAA Council
14.	August 2014	Including ISQC 1 in the program of annual training for professional development of auditors.	March 2015 Completed	Chairman	Members of the UAA Council
15.	Ongoing	Keeping track of changes in the Quality Control Standards and informing relevant stakeholders.	Ongoing	Audit Committee Chairman	Members of the UAA Council, Executive Director
16.	June 2020	Including ISQC 1 in the program of annual training for professional development of auditors.	September 2020 Completed	Director of Education and Certification	Members of the UAA Council

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
17.	June 2021	Including ISQM in the program of annual training for professional development of auditors.	October 2021	Director of Education and Certification	Members of the UAA Council
<i>Review of UAA's Compliance Information</i>					
18.	Ongoing	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director



**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB  
**Action Plan Objective:** Continue working on convergence of UAA education requirements with the IES requirements

**Background:**

The SRSFM is responsible for examining, certifying and licensing auditors. Ministry of Science and Education of Kyrgyz Republic develops national educational standards on initial professional development (IPD) by involving trainers of leading universities and educational institutions. Universities and educational institutions develop syllabuses on the base of national educational standards. UAA is not involved in the accounting education standard setting process in the jurisdiction.

Standards on education are developed by working groups under heading of the Ministry of Education. The working groups include only representatives of universities and employers.

In some cases, the working groups are created by SRSFM (for example, if considering issue of inclusion of new subjects in curricula of high education institutions where specialists in accounting and auditing are taught). Representatives of professional organizations participate in such working groups. In particular, in 2015, representatives of the UAA participated in development of curriculum for "IFRS for SMEs" course.

Legal requirements regarding CPD exist only for auditors. However, the current "Regulation on professional development of auditors," does not contain any requirements in terms of training programs content. Every year there is a contest to conduct a course of professional qualification improvement. Selection of an organization to provide training is carried out by the competitive commission. Criteria which are the basis for selection are unknown.

The law "On Auditing" specifies a requirement for annual participation by auditors in continuous professional development (CPD) courses. Syllabus for such course is approved by SRSFM. This provision started to be performed in 2013. Up to 2013, the auditors could provide SRSFM with a document about training for any program involving audit, accounting and taxation.

UAA is a member of the Eurasian Council of Certified Accountants and Auditors (ECCAA) and conducts trainings for Certified International Professional Accountant (CIPA) program, actively participates in updating and improving the program. There are currently no other national certifications in the country. In addition to UAA, this certification is used by Chamber of Accountants and Auditors. Training are carried out under this program (except UAA) by several training centres. Examination process is carried out by specialized examination network, information about the results of examinations is provided to the participants of the exam.

Within the framework of the Project of the sustainability improvement of professional accounting organizations, ICAEW specialists have developed a syllabus for professional qualifications that meets the modern requirements of International Education Standards. Its implementation is planned for 2021. This

qualification consists of three levels (the first two are required to obtain the qualification of an accountant), its recognition by the state is in process. The draft law "On Auditing Activity" requires a qualification certificate of an accountant in order to obtain admission to exams for obtaining an auditor's certificate. The draft law "On accounting" proposes the issuance of a qualification certificate for an accountant by the State Financial Supervision Service. This certificate will be required for those who are responsible for organizing and managing accounting of public interest. To obtain the qualification certificate, applicants must pass exams under the Professional Accountant Qualification Program. The exams should be taken at universities and professional audit associations, whose curricula must be accredited by the State Financial Supervision Service. At the same time, applicants for obtaining such a certificate must be members of professional audit associations.

UAA collaborates with some universities interested in further development of accounting profession and following IFAC recommendations. In accordance with the IES 7, UAA develops annual Continued Professional Development (CPD) programs for its members, prepares studying materials and conducts trainings. UAA's education regulations require 40 hours of CPD to be completed each year.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Incorporate the IES Requirements into CAP/CIPA</i>					
1.	October 2008	Cooperate with ECCAA on improvements of requirements of the CAP/CIPA program.	September 2013 concerning CIPA level Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
2.	July 2009	Cooperate with ECCAA on inclusion an additional level to the CAP/CIPA program in accordance with the revised IES requirements.	Ongoing	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
3.	September 2009	Cooperate with ECCAA on making changes in qualification requirements for CAP/CIPA candidates to increase the term of practical experience.	Ongoing	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
4.	August 2014	Cooperate with ECCAA on studying the Information Paper "Development and Management of Written Examinations" and update of exam modules in accordance with this document.	November 2015 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
Introduction of a new professional qualification					
5.	January 2020	Work with SSRSFM so that the PQ acts as a qualifying program for audit qualification. Anybody registered to audit to be a member of a PAO	December 2023	Director on Education and Certification, Education Committee Chairman,	Executive Director
6.	September 2020	Establish PQ Governance arrangements, establish administrative infrastructure for the PQ and draft first exams	March 2021	Director on Education and Certification, Education Committee Chairman,	Executive Director
7.	December 2020	Develop a system of student recruitment and focus on the first courses that start July 2021	June 2021	Director on Education and Certification, Education Committee Chairman,	Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Disseminate Information to Members and General Public</i>					
8.	November 2012	Study a new edition of IESs and inform UAA members about changes in the education standards.	September 2013 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
9.	October 2014	Conduct seminars on IESs for students and accountants who are not members of the association.	Ongoing Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
10.	September 2009	Make every effort to create a list of approved Employers.	Ongoing	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
11.	January 2009	Conduct annual CPD courses for UAA members and associate members.	Annually, 40 hours duration	Executive Director, Education Committee Chairman	Members of the UAA Council
12.	May 2014	Develop CPD course program for 2014 -2015 and appropriate study materials, have it approved by the UAA Council.	August 2014 Completed	Executive Director, Education Committee Chairman	Executive Director
13.	September 2016	Develop CPD course program for 2017 and appropriate study materials, have it approved by the UAA Council.	December 2016 Completed	Executive Director, Education Committee Chairman	Executive Director
14.	September 2017	Develop CPD course program for accountants for 2018 and appropriate study materials, have it approved by the UAA Council.	December 2017 Completed	Executive Director, Education Committee Chairman	Executive Director
15.	September 2018	Develop CPD course program for accountants for 2019 and appropriate study materials, have it approved by the UAA Council.	December 2018 Completed	Executive Director, Education Committee Chairman	Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
16.	July 2019	Develop CPD course program for auditors for 2019 and appropriate study materials; and conducting a course	December 2019 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council
17.	September 2019	Develop CPD course program for accountants for 2020 and appropriate study materials, have it approved by the UAA Council.	December 2019 Completed	Director on Education and Certification, Education Committee Chairman	Executive Director
18.	July 2020	Develop CPD course program for auditors for 2020 and appropriate study materials and conducting a course	September 2020 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council
19.	September 2020	Develop CPD course program for accountants for 2021 and appropriate study materials, have it approved by the UAA Council.	December 2020	Director on Education and Certification, Education Committee Chairman,	Executive Director
20.	July 2021	Develop CPD course program for auditors for 2020 and appropriate study materials and conducting a course	December 2021	Executive Director, Education Committee Chairman	Members of the UAA Council
21.	Ongoing	Provide annual report to the UAA Council about CPD courses provided.	Annually	Executive Director, Education Committee Chairman	Executive Director
22.	September 2020	Design a continuous professional development policy for IES 7 compliance	December 2020	Director on Education and Certification, Education Committee Chairman,	Executive Director
23.	March 2021	Carrying out events for UAA members to clarify the requirements of the developed policy	September 2021	Director on Education and Certification, Education Committee Chairman,	Executive Director
24.	January 2020	Provide participants with additional technical support to add value to the qualification	December 2023	Director on Education and Certification, Education Committee Chairman,	Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
25.	Ongoing	Work on incorporating all IESs requirements.	Ongoing	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
<i>Raise Awareness of Regulators Regarding IES</i>					
26.	November 2016	Conducting workshops for SRSFM staff involved in accounting and auditing issues in order to inform them about the requirements of revised IESs and other documents issued by the Education Committee.	November 2017 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
27.	November 2016	Conducting meetings with interested members of the Ministry of Finance to inform them about the requirements of IESs and other documents issued by the Education Committee.	December 2017 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
<i>Work with Universities to Ensure the Curriculum Is in Line with IES</i>					
28.	November 2016	Conducting meetings with trainers of High Education Institutions to discuss with them requirements of revised IESs and other documents issued by the Education Committee.	December 2017 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
29.	As required	Collaborate with the Universities on the promotion of IES and their possible inclusion in the Curriculum.	Ongoing	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
30.	March 2019	Conducting meetings with university students to discuss with them requirements of revised IESs	November 2019 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director
31.	September 2021	Collaboration with universities in the field of introducing the first level courses of professional qualification of an accountant into the curriculum and providing credits for these subjects/courses	December 2023	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of UAA's Compliance Information</i>					
32.	2013	Provide regular review of UAA's response to the IFAC Compliance Self-Assessment questionnaires and update sections relevant to the revised SMO 2 as necessary. Inform IFAC Compliance staff about the updates.	December 2020	Executive Director	Members of the UAA Council, Executive Director

**Action Plan Subject:** SMO 3–International Standards and other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue process of convergence with the IAASB Pronouncements

**Background:**

Applicable auditing standards are established by the Government. According to the Law "On Auditing."

- Audit of banks and other financial institutions licensed by the National Bank is conducted in accordance with International Standards on Auditing;
- Auditing Standards are approved by the Government of the Kyrgyz Republic.

KR Government Resolution №235 dated 22.04.2003 adopted International Standards on Auditing issued in 2001 as audit standards. Subsequently (Decree of the Government of the Kyrgyz Republic №470 dated 26.08.2008) International Standards on Auditing were approved for use without indication of issuance year. Most likely, this means that the current standards should be used. This fact creates difficulties for auditors, as translation of standards requires significant time and money. Currently, auditors mainly use translation, carried out by the Russian. Fund "National Organization for Financial Accounting and Reporting Standards" (version of 2016-2017).

The law "On Auditing" provides for statutory and voluntary audit. Annual statutory audit is a must for:

- Banks and other organizations licensed by the Bank of Kyrgyzstan;
- Insurance companies;
- Public companies that have implemented a public offering of securities;
- Investment funds;
- Non-state pension funds;
- Other entities in cases provided for by legislation of the Kyrgyz Republic. Voluntary audit can be conducted according to decision of individual entrepreneur or competent authority of the entity's management.

In transactions, carried out in accordance with the Islamic principles of banking and financing, auditing standards for Islamic financial institutions developed by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain, Manama city, can be applied.

There are many difficulties with regards to their implementation. UAA is cooperating with the state authorized body in order to solve those problems.

SRSFM together with the World Bank within the framework of the «FIRST Initiative» Project «Kyrgyzstan: corporate financial reporting» developed the Strategy and Action Plan for the Country for 2013 – 2020 which define the overall program of reform for audit and corporate reporting for the next seven years. UAA plans to actively contribute to the process.



A draft Law "On Auditing Activity" has been developed, which states that:

The audit is conducted in accordance with the International Auditing Standards issued by the Council for International Auditing Standards and Assurance Assignments, or auditing standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, translated into the state language and published in the manner established by the Government of the Kyrgyz Republic;

Membership of audit organizations in professional audit associations is required/compulsory

The audit organization is obliged to develop, approve and implement audit quality control policies and procedures in accordance with auditing standards, quality control standards and the Code of Ethics.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>The Continuation of Convergence Process</i>					
1.	March 2013	Study of revised SMO 3.	June 2013 Completed	Audit Committee Chairman, Executive Director	Members of the UAA Council
<i>Supporting SRSFM with the Implementation of the Standards</i>					
2.	Ongoing	Assist SRSFM in the process of translation and implementation of international standards.	Ongoing	President, Executive Director	Members of the UAA Council, Executive Director
3.	Ongoing	Informing employees of SRSFM involved in accounting and auditing issues about new ISA.	Ongoing	Audit Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
4.	2018	Participation in the development of a new draft law "On audit activity"	August 2020 Completed	Executive Director	Members of the UAA Council
5.	Supposedly 2021	Cooperation with the State Financial Supervision Service to ensure the effective implementation of the new law "On audit activity"	December 2023	Executive Director	Members of the UAA Council
6..	Ongoing	Providing consultancy to SRSFM staff on issues of ISAs using.	Ongoing	Audit Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
<i>Supporting UAA Members with the Practical Implementation of the Standards</i>					
7.	Ongoing	Continue to develop relationship with other Russian speaking professional bodies of IFAC, to have regular access to recently translated IAASB pronouncements.	Ongoing	President, Executive Director	Members of the UAA Council, Executive Director
8.	Ongoing	Participation in the preliminary discussion of translation into Russian of ISA 2014.	2015 Completed	Audit Committee Executive Director	Members of the UAA

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
9.	Ongoing	Provide UAA members with support for continuing professional education (CPE) and inform them about latest changes in in IFRSs and ISAs.	Ongoing	President, Executive Director	Members of the UAA Council, Executive Director
10.	Ongoing	Participate in discussions of the IAASB draft documents and projects.	Ongoing	President, Executive Director	Members of the UAA Council, Executive Director
11.	August 2020	Participation in the discussion of the ISA 600 project in order to form a consolidated opinion from the countries of the former USSR	September 2020 Completed	Executive Director, Members of the UAA Council,	Members of the UAA Council, Executive Director
12.	Ongoing	Providing consultancy to UAA members on issues of ISAs using.	Ongoing	Audit Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
<i>Review of UAA's Compliance Information</i>					
13.	2013	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director

**Action Plan Subject:** SMO 4–IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Use Best Endeavors to Adopt and Implement IESBA Code of Ethics

<b>Background:</b>					
<p>The legislation on accounting and auditing does not contain requirements for ethical standards. Attempts have been made by the regulator to adopt IESBA's Code of Ethics, but it did not succeed. Information on the adoption of a code of ethics by other professional associations is not available.</p> <p>IESBA's Code of Ethics had been adopted on the UAA annual meeting in the 2008 year.</p> <p>Subsequently, in 2014, the Code of Ethics of 2010 was adopted by the general meeting.</p> <p>UAA provides its members with information about CoE provisions and CoE is included in CPD courses. Code of Ethics is not adopted by the authorized state body and is applied solely by members of the UAA.</p> <p>A draft Law on Auditing Activity has been developed, which requires auditors to comply with the Code of Ethics established by the IESBA.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adopting and Implementing IESBA Code of Ethics on Ongoing Basis</i>					
1.	May 2014	Adopt the IESBA's Code of Ethics (issued in 2010) on the annual UAA meeting.	May 2014 Completed	Executive Director	Council, Executive Director
<i>Supporting members with the implementation of the IESBA Code of Ethics</i>					
2.	September 2010	Inclusion the study of the Code of Ethics to the CPD courses. Review of CPD programming conducted in 2013, 2014 2019	Ongoing	Membership Committee Education Committee	Membership Committee Education Committee, Executive Director
3.	October 2013	Inclusion the study of the Code of Ethics to the CPD courses of auditors. (Comment: In accordance with the law, auditors are required to take an annual 40-hour course of professional development. In 2013 for the first time SRSFM announced a tender for such a course, which our organization won in cooperation with the Chamber of Accountants and Auditors of Kyrgyzstan. Code of Ethics was included in this course, currently a program is developed for the next year, in which we are planning in-depth studying of Part B of the Code).	December 2015 Completed	Membership Committee Education Committee	Membership Committee Education Committee, Executive Director

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
4.	September 2019	Include the study of the Code of Ethics to the CPD courses of auditors for 2019 .	December 2019 Completed	Director on Education and Certification, Education Committee Chairman,	Executive Director
5.	Ongoing	Review ethics requirements interpretations in accordance with the IESBA's Code of Ethics. In 2014 UAA in cooperation with the Chamber of Accountants and Auditors of Kyrgyzstan won a tender and included study of the Code of Ethics in the CPD courses of auditors.	Ongoing	Membership Committee, Members of the UAA Council	Membership Committee, Members of the UAA Council, Executive Director
6.	May 2014	Adopt the IESBA's Code of Ethics (issued in 2010) on the annual UAA meeting.	May 2014 Completed	Executive Director	Council, Executive Director
7.	2018	Adopt the IESBA's Code of Ethics (the version that will be valid at the time of meeting, provided that at that moment there will be a translation into Russian language) on the annual UAA meeting.	2022	Executive Director	Members of the UAA Council , Executive Director
8.	Ongoing	Use Best Endeavors to promote the adoption of Code of Ethics at the state level: Inform professionals who are not members of the UAA, about provisions of the IFAC Code of Ethics; Cooperate with SRSFM in initiating amendments to the Law "On auditing", "On accounting" to include requirements of standards on ethics; Participate in the work on Agreement on auditing activities, a draft of which now includes a requirement to use IFAC Code of Ethics.	Ongoing Completed	Membership Committee, Members of the UAA Council	Membership Committee, Members of the UAA Council, Executive Director

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
9	Supposedly 2021	Work with SSRSFM to ensure that ethical standards are implemented	December 2023	Membership Committee, Members of the UAA Council	Membership Committee, Members of the UAA Council, Executive Director
<i>Maintaining Ongoing Processes</i>					
10.	2013	Continue to support ongoing adoption and implementation of the IESBA's Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	2022	Membership Committee, Members of the UAA Council	Membership Committee, Members of the UAA Council, Executive Director
<i>Review of UAA's Compliance Information</i>					
11.	2016	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Make all possible efforts in assisting to adoption and implementation of IPSASs in Kyrgyzstan

**Background:**

The Statute for administration and conducting of accounting in the state entities was adopted in 2008 in accordance with a Plan of actions for reorganization of the State Finance Control System. Authors of the Statute were guided by IPSAS. UAA members participated in the Statute development. In 2009 the Medium-term plan of actions for reformation of the State Finance Control System was adopted for 2009-2013. The plan envisioned transition to IPSAS in 2011. Appropriate changes to the law had been adopted in May 2012.

This requirement is not currently performed for many reasons. Financial reporting is based on the "Regulations on the organization of accounting entities of state budget ", under which revenue is recognized using the cash basis and the costs are recognized partially on cash basis, partially - on accrual basis. There is a draft strategy developed by an international consultant, providing for a phased implementation of IPSAS. To date, this strategy has not been approved and is in the process of being finalized.

The Ministry of Finance is authorized state body in terms of establishing policy in the field of accounting for entities of state budget. The option is not excluded that a decision will be made on development of national standards based on IPSAS. In this case, the law on accounting will have to be amended.

Currently there is no translation of IPSAS into the official language. The translation process will begin after approval of transition to IPSAS strategy.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Assist in Adoption of IPSASs</i>					
1.	Ongoing	Make efforts to establish cooperation with the State organizations on the IPSAS adoption and implementation.	Ongoing	President	Members of the UAA Council, Executive Director
2.	February 2015	Participate in the work on implementation strategy of IPSAS to adopt accrual method.	May 2016	Executive Director	Members of the UAA Council, Executive Director
3.	March 2015	Participate in the work on Unified Chart of Accounts improvement.	October 2015	Executive Director	Members of the UAA Council, Executive Director
4.	March 2015	Participate in the work to develop guidance on the application of accounting policies state government sector.	October 2015 Completed	Executive Director	Members of the UAA Council, Executive Director
5.	June 2010	Collaborate with public body for giving information to accountants (who are working in the public body) concerning IPSAS requirements. (Today all requirements to the accounting in public body are partly correspond to IPSAS).	Ongoing	President, Executive Director	Members of the UAA Council, Executive Director

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
6.	Ongoing	Continue to make efforts in identifying opportunities to further assist in implementation of IPSASs.	Ongoing	Executive Director	Executive Director
7.	March 2022	Development of an IPSAS training module for accountants of public sector	September 2022	Director on Education and Certification, Education Committee Chairman,	Executive Director
8.	March 2023	Conducting seminars on IPSAS for accountants of public sector	December 2023	Director on Education and Certification, Education Committee Chairman,	Executive Director
<i>Review of UAAs Compliance Information</i>					
9.	2016	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director



**Action Plan Subject:** SMO 6–Investigation and Discipline  
**Action Plan Objective:** Use Best Endeavors to further develop UAA’s investigation and disciplinary system

**Background:**

The legislation does not provide for the availability of I&D system.

SRSFM periodically carries out investigations with regard to auditors who, as a rule, relate to violations of professional standards. Sometimes UAA members are invited to participate in such investigations as experts. Information about a document regulating such investigations is not available.

Currently, UAA is the only organization in Kyrgyzstan, which is making efforts in this direction. However, the requirements of UAA's I & D system applies only to members of the organization and it is currently not possible to influence those who are not members of the organization in any way.

There is no data about SRSFM investigations of violations and disciplinary penalties for Accountants.

The new draft law "On Auditing Activities" introduces mandatory membership of auditors in professional audit associations and contains requirements for the activities of such associations. In particular it requires the establishment of an investigation and discipline committee. It is also required that the Charter of this association contains procedures for the conduct of investigations and the application of disciplinary measures. At the same time, control over compliance with audit standards, quality control standards and the Code of Ethics remains with the regulator. If a professional audit association reveals violations of legislation in the field of audit by auditors, a professional audit association is obliged to report such violations to the regulator. Probably a document should be developed that regulates the classification of violations and the procedure for the application of penalties. There is no information in open sources about such a document or any work on it.

UAA’s I&D system was established in 2009 and since then UAA is using its best endeavors to further improve it where it has the authority over the elements of the process.

Since then UAA I & D system has not been amended, and does not currently meet the requirements of the revised SMO 6.

**In 2019, UAA merged with the second largest professional organization of Kyrgyzstan - the Chamber of Accountants and Auditors, therefore a number of documents regulating the activities of the Association is being updated, including the Regulation on disciplinary investigations and application of penalties.**

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Adoption of I&amp;D System</i>					
1.	March 2013	Study of the requirements of the revised SMO 6 and implement changes to the existing system where appropriate and not limited by the legislation.	June 2014 Completed	Membership Committee Chairman, Executive Director	Members of the UAA Council

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
2.	September 2009	Develop system for investigation and disciplinary measures in accordance with SMO 6.	December 2009 Completed	Membership Committee, Executive Director	Membership Committee, Executive Director
3.	December 2009	Inform UAA members on the draft of investigation and disciplinary measures developed according to SMO 6 requirements.	February 2010 Completed	Executive Director	Membership Committee, Executive Director
4.	February 2010	Make corrections to the draft of investigation and disciplinary mechanism developed according to SMO 6 requirements using UAA members' comments and recommendations.	June 2010 Completed	Membership Committee Executive Director	Membership Committee, Executive Director
5.	June 2010	Approve investigation and disciplinary measures developed according to SMO 6 requirements in the annual UAA meeting.	June 2010 Completed	Executive Director	Membership Committee, Executive Director
6.	Ongoing	Make efforts to ensure compliance of UAA's investigation and disciplinary measures to the revised SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing Completed	Membership Committee, Executive Director	Membership Committee, Executive Director
7.	September 2020	Improve and get approval of investigation and disciplinary measures from UAA Council.	March 2021	Membership Committee, Executive Director	Membership Committee, Executive Director
8.	October 2015	Inform union members about changes in the SMO 6 and proposed changes to the Regulation on disciplinary investigations.	June 2016 Completed	Executive Director	Membership Committee, Executive Director
9.	April 2021	Implementation of a document regulating the process of investigation and application of penalties	September 2021	Executive Director	Membership Committee, Executive Director
<i>Supporting SRSFM with the Establishment of I&amp;D System</i>					
9.	June 2015	Inform SRSFM about SMO6 requirements.	October 2015 Completed	Members of the UAA Council, Executive Director	Members of the UAA Council, Executive Director
10.	October 2016	Conduct presentations for SRSFM employees to inform them about the requirements of SMO 6.	November 2017 Completed	Executive Director, Education Committee Chairman	Members of the UAA Council, Executive Director

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
11.	October 2015	Collaborate with SRSFM in development and establishment of I&D system at the state level.	June 2018 Postponed due to pending legislative changes	Members of the UAA Council, Executive Director	Members of the UAA Council, Executive Director
<i>Review of UAA's Compliance Information</i>					
12.	2016	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Make all possible efforts to maintain and continuously improve an ongoing program for adoption and implementation of IFRS

**Background:**

In 2002, the Law "On Accounting" was adopted, according to which the only methodological basis for accounting and financial reporting are IFRSs. IFRS are not obligatory for individual entrepreneurs and state entities. In February 2013 (approved on 29.04.2013) amendments to the law were issued, under which full version of IFRSs will be applied by the companies the securities of which are listed on the stock exchange; banks or other financial institutions licensed by the National Bank of the Kyrgyz Republic; investment funds, insurance companies, non-government pension funds.

Entities that are not of public interest, and small and medium-sized enterprises should apply the IFRS for SMEs, sole traders and micro business entities will apply simplified accounting rules established by the Government of the Kyrgyz Republic. However, they may prepare financial statements in accordance with IFRS or IFRS for SME on a voluntary basis according to decision of their governing bodies.

The Law requires the use of the current version of IFRS. In practice, often the latest available translation of IFRS into Russian is used.

Currently, IFRS translated in Russian language, version of 2014, is placed in the site of SRSFM. There is no translation of IFRSs into Kyrgyz language (even though it is required by law). In Kyrgyzstan IFRSs were translated into Russian in 2002-2003 (version 2001) with participation of the UAA members.

SRSFM together with the World Bank within the framework of the «FIRST Initiative» Project «Kyrgyzstan: corporate financial reporting» developed the Strategy and Action Plan for the Country for 2013 – 2020 which define the overall program of reform for audit and corporate reporting for the next seven years. UAA plans to actively contribute to the process.

A draft translation into the Kyrgyz language has been prepared; the text of the document has not yet been published.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Ongoing Program for Adoption and Implementation of IFRSs</i>					
1.	March 2013	Study of the requirements of the revised SMO 7.	June 2013 Completed	Standards Committee Chairman, Executive Director	Members of the UAA Council
2.	Ongoing	Continue working on IFRSs implementation and monitoring the changes.	Ongoing	President, Standards Committee Chairman, Executive Director	Members of the UAA Council, Executive Director

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
3.	April 2009	Participate in working on Framework of Accounting and Audit Development in Kyrgyzstan.	To Framework adoption Completed	President, Standards Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
4.	September 2010	Participate on the work under the new law project "On accounting". Use best endeavors to make national standards for non-listed companies as International standard for small and medium business.	Until adoption of the Law Completed	President, Executive Director	Members of the UAA Council, Executive Director
5.	June 2020	Participation in drafting amendments to the Law "On Accounting"	August 2020 Completed	Executive Director	Members of the UAA Council, Executive Director
6.	September 2019	Collaborate with SRSFM in providing training on IFRS for public companies	September 2020 Completed	Director on Education and Certification, Executive Director	Executive Director
<i>Supporting UAA Members with the Implementation of IFRSs</i>					
7.	January 2009	Provide accountants with consulting on IFRS's application.	Ongoing	President, Standards Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
8.	March 2014	Develop study materials and conducting of seminars on IFRS for SME	Ongoing	President, Standard Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
9.	September 2009	Incorporate new and revised IFRSs into CPD course for accountants.	Ongoing	President, Standard Committee Chairman, Executive Director	Members of the UAA Council, Executive Director
10.	January 2010	Have article published concerning questions on IFRS's practical application.	Ongoing	President, Members of the UAA Council, Executive Director	Members of the UAA Council, Executive Director
<i>Review of UAA's Compliance Information</i>					
11.	2016	Provide regular update on UAA's activities to the IFAC Quality and Membership Staff.	December 2020	Executive Director	Members of the UAA Council, Executive Director