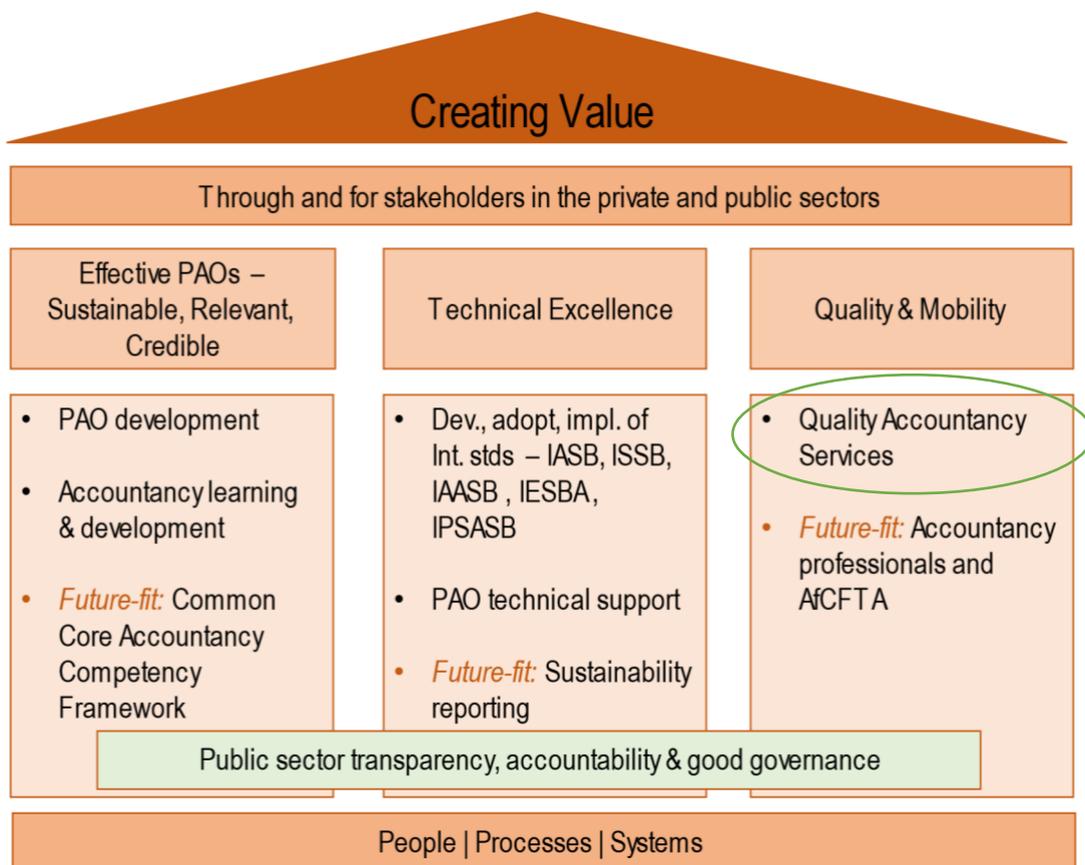




Supplement to the Plan for 2022
Accountancy Quality Activity – 2022 and Beyond
Reset. Reignite. Refocus.



This workplan demonstrates how PAFA will aim in 2022 and beyond to achieve the strategic objectives and implement the strategic actions through the established mechanisms set out below.

Strategic Objectives	Strategic Actions	Mechanisms
Enhancing the quality ... of professional accountancy services in Africa	<p>Facilitate the adoption and implementation of the new International Standards on Quality Management (QM):</p> <ul style="list-style-type: none"> • Create awareness. • Support PAOs to help their members and firms to implement the standards, • Facilitate access to practical and fit-for purpose implementation resources / support. <p>Strengthen PAO compliance with IFAC Statement of Membership Obligations 1 and 6:</p> <ul style="list-style-type: none"> • Enhance PAOs' understanding of the SMOs. • Assist PAOs to comply with the SMOs. • Explore the feasibility of providing a quality review outsourcing service. 	<ul style="list-style-type: none"> • (Multi-stakeholder) Forum to Advance Accountancy Quality in Africa • Accountancy Quality Advisory Group • Liaison relations with staff of the IAASB and IFAC

Enhancing Quality Management (QM)¹

ABOUT THE ACTIVITY

<i>Background</i>	<p>The International Auditing and Assurance Standards Board (IAASB) has raised the bar for QM. Three new standards—International Standard on QM (ISQM) 1 and 2 and International Standard on Auditing (ISA) 220 (Revised)—aim to strengthen and modernise QM in an evolving and increasingly complex accountancy ecosystem that includes growing stakeholder expectations and a need for QM systems that are proactive and adaptable. The standards are effective 15 December 2022. They replace the International Standard on Quality Control (ISQC) 1 and ISA 220. The new standards provide an excellent opportunity to review and enhance firm QM in Africa. Smaller PAOs and their SMP members in particular will require support to implement the new standards.</p> <p>A country-level quality review mechanism is key in ensuring quality financial reporting critical for enhancing confidence in business, trust in government, foreign direct investment, and the effective use of development assistance. Consequently, IFAC has included in the Statements of Membership Obligations (SMOs) the need for PAOs to ensure that professional accountants registered with them or operating within their jurisdiction are subject to quality reviews. Nevertheless, many PAOs / regulators lack resources to establish and maintain effective quality review systems, while peer-to-peer quality reviews of self-regulated PAOs could be challenging.</p> <p>PAFA is uniquely positioned to harness our comparative advantages—integrated Pan African platform for engagement influential voice effective convener expert advisor knowledge gateway trusted intermediary—to support the adoption and implementation of the new international QM standards and IFAC SMOs 1 and 6 economically, efficiently, and effectively.</p> <p>PAFA recognises the diversity of models applied across Africa to regulate the accountancy profession. The objective therefore is not to promote a specific model but rather work towards an effective country-specific fit-for-purpose model.</p>
<i>Impact we sought to achieve</i>	Quality financial reporting that contributes to enhanced confidence in business, trust in government, foreign direct investment, and the effective use of development assistance
<i>Outcomes we sought to achieve</i>	<ul style="list-style-type: none"> ● Accountancy quality deemed a priority for PAOs in Africa with a focus on continuous improvement: <ul style="list-style-type: none"> ○ With PAOs equipped to assist members and firms to implement the international QM standards ○ With PAOs equipped to operate effective quality review systems linked to effective investigation & disciplinary (I & D) systems ● An Africa Forum of Firms that meets certain QM requirements (longer-term outcome)
<i>Planned outputs</i>	<ul style="list-style-type: none"> ● Activities and tools that support the implementation of the international QM standards ● Activities and tools that support effective country-level quality review systems linked to effective I & D systems

¹ This plan was informed by Ms Asmaa Resmouki, Past PAFA President and Independent Consultant. Her advice was provided on a pro bono basis.

Enhancing Quality Management (QM)¹

- Coordination of related activities of and enhanced collaboration among all interested stakeholders for greater impact

PAFA'S ABILITY TO DELIVER

SWOT

Strengths²

- Brand recognition
- Reach across Africa
- Strong relationship with standard-setting board members and key stakeholders
- Relevant MOU partners and stakeholder relations, including development partners and donor agencies interested in quality financial reporting
- Interest of affiliates with global reach and quality resources to support PAFA
- Ability to convene and influence

Weaknesses³

- Limited financial and human resources
- Slow to market

Opportunities⁴

- Well positioned to provide a gateway to already-available international activities and tools to support the adoption and implementation of the international QM standards and IFAC SMOs 1 and 6 in an easy to access/navigate way
- Well positioned to partner with PAOs in Africa that have progressed the implementation of the international QM standards and IFAC SMO 1 and 6 to benefit other PAOs in Africa
- Well positioned to harness economies of scale to support the implementation of the international QM standards and IFAC SMO 1 and 6

Threats⁵

- PAOs are not aware of / find it difficult to access or navigate the already-available activities and tools
- PAOs have limited financial and human resources to undertake new initiatives / limited capacity to absorb
- Lack of PAO stakeholder interest / collaboration
- Limited understanding of the value of effective PAOs in enhancing accountancy quality
- Disengaged PAOs

Potential risks

- Resistance to the adoption of the international standards / low quality implementation of the adopted international standards
- Lack of PAO interest / resources / know-how to implement the international standards or comply with the IFAC SMOs
- Lack of Africa representation on international standard-setting boards / international standard-setting boards not "hearing" the voice of Africa

² Factors that contribute to the continued success of PAFA and assist in achieving its mission.

³ Factors that hamper PAFA's success and growth and prevent it from achieving its mission and full potential.

⁴ The environment within which PAFA operates offers opportunities. Which opportunities could PAFA harness to benefit its stakeholders?

⁵ Factors that exist in the external environment that are not within PAFA's control and pose risks to its stability and sustainability.

Enhancing Quality Management (QM)¹

	<ul style="list-style-type: none"> • Insufficient awareness of work of PAFA and therefore low participation in planned initiatives • Lack of international standard-setting board / IFAC interest to partner with PAFA • Proposed projects not impactful / delivered in an impactful manner
<i>Partners</i>	<ul style="list-style-type: none"> • Developed PAOs in Africa that have progressed the adoption and implementation of the international QM standards and IFAC SMO 1 and 6 • Regional economic and other groupings—For example: <ul style="list-style-type: none"> ○ The African Forum of Independent Accounting and Auditing Regulators (AFIAAR), the main objective of which is formalise efforts for the collaboration and strengthening of independent audit regulation and, where relevant, accounting regulation across the continent. This has been done by formalising a common base and creating one voice from which to advance audit and accounting regulatory activities to build capacity, increase the quality of financial reporting and auditing, and influence and adopt international standards. ○ The Organisation for the Harmonisation of Corporate Law in Africa (OHADA) has an ambitious project to implement the international standards and quality review systems. It would be important to engage with OHADA to avoid any duplication in efforts ○ AFROSAI-E has an Institutional Capacity Building Framework (ICBF) Self-Assessment process and questionnaire from which PAFA could learn in progressing this activity • Development partners and donor agency—The importance of quality financial reporting in achieving the strategic objectives of development partners and donor agencies is widely recognised. As such, development partners and donor agencies have funded / are funding the development, adoption, and implementation of international accounting and auditing standards. This includes funding from the AfDB that assisted PAFA in 2015-2018 to develop a practical audit quality review mechanism based on the International Standards of Quality Control (ISQC) 1. This included an audit quality review methodology, manuals, and training.
<i>PAFA groups</i>	<p>Accountancy Quality Advisory Group (See Appendix A)</p> <p>Forum to Advance Accountancy Quality in Africa (See Appendix B)</p>

PAFA'S PLANNED ACTIONS FOR 2022 (SEE PROJECT DESCRIPTIONS IN APPENDIX D.1-3)

<p>Engage with relevant stakeholders to promote this new activity and seek their buy-in and commitment; this could culminate in the establishment of the Forum to Advance Accountancy Quality in Africa</p> <ul style="list-style-type: none"> • Development partners and donor agencies: e.g., African Development Bank, Gavi, The Global Fund, USAID, World Bank • Firms: e.g., Forum of Firms, associations of firms, a selection of Africa firms • Regulators: e.g., AFIAAR, IFIAAR, as selection of developed regulators in Africa • Regional economic and other groupings: e.g., OHADA • Software and other service providers: e.g., CaseWare, Inflo
<p>Equip PAOs to assist members and firms to implement the international QM standards</p> <ul style="list-style-type: none"> • Raise awareness of the international QM standards

Enhancing Quality Management (QM)¹

- Facilitate access to already-existing activities and tools in an easy to access/navigate way (e.g., IFAC / IAASB – see **Appendix E**)
- For selected PAOs, obtain an understanding of how each PAO is assisting members and firms to transition to and achieve the objectives of the international QM standards and advise on and support actions to close any gaps

Assist PAOs to improve their IFAC SMO 1 and 6 compliance

- Raise awareness of the IFAC SMOs 1 and 6
- Facilitate access to already-existing activities and tools in an easy to access/navigate way
- For selected PAOs, conduct a IFAC SMO 1 and 6 compliance gap analysis and advise on and support actions to close any gaps

Explore the establishment of a Quality Center for PAOs in Africa to which PAOs can outsource their quality review systems or components thereof (longer-term action)

- Conceptualise a center – people, process, systems – in consultation with the Forum to Advance Accountancy Quality in Africa

Appendix A

ACCOUNTANCY QUALITY ADVISORY GROUP

TERMS OF REFERENCE AND OPERATING PROCEDURES

In 2022, the Secretariat developed a new activity to enhance the quality of accountancy services in Africa (referred to as *accountancy quality* in this terms of reference). This new activity includes the following mechanisms through which to implement PAFA's strategy to enhance accountancy quality:

- **Accountancy Quality Advisory Group**
- Forum to Advance Accountancy Quality in Africa

As the CEO is accountable to the Board for the implementation of the strategy, the functionality of these mechanisms is overseen by the CEO.

Purpose

1. The purpose of the Accountancy Quality Advisory Group (AQ_AG) is to support the Secretariat to implement PAFA's strategy to enhance the accountancy quality.

Responsibilities

2. The AQ_AG is responsible for supporting the Secretariat by:
 - 2.1. Drawing on input from the Forum to Advance Accountancy Quality in Africa to:
 - a) Advise on the development of PAFA's strategy to enhance accountancy quality.
 - b) Advise on and support the Secretariat's activities to implement the strategy.
 - 2.2. Contributing to activities aimed at creating awareness and supporting the adoption of relevant pronouncements, particularly the International Standards on Quality Management (ISQM), International Standard on Auditing (ISA) 220 (Revised), and the IFAC Statements of Membership Obligations (SMOs) 1 and 6.
 - 2.3. Contributing to activities aimed at supporting the implementation of these pronouncements, including events, tools, and training.
 - 2.4. Contributing to activities aimed at strengthening Africa's voice in relevant regional and international structures by:
 - a) Identifying ideal candidates to represent Africa in these structures.
 - b) Informing participation in these structures.
 - c) Contributing to consultations issued by these structures.
 - 2.5. Advising on thought leadership and research opportunities.

Composition and Membership

3. The AQ_AG is comprised of not less than 5 members. Members have relevant expertise and experience and are well suited to fulfil the responsibilities set out above. Members are diverse and geographically balanced.

4. The Secretariat issues a call for nominations for membership on 1 July every year⁶. Such membership commences on 1 January in the following year.
5. Until such time as PAFA has established a Nominating Committee, the Nominations Panel established under the Technical Excellence Activity considers the nominations and identify a chairperson and members for recommendation to the Board.

Term of Office

6. The members serve for three years, renewable once⁷. The chairperson serves for three years, renewable once (irrespective of his/her service as member).
7. The Nominations Panel reviews the participation and contribution of individual members (with reference to their annual performance evaluations—see paragraph 9) along with the overall membership size and composition as a basis for membership renewal. Vacancies arise when a member's term comes to an end, the member resigns or—based on the Nominations Panel's assessment—is no longer able to commit, participate, or contribute at the expected level. Members who wish to resign does so in writing to the CEO.
8. Members promptly advise the CEO if their role and affiliation change.

Performance Evaluation

9. The AQ_AG evaluates its performance annually in the spirit of continuous improvement. In addition, the chairperson evaluates the performance of the members, and the members evaluate the performance of the chairperson on an annual basis.

Periodic Review of the Terms of Reference

10. These terms of reference will be reviewed in 2024 and thereafter every three years.

Transitional Arrangements

11. To establish the AQ_AG, the Secretariat will issue a call for nominations for 2022 membership on 15 April 2022. The members will be selected and the AQ_AG established by 1 June 2022.
12. The first term of the members selected in 2022 will end on 31 December 2024. Their second term will be three years and staggered to ensure a one-third rotation every year. That is, one-third of the members will rotate off in 2025, 2026 and 2027. The Secretariat will issue a call for nominations for 2026 membership on 1 July 2025.
13. Any vacancies arising between 1 June 2022 and 1 July 2025 will be filled by the Secretariat reaching out to the PAFA Member Organisations. Nominations so received will be reviewed by the Nominations Panel and a recommendation made to the Board for approval. After 1 July 2025, such vacancies will be filled through the normal nominations process.

APPENDIX—OPERATING PROCEDURES

Meeting Procedures

1. The number and format of (in-person or virtual) meetings are commensurate with the AQ_AG fulfilling its responsibilities. At a minimum, the AQ_AG meets once per year. Each meeting requires the presence of at least two-thirds of the members, either in person or virtual.
2. The AQ_AG chairperson convenes the meeting. In his/her absence, the members present elect another

⁶ See Transitional Arrangements.

⁷ See Transitional Arrangements.

member to convene the meeting.

3. All members are expected to prepare for and participate in the deliberations at the meeting. Decisions will be made by consensus.
4. The Secretariat develops and distributes the agenda and material for each meeting at least two weeks in advance of the meeting. The Secretariat prepares brief notes indicating the names of those present and summarising key points or decisions made at the meeting.
5. The AQ_AG also engages between meetings as necessary to fulfil its responsibilities.

External communication

6. As ambassadors of PAFA, the members use their networks and communication channels to promote the accountancy quality activities of PAFA.
7. The members provide the Secretariat with a short biography and photo to post on the website to communicate the credibility and accountability of the AQ_AG to stakeholders.

Accountability

8. The CEO reports progress regarding implementation of PAFA's strategy to the Board on a quarterly basis.

Appendix B

FORUM TO ADVANCE ACCOUNTANCY QUALITY IN AFRICA

TERMS OF REFERENCE AND OPERATING PROCEDURES

In 2022, the Secretariat developed a new activity to enhance the quality of accountancy services in Africa (referred to as *accountancy quality* in this terms of reference). This new activity includes the following mechanisms through which to implement PAFA's strategy to enhance accountancy quality:

- Accountancy Quality Advisory Group
- **Forum to Advance Accountancy Quality in Africa**

The Advisory Group, which is a small group made up of technical experts, is informed by and inform the Forum to Advance Accountancy Quality in Africa, which is a larger group of PAFA stakeholders interested in accountancy quality.

As the CEO is accountable to the Board for the implementation of the strategy, the functionality of these mechanisms is overseen by the CEO.

Purpose

1. The Forum to Advance Accountancy Quality in Africa provides a platform for engagement and the exchange of knowledge and experience among a wide range of stakeholders interested in the quality of accountancy services in Africa.

Commitment

2. Forum members are committed to:
 - 2.1. Engage with PAFA to advance the development, adoption, and implementation of the International Standards on Quality Management (ISQM), International Standard on Auditing (ISA) 220 (Revised), and the IFAC Statements of Membership Obligations (SMOs) 1 and 6.
 - 2.2. Exchange knowledge and experience and facilitate capacity building in the adoption and implementation of the above pronouncements.
 - 2.3. Strengthen the participation and influence of the accountancy profession in Africa in international standard setting.
 - 2.4. Promote PAFA's accountancy quality activities.

Membership

3. Forum membership is open to all national, regional, and international stakeholders interested in accountancy quality.
4. The Secretariat issues an annual call for interested stakeholders to join the Forum.⁸ The PAFA Member Organisations are essential to helping the Secretariat identify in-country interested stakeholders.
5. The Secretariat maintains a database of Forum members and their representatives. Forum members communicate any changes in representatives to the PAFA CEO without delay.
6. The chairperson of the Accountancy Quality Advisory Group is the chairperson of the Forum.

⁸ The first call will be issued on 15 January 2022.

Term of Office

7. The term of office is unlimited.

Performance Evaluation

8. The Forum evaluates its performance annually in the spirit of continuous improvement.

Periodic Review of the Terms of Reference

9. These terms of reference will be reviewed in 2024 and thereafter every three years.

APPENDIX—OPERATING PROCEDURES**Meeting Procedures**

1. The Forum meets in person or virtually once per year.
2. The Forum chairperson convenes the meeting. In his/her absence, the members present elect another member to convene the meeting.
3. All members are expected to prepare for and participate in the deliberations at the meeting.
4. The Secretariat develops and distributes the agenda and material for each meeting at least two weeks in advance of the meeting.

Accountability

5. The CEO reports progress regarding implementation of PAFA's strategy to the Board on a quarterly basis.

Appendix C

PRELIMINARY FINDINGS

Findings from 2021 <u>ENGLISH</u> survey	Findings from 2021 <u>FRENCH</u> survey
<p>14 responses</p> <ul style="list-style-type: none"> • Burkina Faso, Ethiopia, Kenya, 2 X Malawi, Mozambique, 2 X Namibia, Nigeria, Rwanda, 3 X South Africa, Tanzania 	<p>6 responses</p> <ul style="list-style-type: none"> • Burkina Faso, Cameroon, CAR, Tchad, Togo, Tunisia
<p>Approximately 80% of the respondents have included improving their quality review systems in their PAO's strategic objectives / priorities.</p>	<p>100% of the respondents have included improving their quality review systems in their PAO's strategic objectives / priorities.</p>
<p>31% of respondents are well advance in assisting their members in implementing the new QM standards, 38% are half advanced and 8% will start soon. The remaining 23% indicated that their members are not performing assurance services or that the audit quality review system is the responsibility of an independent regulator.</p>	<p>50% of respondents are half advanced in assisting their members in implementing the new QM standards, and 33% will start soon, and one respondent (17%) would like to be assisted.</p>
<p>When asked about where the PAO needs the most assistance in improving their quality review system, the responses were as follows:</p> <ul style="list-style-type: none"> • 71% said training on and tools to implement the new international QM standards • 36% said tools for performing quality reviews • 29% said having qualified quality reviewers • 29% said training on quality review • 21% said setting up a quality review system from scratch • 21% said improving their quality review system • 21% said improving their IFAC SMO 1 and 6 compliance 	<p>When asked about where the PAO needs the most assistance in improving their quality review system, the responses were as follows:</p> <ul style="list-style-type: none"> • 67% said training on quality review • 67% said tools for performing quality reviews • 50% said improving their quality review system • 50% said training on and tools to implement the new international QM standards • 33% said having qualified quality reviewers • 17% said setting up a quality review system from scratch • 17% said improving their IFAC SMO 1 and 6 compliance
<p>64% of the respondents were of the view that PAFA setting up a Quality Center to supply tools, training, and event quality reviewers to all Africa PAOs is an excellent idea and that PAFA should proceed immediately; 22% thought it was a good idea, while 7% did not regard it as a priority and 7% indicated that their quality review system was managed by an independent regulator.</p>	<p>67% of the respondents were of the view that PAFA setting up a Quality Center to supply tools, training, and event quality reviewers to all Africa PAOs is an excellent idea and that PAFA should proceed immediately; 17% thought it was a good idea, while on respondent (17%) had doubts about the establishment of a pool of quality reviewers for all PAOs in Africa.</p>

86% of the respondents expressed willingness to participate in a pilot project that would include PAFA performing a diagnostic of their current quality review systems with the intention of using the findings to conceptualise a Quality Center for Africa PAOs.

100% of the respondents expressed willingness to participate in a pilot project that would include PAFA performing a diagnostic of their current quality review systems with the intention of using the findings to conceptualise a Quality Center for Africa PAOs.

Main messages from interviews conducted in Maputo, Mozambique during ACOA 2021:

- There is an urgent need for assistance on the implementation of the new international QM standards (training and tools).
- Some PAOs are more advanced and have established quality departments (or regulators), even though some challenges remain. Others are still in the starting blocks.
- The idea of having a Quality Center with a pool of reviewers seemed to be welcomed
- There is a need to engage with more PAOs in French-speaking countries where the need for assistance appears to be the highest

Appendix D.1

PROJECT – VIRTUAL QM WORKSHOP SERIES

Proposed Terms of Reference

Objective

- Creating awareness and supporting the implementation of the new international QM standards through harnessing already-existing opportunities
- Facilitating access to already-existing activities and tools in an easy to access/navigate way

Detailed Approach

1. Organise a webinar for all PAFA Member Organisations to present the PAFA Accountancy Quality Plan for 2022 and Beyond. Use this opportunity to raise awareness on the international QM standards and already-available resources.
2. Collaborate with SAICA and the Quality Management Implementation Initiative Task Group to co-host and co-brand their Quality Management Standards Implementation Workshops to benefit all PAOs and members and firms in Africa
3. Invite PAFA Member Organisations to join the ad hoc PAO Quality Management Group to facilitate offering of the workshops through the participating PAOs.
4. Provide participating PAOs with information to enable them to promote the workshops in their respective countries.
5. At the end of the workshop series, ask PAOs and workshop participants to identify any gaps in practical implementation resources for future consideration.

Deliverable

A series of virtual QM workshops, see below.

Month	Theme	Pre-reading: Standards	Pre-reading: Implementation Guidance
January / February 2022 Self-study	Introduction	1-22	SAICA TechTalk November 2021 slides or recording Q1: What is the <u>relationship</u> of ISQM 1 with ISQM 2 and ISA 220 (Revised)? Q2: To which firms/engagements do ISQM 1, ISQM 2 and ISA 220 (Revised) <u>apply</u> ? Q3: Is ISQM 1 <u>scalable</u> for smaller and less complex firms? Q4: With just over a year to go, in which <u>ways</u> can firms <u>implement</u> these new standards? Q5: Who is <u>responsible</u> for the system of quality management? Introducing the QM Standards Perspectives on Initial Implementation Efforts Introduction to ISQM 1 First-time Implementation Guide: 1-17
April 2022 Virtual workshop	ISQM 1 The firm's risk assessment process End goal in mind	23-27	First-time Implementation Guide: 17-33 All You Need to Know About the Firm's Risk Assessment Process
April 2022 Virtual workshop	ISQM 1 Governance and leadership Relevant ethical requirements	28-29	First-time Implementation Guide: 33-39 Bringing It All Together: Exploring All the Components of a QM System

Month	Theme	Pre-reading: Standards	Pre-reading: Implementation Guidance
May 2022 Virtual workshop	ISQM 1 Acceptance and continuance Engagement performance	30-31	First-time Implementation Guide : 39-43
June 2022 Virtual workshop	ISQM 1 Resources	32	First-time Implementation Guide : 43-55 Expectations from Firms and Engagement Partners
July 2022 Virtual workshop	ISQM 1 Information and communication Network requirements, network services, documentation	33: 48-52; 57-60	First-time Implementation Guide : 55-60; 82-87; 92-96 Bringing It All Together: Exploring All the Components of a QM System
August 2022 Virtual workshop	ISQM 1 Monitoring and remediation	35-47	First-time Implementation Guide : 63-82 What's New for Firms' Monitoring and Remediation Process
September 2022 Virtual workshop	ISQM 2	1-30	Introducing the QM Standards Introduction to ISQM 2 First-time Implementation Guide
October 2022 Virtual workshop	ISA 220 (Revised)	1-41	Introducing the QM Standards Introduction to ISA 220 (Revised) First-time Implementation Guide
November 2022 Virtual workshop	Recap	-	-
February 2023 Virtual workshop	ISQM 1 Evaluating the QM System	53-56	First-time Implementation Guide : 87-92 Bringing It All Together: Exploring All the Components of a QM System

Scope, Resources and Timeline

The virtual workshops will be co-hosted and co-branded with PAFA Member, SAICA. They will be presented in English from March 2022 through February 2023 and offered to PAFA Member Organisations participating in the ad hoc PAO Quality Management Group to promote to their members and firms.

Budget

SAICA and the Quality Management Implementation Initiative Task Group have generously agreed to render this collaboration opportunity to PAFA and our member organisations free-of-charge.

Appendix D.2

PROJECT – PAO QUALITY STATUS REVIEW

Proposed Terms of Reference⁹

Objectives

- Understanding specific challenges / needs of each selected PAO / country
- Identifying gaps in selected PAOs' IFAC SMO 1 and 6 compliance and advising on actions to close any gaps
- Understanding how selected PAOs are assisting their members and firms to transition to and achieve the objectives of the new international QM standards and advising on actions to close any gaps

Detailed Approach

1. Perform a desktop review of existing material
2. Develop a questionnaire or interview questions to gather information about the following:
 - At PAO level – IFAC SMO 1 implementation
 - Legislation and regulators
 - Model used for quality reviews and governance
 - Policies and procedures
 - Size of audit market
 - Operational resources
 - Quality reviews performed during the past three years (frequency, number of reviews, review teams, approach/methodology, material used, results, sanctions, reporting, etc.)
 - Funding
 - Link to IFAC SMO 6
 - Challenges
 - Projects (new international QM standards implementation, digitalisation, etc.)
 - At firm level – Assistance provided by PAOs to firms to support quality management
 - Raising awareness
 - Activities (including CPD) and tools to support the implementation of the new QM standards
 - Independent assessment of firms' QM systems
3. Engage with the PAO leadership to create awareness of the importance of the project (e.g., two-hour meeting with PPT)
4. Engage with PAO leadership involved in the quality review system (see above questionnaire / interview questions)
5. Summarise key messages and confirm accuracy and completeness with PAO
6. Identify gaps and develop recommendations regarding actions to be taken to close the gaps

⁹ These proposed terms of reference were developed with input from Ms Asmaa Resmouki, Past PAFA President and Independent Consultant. Her service was provided on a pro bono basis.

7. Propose a way forward

Deliverable

- A. Country / PAO report containing the information gathered through the questionnaire / interview questions, a gap analysis, and related recommendations, as well as a way forward
- B. Recommendations, drawn from the country / PAO reports, regarding actions that can be taken at the regional level to benefit PAOs across the region

Scope, Resources and Timeline

Engage a consultant to conduct a status review in two English-speaking and two French-speaking countries over a period of 4 months. Select PAOs of different level of maturity and size that have expressed an interest to be part of this project and are able to dedicate the leadership resources necessary to complete the project within the specified period of time.

Budget

To be confirmed—project subject to external funding

Appendix D.3

PROJECT—DEVELOPMENT OF TOOLS AND TRAINING Proposed Terms of Reference¹⁰

Objectives

- Drawing on the deliverables of the PAO quality status review, delving deeper into – and to the extent possible – resolving practical implementation challenges
- Identifying and – to the extent possible – closing gaps in existing tools and training

Detailed Approach

1. Starting with the two selected PAOs in French-speaking countries (see Appendix D.2), for each PAO:
 - Organise country-specific practical workshops with six selected firms (two large, two medium, and 2 small) on:
 - The IFAC SMOs 1 and 6 to identify and – to the extent possible – resolve practical implementation challenges and identify gaps in existing tools and training
 - The new international QM standards to identify and – to the extent possible – resolve practical implementation challenges and identify gaps in existing tools and training
2. Assess the identified gaps in existing tools and training alongside the tools and training published by PAFA in 2017 with funding from the African Development Bank and – in consultation with the PAFA Accountancy Quality Advisory Group – recommend a plan of action
3. Assist with the implementation of the plan of action with the aim of rendering fit-for-purpose tools and training to enhance firm quality management systems and PAO/regulator quality review systems in Africa. This might include updating the tools and training published by PAFA in 2017.
4. Engage with the IAASB, IFAC, and developed PAOs in Africa to facilitate implementation of the plan of action.
5. Engage with large firms, software and other service providers, and other interested stakeholders in Africa to facilitate implementation of the plan.
6. Advise on the feasibility of a PAO Capacity Self-Assessment Questionnaire similar to the AFROSAI-E Institutional Capacity Building Framework (ICBF) Self-Assessment Questionnaire. Although the focus here would be on quality, ideally the self-assessment should be wider and cover the three pillars of an effective PAO – sustainable, relevant, credible.

Deliverable

- A. Workshops
- B. Gap analysis and plan of action
- C. Fit-for-purpose tools and training
- D. Advice on a PAO Capacity Self-Assessment Questionnaire

¹⁰ These proposed terms of reference were developed with input from Ms Asmaa Resmouki, Past PAFA President and Independent Consultant. Her service was provided on a pro bono basis.

Scope, Resources and Timeline

It is envisaged that A and B could be delivered in 2022, with implementation of the plan of action – including the development of the fit-for-purpose tools and training – commencing in 2022 and being completed in 2023. Advice on the feasibility of a PAO Capacity Self-Assessment could be rendered in 2023 with the assessment being applied in 2024.

Budget

To be confirmed – project subject to external funding

Appendix E

IFAC / IAASB RESOURCES¹¹

The new international QM standards (ISQM 1, ISQM 2, and ISA 220 Revised) were approved by the IAASB in September 2020. These standards, which will be effective from 15 December 2022, are considered a key strategic adoption and implementation priority for IFAC in 2021/22.

IFAC has a bi-weekly cross-functional team meeting to enhance coordination and collaboration focused on awareness raising, adoption and implementation, and ongoing support. Initiatives and outputs include:

Awareness raising

- Publishing the IAASB Chairman's QM [byline](#) on the Knowledge Gateway and QM [video](#) for PAOs (also in [Arabic](#), [French](#), [Spanish](#) and [Russian](#))
- [Article and video clips](#) summarizing QM discussion session with PAODAG
- Overview [article](#) on the QM standards (including quick poll question)
- Joint [webinar](#) with Institute of Chartered Accountants of the Caribbean
- Regional Event – Europe/ Central Asia (available in [Albanian](#), [Georgian](#), [Ukrainian](#), [Russian](#), [Croatian](#))
- Outreach events with SMPAG volunteers e.g., El Salvador, Argentina, Costa Rica etc.

Adoption and implementation support

- Promoting IAASB Materials (e.g., through direct e-mails to PAO key contacts, social media etc.):
 - Basis for Conclusions & Factsheets ([ISQM 1](#), [ISQM 2](#), [ISA 220](#))
 - First Time Implementation Guides – [ISQM 1](#) and [ISQM 2](#)
 - Overview Videos ([English](#), [Spanish](#), [French](#))
 - [Video](#) on initial implementation perspectives
- [Four global webinars](#) in collaboration with IAASB
- Gateway Articles:
 - [Kicking Off the Quality Management Webinar Series: Applying the Standards in Practice](#)
 - [Are Your Firm and Its Engagements Partners Ready for ISQM 1?](#)
 - [Preparing for the New Quality Management Standards: ISQM 1 Quality Objectives and Quality Risks](#)
 - [Preparing for the New Quality Management Standards: ISQM 1 Risk Responses](#)
 - [Preparing for the New Quality Management Standards: ISQM 1 System Evaluation and Monitoring](#)

Other on-going initiatives

- Dedicated [IFAC webpage](#) including IFAC and IAASB content, plus external resources from PAOs
- Outreach to PAOs exploring status of adoption, level of implementation, challenges and identified support areas (captured in an Excel tracker)
- SMO Review - incorporation of QM into 2021 SMO review (SMO 1 QA)

¹¹ This information was provided by IFAC in March 2022 and will be updated as work at these bodies progresses.

- Consideration of implications for Accountancy Education and key aspects of IES (e.g., IES 8)
- Proactively connecting with key PAOs and others to encourage early / timely translations of the ISQM standards
- Exploration of further ISQM webinars, including an “exhibit hall” for PAOs featuring third party software providers
- Potential webinar series of small, medium, large firms covering their journeys in QM implementation
- Development of tools, resources and guidance to support implementation – advice from SMPAG and engagement with PAOs and FoF to leverage material
- PAO, regulator, audit oversight roles in practice inspections – QA and SMO 1