

STATEMENT OF MEMBERSHIP OBLIGATIONS 3

INTERNATIONAL STANDARDS, RELATED PRACTICE STATEMENTS AND OTHER PAPERS ISSUED BY THE IAASB

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This Statement of Membership Obligations (SMO) is issued by the IFAC Board. It is to be applied by member bodies of IFAC in the development of quality control, auditing, review, other assurance, and related services standards for its members. It applies whether the member bodies issue such standards, or whether the standards are issued by another body.

Where government, regulators or other appointed authorities perform any of the functions covered by this SMO, member bodies should (a) use their best endeavors to encourage those responsible for those functions to follow this SMO in implementing them, and (b) assist them in that implementation where appropriate.

This SMO sets out the obligations of member bodies in relation to International Standards, related Practice Statements and other papers issued by the International Auditing and Assurance Standards Board (IAASB). To understand and apply the obligations (identified in bold type), it is necessary to consider the whole text of the SMO, including the explanatory and other material contained in the SMO.

This SMO applies to full and associate members of IFAC. Unless the context otherwise requires, associate members are included within the term “member body.” In applying this SMO to associate members, IFAC will recognize (a) the different level of obligations that applies to associate members under the IFAC Constitution and (b) the stage of development, availability of resource, and scope of activities of each associate member and its members.

This SMO does not apply to affiliate members. Consistent with the obligations relating to affiliate members in the IFAC Constitution, however, affiliate members are expected to support the development and implementation of International Standards and related Practice Statements issued by the IAASB.

Despite the general application of SMOs to full and associate members, IFAC will take into account the relevance and application of the obligations to each member body in assessing the level of compliance. This recognizes the fact that some member bodies and their members operate in different sectors of the profession. In evaluating a member body’s compliance with the SMOs as part of the IFAC Member Body Compliance Program, a member body’s stage of development will also be considered.

In exceptional circumstances, a member body or associate member may depart from the obligations of this SMO, if doing so will fulfill its public interest duties more effectively. The member body or associate member should be prepared to justify the departure. A member body that fails to follow the obligations of this SMO or justify satisfactorily why it has departed from them, may be suspended or removed from membership.

Obligations

1. **Member bodies should notify their members of all International Standards, related Practice Statements and other papers issued by the IAASB.**
2. International Standards issued by the IAASB comprise International Standards on Quality Control (ISQCs), International Standards on Auditing (ISAs), International Standards on Review Engagements (ISREs), International Standards on Assurance Engagements (ISAEs), and International Standards on Related Services (ISRSs). The IAASB also issues related Practice Statements and other papers. A description of, and the authority attaching to, International Standards, related Practice Statements and other papers are contained in the Preface to the International Standards on Quality Control, Auditing, Assurance and Related Services.
3. In developing International Standards and related Practice Statements, the IAASB exposes proposed International Standards and ordinarily exposes proposed Practice Statements for public comment. Member bodies are encouraged to notify their members of all exposure drafts issued by the IAASB and to encourage them to comment on behalf of those members that have an interest in quality control, auditing, review, other assurance, or related services standards.
4. **Member bodies should use their best endeavors:**
 - (a) **To incorporate the International Standards and related Practice Statements issued by the IAASB into their national standards or related other pronouncements, or where responsibility for the development of national standards or related other pronouncements lies with third parties, to persuade those responsible to incorporate the International Standards and related Practice Statements into their national standards or related other pronouncements; and**
 - (b) **To assist with the implementation of International Standards and related Practice Statements, or national standards and related other pronouncements that incorporate International Standards and related Practice Statements.**

Although the Constitution of IFAC and this SMO acknowledge national standards, member bodies should, in implementing their obligations of membership, have as a central objective the convergence of national standards or related other pronouncements with International Standards and related Practice Statements issued by the IAASB.

5. **Member bodies should implement a process that provides for the timely, accurate and complete translation of International Standards and related Practice Statements, and for the timely dissemination of such translations where the International Standards are generally used by professional accountants in the jurisdictions of those member bodies, or where an understanding of International Standards is necessary for the proper implementation or interpretation of national standards.**

Interpretation

6. A member body has used “best endeavors” if it could not reasonably do more than it has done and is doing to meet the particular membership obligation.

Effective Date

7. This SMO is effective as of December 31, 2004. Earlier application is encouraged.

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