ACCOUNTING AND AUDIT BOARD OF ETHIOPIA (AABE)

FIVE YEARS STRATEGIC PLAN 2015/16 - 2020/21

November 2015
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**Introduction**

Ethiopia has made strides to become one of Africa’s fastest growing economies and continues to record impressive economic growth. The country has seen double digit annual growth averaging 10.8% from 2003/2004 to 2012/2013 (compared to the regional average of 5.3 %).¹

The Government of Ethiopia has successfully completed the implementation of the first phase of its Growth & Transformation Plan and is currently poised to embark upon the second generation of its growth and transformation plan (GTP II) which is planned to sustain and further improve the economic growth of the country to realise its goal of making Ethiopia a middle income country by 2025. In line with the Government ambition of making the country the top manufacturer in Africa, manufacturing has been given special focus in GTP II with its relative share of the GDP set to grow from the current 4% to 8% by the planning period and later to 18% in the year 2025. Industry, which includes construction and mining sectors besides manufacturing, is also expected to grow at 18 per cent over the course of the GTP laying the foundation for structural transformation on basis of manufacturing. During the GTP II period, the economy is expected to grow at annual average of 11 per cent.

The move to manufacturing sector in the GTP II will require the mobilization of huge financial resource for investment, both from domestic resources and from FDI. Therefore, to keep FDI inflow sustained, there is a need to improve the investment climate. Among other prerequisites for the sustained growth and improved business climate is high quality financial reporting underpinned by a robust accountancy profession regulated by a strong independent oversight body. High quality financial reporting in Ethiopia will also contribute to more efficient tax collection, an area of Public Financial Management identified as

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¹ World Bank figures
requiring improvement\(^2\). Furthermore, high quality financial reporting underpins most of the action areas that are recognised in the Addis Ababa Action Agenda of the 3rd International Conference on Financing for development.

Accordingly, implementing high quality International Financial Reporting Standards (IFRS) is critical to meeting and sustaining Ethiopia’s economic growth potential. IFRS provides international investors with a brand of trust in the quality of financial reporting. That trust in financial reporting is essential if investors are to be encouraged to step in to promote continued economic growth. IFRS will also have a profound impact on the country’s growth potential because nationally supported IFRS will increase stability, stewardship, accountability and transparency both at institutional and government level. It will also increase the general level of professional education of accountants and standards setting bodies and improve their policies and decision making. It will lay the foundation to the much needed domestic capital market to mobilise financial resources for long-term investment. In general, implementation of IFRS contributes to Government efforts of improving good governance and reducing the level of corruption and rent seeking behaviours. All of these will in turn help to remove major impediments to growth that are common in emerging economies like Ethiopia.

Recognizing the importance of high quality financial reporting and its contribution to improved business environment necessary to attract investment, the Government of Ethiopia in 2014 passed the Financial Reporting Proclamation—a groundbreaking piece of legislation enshrining the accounting profession’s role in fostering the growth of the economy and ensuring the stability of the economy; and the related Council of Minsters Regulation setting-up the oversight Board – the Accountants and Auditors Board

\(^2\)Public Expenditure & Financial Accountability (PEFA) Assessment findings
of Ethiopia (AABE). The Proclamation sets out financial reporting frameworks applicable to different reporting entities and mandated AABE with the responsibility of regulating the accountancy profession and ensuring its development in the country.

During the strategic planning period our initial focus will be on building the capacity and competency of the profession and our own capacity. After taking these steps, the challenge that lies ahead is to establish a robust structure for ongoing monitoring and improvement of the standards as we gain a better understanding of how they are used in practice. In general, it is expected that preparers and auditors will grapple with understanding and complying with accounting and auditing requirements; the need to concurrently manage business environment and local cultures makes this even more challenging. Consequently, the profession demands more detailed interpretations and guidance that should be availed by AABE.

The Strategic Plan necessarily builds on the AABE’s legislative mandate which is clearly laid out in the Financial Reporting Proclamation and Regulation and is consistent with international good practice.
PART ONE

1.1. Strategic Context

1.1.1. Purpose and role of the Board

The AABE is the statutory body established in terms of the Financial Reporting Proclamation 847/2014, with the primary purpose of protecting the public interest. To achieve this, AABE is responsible for regulating the profession as well as for issuing a national professional accountancy qualification that is recognized internationally. Among others, its responsibilities include setting accounting and auditing standards and code of conduct to regulate the behaviour of professionals; register and certify professionals and firms to provide such services; review and monitor the work of professionals and firms rendering accountancy and/or audit services and reporting entities; providing professional qualification training, supporting education and continuous professional development programs; enforcing the financial reporting law and taking disciplinary measures on those who do not comply with the provisions of the law and the regulation set by the Government and directives, other relevant policies and guidelines issued by the Board.

Stakeholder relationships underpin our activities. Consequently the development of this Strategic Plan takes into account the significant stakeholder interests. Equally important, and to ensure that the AABE is fully integrated, the staff and management played a key role in the preparation of this Strategic Plan.

1.1.2. Objectives of the Board

AABE has clear and realistic statutory objectives which are stated in Section 5 of the Regulation as to:
- Promote high quality reporting of financial and related information by reporting entities;
- Promote the highest professional standards among auditors and accountants;
- Promote the quality of accounting and auditing services;
- Ensure the accountancy profession is used in the public interest;
- Protect the professional independence of accountants and auditors.

In order to achieve the above statutory objectives, AABE will endeavour to:

- Support and promote building necessary institutional capacity to strengthen the accountancy profession;
- Support and promote the establishment of strong Professional Accountancy Organizations in Ethiopia;
- Build a strong accountancy profession;
- Support the establishment of a local strong CPA qualification with international recognition;
- Support and promote compliance with international standards by applicable reporting entities and auditors.

1.1.3. **What the Board is trying to achieve**

We are aiming to be a robust oversight body of the accountancy profession with responsibilities including standards setting, strengthening the accountancy profession, administering professional accountancy examinations, and registration of reporting entities. We promote audit quality and protect the public interest through functions such as authorization and registration of practicing accountants and auditors, determination of standards and other professional requirements, as well as administrating of the practice monitoring programme, complaints and disciplinary procedures. We desire to increase
the number of qualified professional accountants in the country and enhance the quality of financial reporting, necessary for protecting the public interest.

1.1.4. **Oversight approach of the Board**

We are a regulator as well as a facilitator to achieve high quality reporting of financial and related information by reporting entities that will promote confidence in corporate reporting and ensure governance.

As a governmental arm, we will make use of its powers to achieve the ultimate objective which is enhancing the credibility of financial reporting by improving the quality of accountancy and audit services. Such endeavour will produce a healthy corporate environment which serves various stakeholders such as business community, investors, employees and other interested parties and promotes investment.

Quality corporate reporting and governance will enhance the strength of the Ethiopian economy in a global market which is increasingly becoming more complex and competitive. We are committed towards the nation through ensuring consistency and transparency in corporate reporting and governance.

In all our activities we will seek to act in the public interest and we will adopt a consultative approach with all relevant stakeholders, such as, reporting entities which include State Owned Public Enterprises, preparers of accounts and professional accountants. We will work in close collaborations with other regulatory bodies and government agencies namely the National Bank of Ethiopia, the Ethiopian Commodity Exchange Authority, the Ethiopian Revenue and Customs Authority, Privatisation and Public Enterprises Supervisory Agency, trading license issuing bodies, etc. as there is a strong need for the various regulatory bodies concerned with different aspects of financial reporting to improve the coordination of their activities, all within a coherent and consistent legislative framework.
We will strive for an oversight regime that is comprehensive, efficient and effective, ensuring there are no regulatory gaps and duplications and that stakeholder expectation are properly managed.

Not all reporting entities successfully manage the interface between the general purpose and the regulatory reporting. There is a need to minimize the differences between them. This minimizes the incremental costs of multiple reporting and also leverages the enforcement role of regulatory bodies with respect to the general purpose of financial reporting.

Existing regulatory institutions lack the resources and methodologies required to monitor and enforce accounting and auditing requirements. Where such regulators are concerned primarily with the respect of their own special-purpose requirements, the contribution of their activities to the quality of the general purpose financial statements made publicly available is constrained. Additional problems arise in the case of public interest entities that do not operate in regulated activities. Learning, training and capacity building will therefore be major areas of focus to ensure our oversight effectiveness and success.

We trust the professional Accountants/Auditors/Consultants to support the reporting entities and the business community at large in achieving quality in corporate reporting and governance. However, we also acknowledge that it is practically impossible to achieve a system where there is a no corporate failure in reporting and governance.

Nevertheless, we will use all our powers and influence in order to come as close as possible to a zero-failure system.

1.2. **Strategic Planning Framework**

We have adapted a strategic planning framework that clearly defines the foundation upon which we will continue to build a strong AABE that is capable
of responding as well as shaping the realities of both its internal and external environments. Our strategic planning framework helped us to define the five key elements (Pillars) necessary to establish a strong AABE capable of delivering on its mandate. The five key elements (“pillars”) are for AABE to be; relevant, sustainable, independent, reputable & reliable, and adaptable; all underpinned by a strong corporate Values and adequate organizational capacity.

The development and further integration of these key elements will not only set the stage for the building and continued success of the AABE, but also results in a corporate culture that will have pervasive effect on how we respond to changes in the external environment and able to shape them.

Consistent with our strategic planning framework we will review our risks in relation to the five key elements that provided us the context for our planning process. We have set objectives and determined measures for each key element to ensure that our measures of success are closely aligned to our vision. Furthermore, we have also adapted a governance arrangements and organisational structure aligned with our strategic direction.

We will continuously monitor and review our environment to identify and analyse existing and/or any new risks and plan how we will be dealing with them. Normally, this will involve carrying out a detailed environmental scan aimed at identifying emerging developments in the market, the profession and any consequential implications that may have impact on our activities. Such review will enable us to update our knowledge of international and national trends, including changes in direction of government policy, and ensure that our regulatory activities adequately reflects changes in the market and the profession, promote the development of the accountancy profession and helps to protect public interest.
1.2.1. The Key Elements (“Pillars”)

The achievements of all the five key elements (Pillars) are critical for us to deliver on our mandate and realise our vision.

**Key Element 1: Relevant**

We will endeavor to be and remain contemporary and customer focused to meet the needs of our staff, professionals, reporting entities, Government, other stakeholders and our mandate.

**Key Element 2: Sustainable**

We will adopt practices that will ensure our continued viable existence without adverse effect on our people, finance, customers and the public.

**Key Element 3: Independent**

We will remain to be independent and structurally free from any connections to the profession and manage the complexities of such arrangement in order to deliver efficient and effective regulatory oversight avoiding any potential perceptions of self-regulation.

**Key Element 4: Reputable and Reliable**

We will work hard to build strong professional reputation and reliability to ensure that we earn and maintain the confidence of our stakeholders as the centre of excellence and source of authority on accounting, financial reporting, and auditing issues and protector of the public interest.

**Key Element 5: Adaptable**

We will remain aware of developments in the ever changing external environment and respond to changes in the environment and/or be able to shape them.
1.3. Strategic Direction

1.3.1. Vision

Our vision is to be an internationally recognized independent and effective regulatory body of the accountancy profession in Ethiopia.

1.3.2. Mission

Our mission is to support investment and protect the public interest by promoting high quality financial reporting in Ethiopia through appropriate oversight of the accountancy profession, in accordance with local laws and international standards.

1.3.3. Values

In regulating the profession in evolving complex financial reporting requirements, we will uphold and guided by the following values:

*Integrity*

As the statutory body entrusted with regulating the accountancy profession in Ethiopia, each board member and staff of the AABE has a personal responsibility to demonstrate the highest ethical standards to inspire confidence and trust in one another and in the public the AABE serves. We are honest, upright and impartial in everything we do as individual and as organisation.

*Fairness*

As a regulatory body, we will treat those we regulate with fairness and in accordance with the law, observing proportionality. As an employer, we will seek to hire and retain a diverse staff, and ensure that all decisions affecting staff are fair and ethical. As professionals, the staff will be expected to treat each other with respect and dignity.
Collaborative

We work with our stakeholders to achieve common goals. Within AABE we will always support each other and work as a team to realise our mission.

Accountability

In carrying out our mission, the staff will readily hold itself accountable to the public it serves, taking personal responsibility for achieving the objectives of the AABE.

Resourcefulness

AABE will expect its staff to contribute to its sustainability by being creative, proactive and effective when assessing and responding to risks AABE faces.

Commitment to excellence

The AABE will demand the highest standards of performance excellence, commitment and dedication from its staff.

1.3.4. Guiding Policies

In creating effective and efficient regulatory regime in the country the following broad policies guide our decisions across all our departments/programs:

1. Leveraging resources with other relevant domestic and international organizations in order to maximize the effectiveness of regulatory, enforcement, and educational activities.

2. Adopting and expanding risk-based assessment practices to better anticipate emerging risks and market trends that may threaten our ability to fulfil the Board’s mandate.

3. Applying modern information communication technology to enhance the operational effectiveness of the AABE and to improve the public’s access to AABE’s registration, filing and other information.
4. Establishing and sustaining organizational excellence.

Detailed description of our guiding policies are attached in ANNEX I.

The diagram below summarises the strategic planning framework we have adapted.

**AABE Strategic Planning Framework**
1.4. Administrative and Governance Arrangements

1.4.1. Executive Management’s administrative Arrangements

The proposed administrative arrangements and organizational structure of the executive management is aimed at establishing an AABE that is capable of delivering on its legal mandate and realize its vision. The internal governance arrangements are the responsibility of the Director General and his executive team. We will endeavour to attract, recruit, and retain staff with appropriate technical and managerial competencies to support the Board and its advisory committees to enable AABE achieve discharge its responsibilities.

1.4.2. Proposed Administrative (Governance) Arrangements

1.4.3. Rationale for the Administrative Arrangements

The proposed administrative arrangements as indicated in the senior executive structure below is aimed at making the whole structure address the various mandates of AABE effectively. Standards setting, Conduct and Professional
Education and training are considered key functions of the AABE and accordingly they have in their structures Deputy Director General Positions. These positions require enhanced practical competencies in the technical areas they cover. The Deputy Director General positions should ensure high quality performances in these areas and report to the Director General. This ensures the Director General does not get too involved in the technical details of these three key divisions, thus giving him space to focus on the wider strategic issues of AABE. The departments with Directors reporting directly to the Director General are largely operational and will not have Deputy Director General positions.

1.4.4. **Summary of Key Staff to be Recruited Early**

The Director General is already in place together with 2 qualified ACCA professionals, a senior member of staff with a Masters Business degree and a secretary to the Director General. Other key staff members to be recruited urgently include;

- **Deputy Director General for Conduct**
  - Director of Public Accountancy and **all** staff for the department
  - Director of Financial Reporting Review and Monitoring and **all** staff for the department
  - Director for Legal services and Enforcement and **all** staff for the department

- **Deputy Director General for Standards and Codes**
  - Director-Accounting Standards and **all** staff for the department
  - Director-Audit and Assurance Standards and **all** staff for the department
  - Director-Corporate Governance and **all** staff for the department,

- **Deputy Director General for Professional Education and Training**
o Director for Professional Education and Examinations and all staff for the department
o Manager for Professional educations and all supporting staff
o Manager for Professional examinations and all supporting staff
o Manager for IFRS Training Academy and all supporting staff

- Director for Corporate Services
  o Manager for Finance and some support staff
  o Manager for Human resource and some support staff
  o Manager for General Services and some support staff

- Director for Business Information and Technology and some staff

- Director for Customer experience and stakeholder engagement and some staff

- Director for Strategy, Policy and Corporate planning
  o Director of Business Information and Technology
  o Director of Strategy, Policy and Corporate planning

The functions of the different Directorates and departments and detailed staff requirements are described in Annex II.

1.5. Board of Directors Governance Arrangements

1.5.1. AABE Board of Directors

Appointments of the Board of Directors have been made by the Government. The Board is independent and structurally free from any connections to the profession—a sign of best regulatory practice recognized by international audit regulatory communities. However, much work remains to address the complexities of such a structure in order to deliver efficient and effective regulatory oversight that the Board set out to achieve and the board meets the needed independence requirement from the accountancy profession.
1.5.2. **Board of Directors Governance Arrangements**

The Financial Reporting Proclamation 847/2014 and Regulation 332/2014 set out various powers and duties of the Board aimed at achieving the objectives of the Board and Section 7(2) of Regulation 332/2014 authorizes the board to establish various advisory committees to assist it in discharging its responsibilities. Accordingly, to discharge its powers and duties efficiently and effectively, it is recommended that that the Board establish the following committees, sub-committees, Councils and panels described in the proposed governance structure shown below. The Board shall prepare terms of reference for these committees clearly describing the scope of their responsibilities, their composition, their meeting procedures and any other pertinent requirements.

**Proposed Governance arrangement**

Once the committees, sub-committees, Councils and panels are established they will start meeting and monitor progress in their areas of responsibility.
1.6. Operating Environment

1.6.1. Stakeholders’ needs and expectations

The legal mandate of AABE is driven by the need to satisfy various stakeholder requirements. Consequently, we have identified the needs and expectations of the following major stakeholders.

**Government**

Government is a key stakeholder which requires effectively regulated accountancy profession which promotes investments and economic growth and protects public interest. Accordingly, it would expect the AABE to be a strong sustainable oversight body that will utilize internationally accepted best practices and tools in efficiently and effectively regulating the accountancy profession and protecting public interest.

**Investing public**

Investors requires AABE to play a significant role in promoting high quality financial reporting and audit services, which are important inputs to their investment decisions.

**Audit firms**

Audit firms need to see value addition from the activities of the AABE which should assist them to better run their firms and perform high quality audits at a competitive price.

**Reporting entities**

Reporting entities need to see value addition from effective financial statement review and monitoring processes that give constructive feedback. They also need training, local guidance and advisory support that will assist them in the implementation of the new standards.
**Other regulators**

Other regulators want to see the AABE as a strong partner for an efficient and effective regulation of the accounting and auditing profession in the country and should feel comfortable collaborating and relying on the work of the AABE.

**Accountancy Academia**

Accountancy Academia expects the AABE to collaborate with accountancy academics and training institutions in order to contribute to the development of accountancy education and training.

**Professional Accountancy Bodies**

Professional Accountancy Bodies would like to see a regulatory body that promote the development of the accountancy profession and a regulatory regime which is fair and proportionate and protects public interest.

**1.6.2. Risk and uncertainties**

The operating environment poses various risks that we will proactively manage through continuous risk assessments, risk identification, establishing their root causes and applying appropriate measures to mitigate impact. We will continually monitor and control risks in the following three broad categories.

**Performance risk**

This covers performance related issues; including failure to deliver on mandate, expectation gap between what the AABE is mandated to deliver and what the stakeholders expect, and poor quality delivery. We will constantly monitor risks in the following broad categories.

**Capacity/resource risk**

This covers all sustainability issues; including failure to have adequate appropriate technical capacity within the AABE which will impact on delivery and failure to have adequate resources to meet expected performance levels.
Financing risk

This is cross cutting and covers the broad issues that require adequate appropriate funding in order to be achieved.

1.6.3. Key Assumptions

This strategic plan is prepared on the basis of certain key assumptions as to future events that we reasonably expect to occur (hold true) associated with the activities that we set out to implement in these formative periods of the Board for us to achieve the goals and objectives as. These assumptions are that:

- there will be continued government support (in terms of providing the required institutional and financial support). This is a fundamental assumption particularly in the formative stages of AABE.
- there will be no significant legal changes will adversely affect AABE’s operations during the Strategic Plan period.
- we will be able to secure technical support, in the form temporary placement of technical experts from countries that successfully implemented international standards, to train our staff and assist us in developing our in-house capacity.
- we will be able to attract and retain sufficient key staff with appropriate competences.
- government and other regulatory or supervisory bodies will promptly amend any identified law, regulation and directives that contradict with the Financial Reporting Proclamation.
- reporting entities strictly follow the milestone for IFRS adoption as indicated in implementation roadmap.
- there shall be adequate funding and other resources including appropriate office space and facilities for effective operations.
1.6.4. **Current realities that shaped our strategy**

The environment in which we operate is fast changing and is currently characterized by the following realities that shaped the strategic plan.

**Challenge:**

The number of qualified professional accountants in the country is too small and falls short of meeting national demand in both the private and public sectors, including academia.

**What we need to do:**

- We need to develop and implement internationally recognised national professional accountancy qualification.
- We need to administer two-level professional examination (CAT & CPA (E)) to produce adequate number of accounting technician and qualified accountants to meet the increasing market demand for professionals fuelled by the growth in the economy.
- We need to promote awareness of the accountancy profession at universities and influence curricula for accountancy education to align it with entry requirements to professional accountancy education

**Challenge:**

There is currently no local professional accountancy organization in the country.

**What we need to do:**

- We need to work with local, regional (PAFA) international bodies (IFAC) to establish and develop professional accountancy bodies that obtain IFAC membership.
- We need to identify and enter into a twinning arrangement with a reputable professional accountancy organization which is a member of
IFAC and with track record of successful mentoring other professional accountancy bodies in accountancy education to establish a local professional accountancy body.

**Challenge:**

For international standards, there is a gap between what is taught at universities and the international standards knowledge required in practice.

**What we need to do:**

- We need to engage universities and influence accountancy education curriculum to include modules of IFRS and ISA.
- We need to organize workshops, seminars, forums etc. to promote awareness of international standards.

**Challenge:**

The level of knowledge on international standards by academics, preparers, auditors and regulators is not as required.

**What we need to do:**

- We need to facilitate “train the trainer” courses in IFRS, IFRS for SMEs, IPSAS and ISA with course presenters coming from the relevant international accounting standard setting boards.
- We need to work to introduce certificate/diploma courses on IFRS, IFRS for SMEs, IPSAS and ISA in collaboration with reputable accountancy professional bodies which offer the courses and certification.
- We need to engage in extensive preparation activities for the implementation of IFRS to benefit all players in the financial reporting supply chain including: academics, preparers, auditors, and regulators.
**Challenge:**

Implementation of IFRS in the country is not uniform and is still in the early stages of transition, requiring a Road Map and implementation support.

**What we need to do:**

- We need to adapt a national IFRS Implementation Road Map that take into consideration the capacity and readiness of reporting entities with a view to full compliance within 5 years from December 2014 as is required by the Financial Reporting Proclamation.

**Challenge:**

Weak good corporate governance practices in almost all reporting entities in the country. High quality audits and financial reporting cannot be achieved just by focusing on developing the accounting and auditing profession; rather, this goes hand-in-hand with building a foundation of good corporate governance and high-quality financial reporting in reporting entities.

**What we need to do:**

- We need to promote the development and implementation of Corporate Governance Code for reporting entities together with our effort in promoting and nurturing the development of the accounting and auditing profession.
- We need to develop and disseminate best practice implementation guidance and tools on good corporate governance to support reporting entities in implementing and monitoring effective corporate governance.
- We need to educate investors and the public on the importance of good corporate governance in ensuring well managed and efficiently run business enterprises.
**Challenge:**

There are few audit firms in the country and all firms are Small Size Practices and are weak in terms of technical capacity and other resources. The quality of services provided by authorized accountants and auditors are not at par with the international standard.

**What we need to do:**

- We need to provide technical advice and support to firms to strengthen their internal capacities.
- We need to establish an effective practice review mechanisms to ensure the services are provided in accordance with the accepted international standards.
- We need to adopt a strategy to create adequate number of local small and medium size audit firms and few number of Big firms that can provide competent auditing and related service at national and regional level

**Challenge:**

The accountancy profession has over the years been rules based and moving to principles based IFRS that require cultural changes supported by extensive education.

**What we need to do:**

- We need to adopt a proper change management strategy supported by intensive public sensitization and awareness campaign.

1.6.5. **Positive factors that we will capitalize**

- There is legal backing for the establishment of the AABE through the Financial Reporting Proclamation 847/2014 and related Regulation 332/2014.
- There is strong institutional and financial support and leadership commitment from the MoFED for the establishment and effective operation of the AABE.
- There are opportunities to “peer learn” from similar organizations that have been established in other countries. We will draw on the experiences of other countries in those areas that have worked and are relevant to Ethiopia.

1.7. **Capability Requirements and Risks**

1.7.1. **People**

Our success will primarily depend on our ability to build the required technical capacity by attracting and retaining sufficient numbers of staff with appropriate skills. We appreciate that the staff we require are in high demand in the rest of the economy, which will further be compounded by the requirement that Ethiopia adopts international standards. Accordingly, AABE should be able to award competitive compensation and work conditions. A human capital plan must be adopted within the first year of this Strategic Plan incorporating:

- Succession plans (for smooth continuity)
- Retention plans (for sustainability)
- Identification of needed skills (for sustainability and relevance)
- Recruitment plans (continuity)
- Reward and compensation (for sustainability), and
- Reducing dependency on specific members of staff (for sustainability)

All these plans must be put in place within the first year of this Strategic Plan. In this regard, we will work to secure the services of technical experts from countries which successfully implemented International standards to be temporarily placed in our office to train our staff and assist us in building own in
house capacity. We will approach development partners in identifying technical experts and the required funding.

1.7.2. Process and Systems

The guiding principle for AABE is to apply processes and systems that are commensurate with the level of risks and its broad responsibilities. Accordingly, in order to gain the confidence and support of our broad stakeholders, we will adopt internal processes that are based on International Standard on Quality Control (ISQC 1) for our operations and to that we will develop an internal processes manual based on ISQC 1. The manual must be completed and applied within the first year of the strategic Plan. Furthermore, consistent with AABE broad mandate and nationwide scope of our activities, we will source and utilize information system and a technological platform capable of enabling AABE to meet its performance requirements efficiently and effectively. Appropriate IT systems must be sourced and used within the first year of this Strategic Plan.
PART TWO

2.1. Key Result Areas - Goals, Objective and Strategies

The development of a comprehensive body of standards, auditor's independence, good audit practice, and population of certified public accountant are the major areas that AABE needs to improve in Ethiopia. Furthermore training, education and skill development is one of the cornerstones of a successful IFRS implementation. Accordingly, the following five key result areas are identified as important, where successful execution of strategies will assist in achieving the goals and objectives of AABE. These key result areas are;

1. Standards Setting
2. Audit Quality Review and Monitoring
3. Financial Reporting Review and Monitoring
4. Education, Training, Professional Development and Certification and Accreditation
5. Investigation and Enforcement

2.1.1. Standards Setting

Goal

Promote confidence of investors and other users of financial statements through the adoption and implementation of high quality internationally accepted financial reporting standards, audit standards, professional codes of Ethics and Corporate Governance Codes.

Objective 1:

and other internationally accepted best practices developed by relevant authoritative bodies following due process.

Strategies;

- Develop and Implement the AABE’s overall policy with respect to the implementation of International Standards in Ethiopia clarifying the Board’s approach, decision framework and the due process that must be followed for adoption, adaption or amendments of the standards.
- Utilize diverse methods and platforms to promote and create public awareness on international standards by preparers, auditors, executive directors, Board and audit committee members, other regulators.
- Develop realistic roadmap for the implementation of International standards that takes into account the capacity and readiness of those affected as well as the requirements of the Financial Reporting Proclamation.
- Develop and implement robust arrangements and support mechanisms that ensure proper and effective implementation of the roadmap.
- Collaborate with relevant government agencies to identify and ensure timely amendments of laws, regulations, directives and other working practices that contradict with and/or hinder efficient and effective implementation of international standards.

Objective 2:

*Develop and issue technical guidelines, interpretations and tools and other supporting materials that takes into consideration national context and sectoral issues which will facilitate effective implementation of issued standards.*

Strategies:

- Develop and implement systems and processes for effective and timely identification of national, sector specific and/or standards related issues that
require local guidance, tools and/or interpretation and develop and issues the same.

- Work with relevant government agencies, and seek the advice and support of Regional and International standard setters and regulators in developing appropriate local guidance, tools and interpretations.

Objective 3:

*Attempt to influence the international standards by actively participating in the standards setting processes of the international standards setting boards.*

Strategies:

- Participate actively in the Regional (PAFA) Technical and standard setting forum to promote consideration of national issues in the development of International standards, Interpretations and guidance. Respond to exposure drafts for new standards promoting consideration of national and regional issues.
- Respond to invitation for comment on any proposed changes to standards promoting consideration of national and regional issues.

Measures of success:

- High levels of awareness of international standards by preparers and users of financial statements, auditors, and regulators.
- The Board has up-to-date policy to guide the implementation of international standards in Ethiopia.
- Ethiopia adopting and successfully implementing the latest international standards and Corporate Governance Codes by the end of the strategic period.
- The adequacy of guidance, tools and interpretations developed and issued to address national, sector specific or standard related issues.
- The level of participation in international standard setting processes.
2.1.2. Audit Practice Review and Monitoring

Goal

Promote confidence of investors and other users of financial statements in audited financial statements through effective audit practice reviews and monitoring.

Objective 1:

*Establish a well-resourced audit practice review and monitoring department which will use risk assessment techniques aimed at identifying emerging accounting and auditing issues and other key areas of risk that may lead to audit failure*

Strategies:

- We will identify and assess risks related to audits of specific sectors, type of transactions, accounting policies, category of audit firm, etc., in order to focus our audit reviews to address the identified risks. We will also identify potential areas of review in audit firms and promote risk reducing activities in the audit firms.

Objective 2:

*Disseminate and promote awareness of IFAC's guidelines and framework for conducting high quality audits and for applying quality controls in the operations of SMPs.*

Strategies:

- Disseminate with implementation guidance, developments and emerging issues in areas that promote high quality audits, including; independence, auditors’ responsibilities regarding fraud, new auditor's report, IFAC's framework for high quality audits, etc.
- Promote awareness and use of IFAC’s guide to using ISA in the audits of SMEs.
- Promote awareness and the application of IFAC’s guide to quality controls in SMPs for better administration of the firms.

Objective 3:

*Identify situations where audit firms certified auditors and public auditors have failed to conduct audits in accordance with applicable laws, codes, and standards and investigate to establish the root cause, and take appropriate action.*

Strategies:

- During audit practice reviews, we will identify audit procedures and issues that may warrant investigation.
- We will use enforcement authority where there are violations of ISA, the provisions of Financial Reporting Proclamation, the Regulation and directives issued by the AABE.
- We will endeavour to initiate and complete investigations and take appropriate action in a timely and appropriate manner.

Objective 4:

*Coordinate effectively with other sector regulators in Ethiopia to improve oversight on compliance with international standards.*

Strategies:

- We will collaborate and coordinate with other regulators on issues aimed at improving the quality of financial reporting. Once the AABE is adequately capacitated, we will consider entering into MoU with the regulators where necessary to improve effectiveness and reduce/eliminate duplication of regulatory effort.
Objective 5:

Work with Regional and International audit regulators and the International Forum of Independent Audit Regulators to establish AABE's regional and global presence.

Strategies:

- We will establish and maintain relations with successful and effective regulators in other countries
- We seeks to obtain membership of the International Forum of Independent Audit Regulators (IFIAR), and participate in knowledge sharing and independent audit regulatory activities, as well as promoting collaboration and consistency in international regulatory activities.
- We will participate in education/technical assistance conferences hosted by PCAOB annually

Measures of success:

- Number of certified auditors and audit firms that pass the audit practice reviews
- Improvement in the quality of financial reporting as evidenced by the number of audited financial statements that pass the financial statements reviews

2.1.3. Financial Reporting Review and Monitoring

Goal:

Promote confidence of investors and other users of financial statements through effective financial statements reviews and monitoring.

Objective 1:

Establish a well-resourced Financial Reporting Review and monitoring unit which will use risk assessment techniques aimed at identifying emerging
accounting and financial reporting issues and other key areas of risk that may lead to financial statements that do not comply with legal and international financial reporting standards requirements.

Strategies:

- We will assess and identify risks related to financial reporting of specific sectors, type of transactions, accounting policies, and category of reporting entities, in order to focus our reviews of financial statements to address the identified risks. We will also identify potential areas of review in reporting entities and promote risk reducing measures in reporting entities.

Objective 2:

Disseminate and promote awareness of guidelines for preparation of financial statements that comply with IFRSs.

Strategies:

- Disseminate implementation guidance, developments and emerging issues in accounting and financial reporting that promote high quality financial reporting including; recognition, measurement and disclosures, effective controls over financial reporting, the role of audit committee, etc.
- We will implement an awareness program to improve the degree of compliance with the financial reporting requirements.
- We will promote awareness of the use of Conceptual Framework for Financial Reporting, Full IFRS, IFRS for SMEs and IPSAs.
- Promote the role of audit committees in improving the quality of financial reporting.

Objective 3:

Identify emerging accounting issues and other key areas of financial reporting risk that may lead to misleading financial statements.
Strategies:

- We will identify financial reporting risks related to specific sectors, types of transactions, accounting policies and focus financial statements reviews appropriately.
- We will focus our reviews of public interest entities where the risk of misleading financial reporting to the public is greatest while realizing and honouring our statutory responsibility to review financial statements of SMEs as well.

Measures of Success:

- Number of reviewed financial statements that pass the review
- Effectiveness of audit committees in promoting high quality financial reporting

2.1.4. Professional Education, Training, Professional Development and Certification & Accreditation

The fast economic growth the country has been registering and will continue to register and the ensuing increase in commercial activities will continue to generate a strong demand for accounting and auditing services, which in turn require a renewed focus on building the accountancy profession. This is because accountants are an important link in building the country's growing economy and they are entrusted to safeguard the public interest. The immediate step for AABE is to focus on developing skilled and competent accounting professionals. This is fundamental to ensuring effective implementation of high-quality financial reporting in the country. It is, therefore, particularly imperative for AABE to make adequate progress on this key result area than the other four areas.
Goal:

Ensure the implementation of high quality financial reporting by promoting the development of high quality accountancy education in Ethiopia.

Objective 1:

Ensure that adequate number of competent accounting and auditing professionals are produced to meet the growing economy and the ensuing increase in demands for accounting and auditing services.

Strategies;

- We will design and administer two tier examination systems for certified public accountants and certified accounting technicians based on accounting curriculum developed that cover the content requirements of International Education Standards (IES) to encourage the growth of the broader profession in the country. The professional accounting qualification (CPA) is designed for aspiring auditors whereas the Certified Accounting Technicians (CAT) is designed for accountants aspiring to provide any kind of professional accounting services (not audit services).

- Influence curriculum in accountancy education at higher institutions to include modules in IFRS to narrow the gap between what is taught at the universities and colleges and what is required in the work place and to provide fast track entry for professional qualification for graduates.

- We will enter into a twinning arrangement for the development of examination arrangements for a local professional qualification with experienced and a reputable professional accountancy organization which has relevant track record of success on similar arrangements.

- As part of effort to develop the profession make efforts to develop at least 100 better managed medium or big audit firms in Ethiopia within the strategic period. Out of the 100 firms at least three large and competitive
audit firms will be supported to become Regional/International with the capability of serving the needs of Ethiopian enterprises going regional/global, and providing the full range of services to globally operating Ethiopian enterprises. These 100 audit firms will focus on providing high quality value-added services to public interest entities and large/medium-size enterprises.

- We will develop and implement accreditation model and criteria to accredit/recognise professional accountancy body(ies) and their members to further meet the demand for qualified accountants.
- We will support the creation and development of strong local professional accountancy body(ies).

**Objective 2:**

*Ensure that professionals and accountants in reporting entities are able to handle the new standards to implementing IFRS effectively.*

**Strategies;**

- Introduce certificate/diploma training courses in IFRS, IFRS for SMEs, IPSAS, and ISA as a way of quickly improving the required knowledge and skills in the financial reporting supply chain in Ethiopia to implement the international standards.
- We will make efforts to provide high-quality training programme through our IFRS training centre targeting senior financial managers of reporting entities, professional accountants and auditors. The content and delivery of the program will be focused on emerging international developments in accounting and auditing standards and will be based on case studies developed in the Ethiopian-context.
- We will organise various types of CPD programs that focus more on practical implementation aspects of applicable accounting and auditing standards so as to develop and maintain sufficient knowledge and
professional skills with regard to modern accounting and auditing practices in the accountancy profession.

- We will launch a nationwide training campaign on the new standards, engaging reporting entities, audit firms, the academics in higher educational institutions, and relevant regulatory authorities. The training programs will focus on practical implementation issues and interpretations of International standards. Huge number of trainees is expected to take part in these training programs.

- We will conduct train the trainer workshop for IFRSs trainers selected from relevant institutions who will in turn train others to achieve wide coverage.

- We will provide recognition to IFRSs training providers based on assessment criteria we develop.

**Measures of Success:**

- Increase in the number of qualified professional accountants in Ethiopia
- Successful establishment of a local professional accountancy qualification in Ethiopia
- Setting up of certificate/diploma courses with appropriate organizations that have capacity to offer the courses
- Employer satisfaction (from surveys) with knowledge of standards graduates have on leaving college and joining them
- Changes in curriculum at colleges to include international standards
- Number of accredited professional accountancy bodies
- Effective implementation of International standards

### 2.1.5. Investigations and Enforcement

**Goal**

*Improve the credibility of the accountancy profession in Ethiopia.*
**Objective 1:**

We will introduce and enforce robust investigation and discipline mechanisms as part of regulating the accountancy profession.

**Strategies:**

- We will set up a legal services department within AABE whose responsibilities will include investigations
- We will have a disciplinary mechanisms independent of the investigation which will be responsible for enforcement

**Measure of Success:**

- Number of backlog of unresolved investigation cases
- Stakeholder surveys indicating satisfaction with the manner and speed AABE handles cases under investigation and disciplinary procedure.
PART THREE

3.1. Strategic Plan Implementation Program

We have set our objectives and identified related performance measures under each key element of our strategic planning framework necessary to meet our mandate. While the Director General can delegate some of the responsibilities, he is overly responsible for performance on all of them.

3.1.1. Objectives, performance measures, targets and responsibility

<table>
<thead>
<tr>
<th>Element</th>
<th>Objective</th>
<th>Performance measure</th>
<th>Periodic Assessment of Results</th>
<th>By Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable</td>
<td>1) attract, recruit, and retain staff with appropriate technical capacity</td>
<td>a) number and quality of applications received (indicator of public perception of AABE)</td>
<td>Bi-annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) staff satisfaction in annual survey</td>
<td>Bi-annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) staff turnover</td>
<td>Bi-annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td>2) achieve objectives within set financial budgets</td>
<td>Achieve budget targets annually</td>
<td>Bi-annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td>3) develop and</td>
<td>a) collaborate with other sector regulators in</td>
<td>On-going</td>
<td>DG</td>
</tr>
<tr>
<td>Relevant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>maintain professional links locally &amp; internationally</strong></td>
<td>the country and accountancy oversight bodies in other countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) attain and retain membership of IFIAR</td>
<td>On-going</td>
<td>DG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) participate at PCAOB annual functions</td>
<td>Annual</td>
<td>DG</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1) communicate &amp; engage with stakeholders</strong></td>
<td>Feedback from stakeholder surveys on;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Quality of reports</td>
<td>Annual</td>
<td>DG</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Value addition of reports</td>
<td>Annual</td>
<td>DG</td>
<td></td>
</tr>
<tr>
<td><strong>2) maintain adequate and relevant capacity in AABE</strong></td>
<td>Successful implementation of human resources policies and strategies aimed at retaining staff with appropriate technical capacity</td>
<td>Bi-annual</td>
<td>DG</td>
<td></td>
</tr>
<tr>
<td><strong>3) Use modern ICT systems to meet AABE mandate efficiently and effectively</strong></td>
<td>Application of appropriate ICT systems</td>
<td>Bi-annual</td>
<td>DG</td>
<td></td>
</tr>
<tr>
<td><strong>Adaptable</strong></td>
<td>1) keep up to date with changing requirements in the law, standards and codes</td>
<td>a) Stakeholder satisfaction from annual surveys</td>
<td>Annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) level of compliance with changes in requirements from the law and standards</td>
<td>Annual</td>
<td>DG</td>
</tr>
<tr>
<td></td>
<td>2) retain staff to facilitate ability to adapt</td>
<td>Level of staff turnover</td>
<td>Bi-annual</td>
<td>DG</td>
</tr>
</tbody>
</table>

| **Reputable and Reliable** | 1) provide high quality service | Results of surveys from stakeholders | Annual | DG |
| | 2) be highly visible | Results of surveys from stakeholders | Annual | DG |
| | 3) respond timely to stakeholders | Results of surveys from stakeholders | Annual | DG |

| **Independent** | 1) maintain independence at board member and staff levels | a) Board members and staff to sign annual independence undertakings and for specific situations as circumstances require | Annual/ on-going | DG |
| | | b) Stakeholders view AABE as independent from survey results | Annual | DG |
3.1.2. Operating strategy in the first year of the strategic plan

Taking into account the characteristics of the profession, we will make effort, as much as possible, to avoid the danger of starting weak and risk losing the needed credibility, endorsement and support of the public, including the profession. To this end, AABE’s positive impact and value addition in terms of protecting public interest, including on the quality of financial reporting must be felt within a short space of time of its operations. Accordingly, heads of departments for the various departments necessary for AABE to meet its mandate are part of key staff to be recruited within the first year of the Strategic Plan.

3.1.3. Prioritized First Year Activities to make the AABE Operational

<table>
<thead>
<tr>
<th>Activity</th>
<th>First Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1st 1/4</td>
</tr>
<tr>
<td></td>
<td>2nd 1/4</td>
</tr>
<tr>
<td></td>
<td>3rd 1/4</td>
</tr>
<tr>
<td></td>
<td>4th 1/4</td>
</tr>
<tr>
<td>Recruit all key staff</td>
<td>xxx</td>
</tr>
<tr>
<td>Conduct registrations for; CPAs, CAu, practicing firms, and reporting entities</td>
<td>xxx xxx xxx xxx</td>
</tr>
<tr>
<td>Create and keep up to date a robust website with data bases for all registrations required by the Proclamation and Regulation</td>
<td>xxx xxx</td>
</tr>
<tr>
<td>Establish Board committees</td>
<td>xxx</td>
</tr>
<tr>
<td>Draft internal Code of Ethics and Professional Conduct for Board members and AABE staff</td>
<td>xxx</td>
</tr>
<tr>
<td>Draft internal quality control manual for AABE based on ISQC1</td>
<td>xxx</td>
</tr>
</tbody>
</table>
Facilitate training in IFRS, IFRS for SMEs, ISA, and IPSAS for staff in the audit quality review and financial statements review and monitoring departments, (Including practical training for audit practice reviews using volunteer firms)  

<table>
<thead>
<tr>
<th>Conduct Board induction workshop</th>
<th>xxx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct fact-finding mission to draw best practices from relevant countries and prepare action plan to implement lessons drawn</td>
<td>xxx</td>
</tr>
<tr>
<td>Identify and appoint twinning partner for examinations</td>
<td>xxx</td>
</tr>
<tr>
<td>Apply for IFIAR full membership</td>
<td>xxx</td>
</tr>
</tbody>
</table>

The Director General is responsible for successful implementation of all the above activities.

### 3.2. Risk Management

The AABE was formed as part of the significant changes taking place in the accountancy profession in Ethiopia. As a new organization overseeing a profession that is undergoing significant change, there is need for us to be proactive in risk identification and developing mitigation measures in those areas that are prone to risk in the early stages of operation.

#### 3.2.1. Immediate risks AABE will face in the first five years of its operations

<table>
<thead>
<tr>
<th>Risk</th>
<th>Nature of Risk</th>
<th>Measures to Mitigate the Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainability</td>
<td>Possible failure to deliver on</td>
<td>We will need to attract,</td>
</tr>
</tbody>
</table>
| Expectation gap from stakeholders | mandates if we fail to attract and retain sufficient staff with the required competences. Failure to have sufficient independent funding to enable delivery on mandates. | recruit and retain sufficient staff with the required levels of competences. For most of the staff, we will be competing with the private sector and international organisations and this requires adequate funding to retain the staff.

| Expectation gap from stakeholders | Stakeholders and the general public may not have the correct understanding of the role of AABE | We will undertake awareness campaigns on the role of AABE to stakeholders and the general public.

| Regulatory capture and resistance from the accountancy profession | The audit profession may weaken the regulatory mechanisms of AABE and/or resist regulation | The AABE board and executive staff must identify any attempts to undermine the regulatory powers of AABE and take appropriate and firm action to protect the regulatory powers of the board.

| Possible changes in legal and other mandates | The accountancy profession is undergoing significant change in Ethiopia. Changes in the mandate of AABE may change during this period of our Strategic Plan. | Continuous assessment of any changes in regulatory requirements and development of appropriate responses. |
Annex I

AABE Overall Guiding Policy

In creating effective and efficient regulatory regime in the country the following broad policies will guide our decisions across all our departments/programs:

1. Leveraging resources with other relevant domestic and international organizations, to maximize the effectiveness of regulatory, enforcement, and educational activities;

Under the regulatory mandate set out by the Financial Reporting Proclamation and related Regulation, the AABE will need to collaborate and share information with the various stakeholders and other regulatory entities. To achieve the required level of collaboration and information sharing, AABE will consider entering into MoU with various domestic regulators and educational institutions in areas of common interest.

AABE will also seek to collaborate and share information with international organizations with which it shares common objectives. Seeking membership of IFIAR and collaborating with similar organisations in other countries including, PCAOB of USA will be some of the activities to be undertaken.

2. Adopting and expanding risk-based assessment practices to better anticipate emerging risks and market trends that may threaten the AABE’s ability to fulfil its mandate;

From the beginning, AABE will avoid situations where it finds itself reacting to market problems rather than anticipating them. To better identify risks across departmental boundaries and ensure that senior managers have the information necessary to make informed decisions, the AABE – at the direction of the Director- Strategy and Corporate Planning will conduct thorough internal
reviews, overseeing risk assessment activities focusing on early identification of risk.

AABE risk assessment teams under each of the AABE programs will aim to operate under the “Doctrine of No Surprises”. The risk assessment teams will map the risks in their departments and develop risk mitigation plans. This will help to anticipate and address major problems before they occur.

Such risk assessment techniques will also help the AABE to be focused in its; selection procedures, review and examination programs. In identifying firms and filings to examine for example, the AABE will not adopt a “one size fits all” review cycle. Rather, risk-based approaches that direct resources towards those firms, engagements, registrants, filings, issues, or industries/sectors that most warrant review will be adopted.

3. Applying information technology to enhance the operational effectiveness of the AABE and to improve the public’s access to AABE’s registrants, filings and other information;

The AABE intends to become a leader in electronic government by identifying opportunities to enhance performance through new and applied technology. To achieve this, AABE employees will require the necessary information technology capabilities, equipment, and expertise to keep pace with technological innovation in IT, and to ensure that new technologies are assessed and integrated into the AABE’s technological infrastructure and work processes.

From inception, the Director –Business Information and Technology will take the lead and give direction in these IT initiatives. The Business Information and Technology department will develop a Strategic Plan for information technology. The Plan will outline the AABE’s prioritized strategy to accomplish the following:
Establish robust investigation and case management capabilities, including the use of image based document management processes, and search and retrieval of electronic media such as e-mail;

- Ensure enhanced accessibility and usability of registration and filing information to the public and AABE staff, through tools such as XBRL;

- Increased AABE staff’s personal productivity and work flexibility, and work towards a “virtual workforce” through greater use of mobile and remote access technologies;

- Develop AABE’s IT architecture to streamline business processes, consolidate redundant systems, and technologies, and adopt components of the country’s federal architecture where feasible;

- Establish robust information security and disaster preparedness (including recovery) for the AABE’s systems and data; and

- Ensure AABE has robust enterprise wide planning and control processes embedded in or supported by the IT system.

4. Establishing and sustaining organizational excellence.

The efficient functioning of the AABE is an important component of public interest protection. The AABE’s planned efforts to establish and sustain organizational excellence include recruiting and retaining high quality staff, investing in the knowledgebase of staff, and establishing a performance measurement system to better manage performance and take timely action where necessary. This will require AABE to establish its own performance-based pay system and recruitment policy for key staff. These actions will help avoid/reduce staff compliment attrition, while ensuring that new and talented individuals can quickly be identified and hired.

Periodic “management reports” will be produced by department heads, showing department’s progress towards budget, staffing, and performance objectives. These reports will provide a detailed picture of the AABE’s
operations and effectiveness, and will be used to identify emerging problems, discuss possible solutions, and hold managers accountable where necessary.

The AABE will also work to build a culture of accountability, where excellence is encouraged, noted, and rewarded.
Annex II

Board and Advisory Committees Functions

AABE Board is responsible for the philosophy and overall strategy, including risk management of AABE to enable it to achieve its strategic objectives and mandate. The Board is responsible for ensuring that the resources of the AABE are efficiently and effectively deployed to achieve its strategic objectives.

Oversight powers of the Board include the issuance and maintenance of standards and codes for corporate reporting, accounting, auditing and assurance services, and corporate governance.

Twelve members of the Board of Directors, including the Chairman, have been appointed by the Government from various stakeholders and relevant government agencies. The Board is independent and structurally independent from the profession, practicing professionals and professional accountancy bodies. Furthermore, as per Section 7(2) of Regulation 332/2014 which authorizes the board to establish various advisory committees to assist it in discharging its responsibilities, the board, to discharge its powers and duties efficiently and effectively, hereby establishes the following committees, sub-committees, councils and panels. The Board shall prepare terms of reference for each clearly describing the scope of their responsibilities, their composition, their meeting procedures and any other pertinent requirements. The various advisory Committees and their responsibilities of are described hereunder.

Roles and Responsibilities of Board’s Committee

A. Board governance committees
   1. Audit committee

   The Audit Committee will be responsible for:
- Overseeing compliance, legal and administrative matters of the AABE
- Overseeing financial affairs of AABE including budgets, systems and controls, financial reporting and audit.
- Prepare the annual audit committee report.
- Inform the Board of any irregularities and give advice on legal issues.

2. **Nomination committee**

The Nomination Committee shall be responsible for:

- review annually the composition of, and criteria for appointment to, the Board of Directors, Board Committees, sub-committees, councils and panels;
- advise the conduct and codes & standard committee on the appointment of members to the respective councils, panels and sub committees under their surveillance;
- periodically review, the succession needs of the Board of Directors in consultation with the Chairman of the Board and the Director General of the Board;
- consider and report, at least annually, to the Board of Directors on the performance review of individual members of the Board, committees, sub committees, councils and panels;
- ensure that first time individual members of the board have the relevant induction;
- Ensure that individual members of the board and committees have appropriate and relevant means to extend their knowledge and skill continuously;
 Establish and periodically review Guidelines concerning the framework for appointments to the committees, sub committees, councils and panels;
 Oversee the process of selecting candidates for appointment to the sub-committees, councils and panels;
 Oversee the process by which members of the Board are expected as part of their duties to complete and provide feedback on the annual peer review.
 Review and advise the Board on succession plans for Board members;

B. Board Technical committees

1. Conduct committee

The Conduct Committee shall be responsible for overseeing the Board’s Conduct work in its effort to promote high quality financial reporting. The Conduct Committee shall be supported by two Panels—the financial reporting and audit practice review panels, which ensures the consistency and quality of the AABE’s monitoring works and one subcommittee—the Case Management Committee which advises on the handling of disciplinary cases.

The Committee responsibilities include the following:

 Overseeing the board’s conduct work with the objective of promoting high quality financial reporting and corporate governance;
 Overseeing the board’s monitoring of compliance with the requirements of the Financial Reporting Proclamation and related Council of Minsters Regulation and directives issued by the Board;
 Advise the board on its exercise of its function on the continued recognition of bodies to offer a recognised professional qualification and/or to regulate its members, the need to impose a direction or
penalty on a PAO, the need to issue an order to require a PAO to meet its public interest obligations and the recognition of an Overseas audit qualification.

- Advise the board on the maintenance and exercise of the arrangements for the independent monitoring of the performance of statutory audit functions by means of inspections and for independent investigation and discipline of public interest cases;

- Exercise those functions delegated to the Conduct Committee including the commencement of an investigation and the determination of its scope, and have general oversight of cases and budgets;

- Decide whether to commence a supervisory inquiry, determine the scope of any such inquiry and what, if any, action to be taken on its conclusion;

- Review and approve operating plans governing the AABE’s conduct activities and oversee the quality of work and delivery of the plan;

- Set strategic goals for the board’s regulatory, monitoring and disciplinary work, including by identifying the main areas of risk that need to be addressed;

- Set standards for the quality of regulatory review, monitoring and disciplinary work and the criteria to be applied in regulatory decisions;

- Identify the current, emerging and potential risks to the quality of corporate governance and reporting in Ethiopia;

- Assess the risks to the quality of corporate governance and reporting in Ethiopia and approve the adequacy of actions to mitigate those risks;
1.1. Audit Practice Review Panel (APRP)

The Board, with the purpose of getting the necessary assistance in discharging its responsibilities properly, establishes advisory committees and panels of experts that are accountable to these committees. Accordingly, Panels of expert that are established under the conduct committee are Audit Practice Review Panel (APRP) and Financial Reporting Monitoring Panel (FRMP). Each panel shall consist of a Board member (as a chairman), employees of the Board and such other appropriate experts from relevant stakeholders that the Board determines are necessary. Furthermore each panel shall be supported by professionals from the relevant department of the AABE.

The roles and responsibilities of the APRP, among others, include:

- Conduct practice reviews of registered auditors and audit firms;
- Determine, when conducting practice reviews, whether a registered auditor or an audit firm has complied with the Standards on Quality Control, Code of Professional Conduct and ethics and any applicable auditing standards adopted by the Board.
- submit its findings and recommendations to the Conduct Committee for consideration.
- to require that registered auditors and their audit firms submit to periodic inspections of their audit practices in such form as set forth in the APRP procedures;
- to engage in discussions with registered auditors and representatives of their audit firms on issues arising from inspections of such practices

1.2. Financial Reporting Monitoring Panel (FRMP)

The roles and responsibilities of the FRMP, among others, include:

- reviewing, analysing and identifying any failure on the part of any public interest entity (PIE) to comply with any financial reporting and
accounting standard, code or guideline issued under the Financial Reporting Proclamation, and with such other financial reporting and accounting standards as may be specified under the relevant enactments.

- ensuring that policies and systems are developed to communicate issues of importance, as appropriate, to the other AABE panels
- requiring reporting entities submit to the Board financial and related reports at such time and in such form as set forth in the FRPM procedures;
- engaging reporting entities regarding accounting and reporting issues noted by it in connection with the FRMP’s monitoring process.

1.3. Case Management Subcommittee

The Board shall appoint a member of the Conduct Committee to be the Chair of the Case Management Committee. The Case Management Committee shall perform any function as shall be determined by the Conduct Committee from time to time.

The Conduct Committee or the Chair of the Case Management Committee may appoint Case Management Committee, comprising at least three members, to constitute a Case Management Committee Group in relation to a particular matter. A Case Management Committee Group may work as an Investigating Committee to act in accordance with the Disciplinary Procedure in relation to a particular matter. Case Management Committee Groups are responsible for:

- Monitoring the progress of the investigation and/or any disciplinary proceedings;
- Providing input and challenge to the Executive Management’s consideration of the adequacy of the evidence of a case; and
- Where the Executive Management determines that there is evidence to proceed, providing input on whether it is in the public interest to proceed to a case hearing examiners;
- Considering and, if so advised, approving a Proposed Settlement Agreement;
- Reporting the approval or otherwise of a Proposed Settlement Agreement to the Conduct Committee giving reasons for the Group's decision.
- Exercising those functions delegated to an Investigating Committee appointed in accordance with the Disciplinary Procedure Rules including deciding whether there is a case to answer and if appropriate, referring the case to hearing examiners.

2. Standards and Codes committee

The Standards & Codes Committee advises the Board on matters relating to codes, standard-setting and policy questions. The committee is supported by three councils, which advise on Accounting, Audit & Assurance and Corporate Governance matters. The Standards & Codes Committee will be responsible for:

- Advising the board on maintaining an effective framework of standards for financial reporting, accounting, auditing and assurance services and corporate governance codes in Ethiopia;
- Advising the board on corporate governance matters - standards and codes, including proposed changes to Corporate Governance Code and related matters;
- Identifying the current, emerging and potential risks to the quality of financial reporting and corporate governance in Ethiopia;
Assessing the risks to the quality of corporate governance and reporting in Ethiopia and approve the adequacy of actions to mitigate those risks;

Ensuring that codes and standards are developed in an open and transparent manner with the full involvement of relevant stakeholders and the public;

Monitoring international developments to ensure appropriate and effective input into international standard setting,

Agreeing and/or recommending, as appropriate, policy positions to the AABE on matters where the AABE seeks to influence other standard setters;

Reviewing and approve operating plans for the AABE’s codes and standards activities and oversee the quality of work and delivery of the principal elements of those plans;

Providing input to the AABE Annual Plan having taken the advice of the Councils;

Overseeing the work of the Councils in accordance with the strategic direction provided by the AABE Board, ensuring that the resources of the whole of the AABE relevant to a particular issue are properly deployed;

Overseeing the appointment of any working groups by the Councils;

2.1 Accounting and Financial Reporting council

The Council shall:

Providing strategic input and thought leadership on accounting and narrative reporting matters;

Considering and advise the Codes and Standards Committee on the AABE Annual Plan;
• Considering and advise the AABE Board on draft codes and standards (including amendments and abstracts) to ensure that a high quality, effective and proportionate approach is taken;

• Considering and commenting upon proposed developments to international codes and standards and regulations;

• Considering and advising on research proposals and other initiatives undertaken to inform the AABE on matters material to its remit and any resultant publications

• Considering and commenting on the current, emerging and potential risks to the quality of accounting and narrative reporting in Ethiopia;

2.2 Audit and Assurance Council

The responsibilities of the Council will include:

• Providing strategic input and thought leadership on audit and assurance matters;

• Considering and advising the Codes and Standards Committee on the AABE Annual Plan;

• Considering and advising the AABE Board on draft codes and standards (or amendments thereto) to ensure that a high quality, effective and proportionate approach is taken;

• Considering and commenting upon proposed developments to international codes and standards and regulations;

• Considering and advising on research proposals and other initiatives undertaken to inform the AABE on matters material to its remit and any resultant publications;
• Considering and commenting on the current, emerging and potential risks to the quality of audit and assurance work in Ethiopia;

2.3 Corporate Governance Council

The responsibilities of the Council will include:

• Providing strategic input and thought leadership on Corporate Governance matters;

• Considering and advising the Codes and Standards Committee on the AABE Annual Plan;

• Considering and advise the AABE Board on draft codes and standards (or amendments thereto) to ensure that a high quality, effective and proportionate approach is taken;

• Considering and commenting upon proposed developments to international codes and standards and regulations;

• Considering and advising on research proposals and other initiatives undertaken to inform the AABE on matters material to its remit and any resultant publications;

• Considering and commenting on the current, emerging and potential risks to the quality of Corporate Governance in Ethiopia;

3. Professional Education and Training committee

The role of the Professional Education and Training Committee is to develop, implement and manage the policies and practical requirements of the body for education, admission, re-admission, and continuing professional development. It shall also undertake its activities in close collaboration with the certification
committee in charge of issuing professional certification and recognised professional accountancy body.

The role and purpose of the Education and Training Committee is to:

- Determine the pre-qualification and continuing professional development programs;
- Determine the syllabi which should be used in the education of candidates for professional qualification;
- Determine the professional skills and knowledge which should be obtained by candidates through practical experience;
- Determine the structure of the final assessment as well as the detailed topics it should cover;
- Contribute to the development of the Board’s strategy regarding accountancy education and develop policies and processes to support the Board’s overall strategy;
- Ensure the Board’s education policies remain relevant and are in line with International Standards;
- Ensure the Board has appropriate quality assurance measures relating to the delivery of the education program;
- Contribute to the development and maintenance of positive relationships between the Board and relevant stakeholders, including education and training providers, accredited professional accountancy bodies, employers, government and other interested parties;
- Recommend to the Board the list of candidates to be admitted into membership of accredited professional bodies as a result of the examination process and in accordance with the admission requirements.
4. **Professional Examinations committee**

The role of the Professional Examination Committee is to review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the CPA(E) & CAT(E) Examinations and other examinations in general use by the AABE for the licensing of certified public accountants and certified auditors; examine such records, and make observations, inspections, and inquiries as it deems necessary; and report periodically to the Board. The Committee is responsible for ensuring that all candidates are treated fairly through the application of all its qualifications, examinations and assessments processes. This will ensure that the AABE maintains its professional standards and integrity and operates in line with the quality criteria of other regulatory authorities. The Committee is also responsible for overseeing the organization, management, and administration of the CPA(E) & CAT(E) Examinations and for determining the standards to be achieved by successful candidates.

The committee will review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the CPA(E) & CAT(E) and other examinations in general use by the AABE for the licensing of Certified Public Accountants and Certified Auditors.

The duties of the Committee shall be to ensure that:

- the processes used in the production and delivery of examinations, qualifications and other assessments preserve their integrity;
- specifications and assessments are produced in line with these processes;
- the processes used to moderate assessments and generate pass marks are valid and appropriate;
- the procedure for developing, amended, updating and withdrawing examinations, qualifications and other assessments is appropriate;
examination regulations are in line with all the relevant legislation in relation to equality and diversity, disability discrimination and any other relevant legislation;

- all relevant educational developments arising from the regulatory authorities are reflected in the processes used to administer examinations, qualifications and other assessments;

- the AABE has rigorous self-assessment processes in place and that these are reported annually;

- the Examination Development and Administration policy is meant to encourage a more practical and effective process of examination content development and ensure the high standards of assessment.

- to determine progression and/or outcomes of student assessment and to make recommendations to the Board of awards of the professional qualifications.

- to determine the results of any allegation of unfair practice in relation to a student assessment.

- to evaluate and recommend potential external examiners who may have been approached by the AABE to become an external examiner on one of modules.

5. **Certification and Accreditation Committee**

Duties and Responsibilities of the Committee are to:

- recommend the issuance of certificates for eligible individuals and firms certified public accountants, certified auditors and public auditors when it confirms that the applicants are competent to practice privately in auditing or accounting activities in accordance with the financial reporting proclamation, regulations and directives issued by the Board;

- recommend to the Director General the suspension or cancellation of certificate of registration and certificates of competency of individual and
firm certified public accountants, certified auditors and public auditors who violate the code of professional ethics and other conditions to suspend or cancel certificate of competence referred under the financial reporting proclamation, regulations and directives issued by the Board;

- regularly review the application process administered by AABE and recommend to the Director General of any change to further and better the process.

- review complaints made by applicants and recommend to the Board of directors of the appropriate response after getting advise from AABE.

- recommend to the Director General the reversal of suspended certificates of individual and firm certified public accountants, certified auditors and public auditors up on concluding that there is adequate ground to do so.
Annex III

Functions and Profile of Directorates and Departments

1. Standards and Code Division

In practical terms, existing International standards will be adopted and the development of technical guidance and codes of practice will be carried out under the leadership of the Deputy Director General of Standards and Codes. The DDG will be responsible for accounting and reporting standards, Auditing and Assurance Standards and Corporate Governance code and will be assisted by three directors for each area, who will steer the AABE’s priorities on international accounting standards and on adoption of Standards.

The Standards & Codes Committee advises the AABE Board on matters relating to codes, standard-setting and policy questions, through its Accounting, Audit and Assurance and Corporate Governance Councils. The committee is supported by three councils, which advise on Accounting, Audit & Assurance and Corporate Governance matters. The DDG and his team provide technical support to the three councils and the conduct committee.

The Councils will play a more advisory role, reporting to the AABE Standards and Codes Committee on priorities for its work plan, detailed technical advice on draft standards, and scanning the horizon for new issues to consider.

- Financial Reporting and Accounting Standards
- Audit and Assurance Standards
- Corporate Governance standards and Codes

2. Conduct Division

The Conduct Division encompasses AABE’s monitoring, oversight, investigative and disciplinary functions which will be carried out under the leadership of the Deputy Director General of Conduct. This work includes:
 direct monitoring of financial reports and audits of reporting entities;
 oversight of the regulation of the audit and accountancy professions by the professional accountancy bodies;
 monitoring and review of audit practices;
 operating a disciplinary scheme involving auditors, accountants and reporting entities;
 research and thematic studies.

The Conduct Committee is responsible for overseeing the AABE’s Conduct Division in its work promoting high quality corporate reporting. Its responsibilities include overseeing:

 Monitoring of Recognised Supervisory and Recognised Qualifying Bodies
 Audit Practice Reviews
 Corporate reporting reviews
 Professional discipline
 Oversight of the regulation of accountants and auditors and professional accountancy bodies
 Horizon scanning, risk identification and assessment

The Conduct Committee comprises AABE Board members and officers with a range of skills, experience and relevant technical expertise. The Conduct Committee is supported by two Panels: the financial reporting and audit practice review panels which ensures the consistency and quality of the AABE’s monitoring works and one subcommittee, the Case Management Committee which advises on the handling of disciplinary cases.

The members of the two panels and the subcommittee shall exclude current practicing auditors as well as officers of the professional bodies it regulates.
3. Professional Education and Training Division

AABE is an examining body for the accountancy professional qualifications in Ethiopia. However, AABE will not train candidates who are preparing to sit for its examinations, but it will collaborate with both public and private institutions to train candidates for its examinations. Training can either be on full time or on part time basis, depending on one’s choice. The Board will work with relevant government authorities to create adequate number of training institutions throughout the country that will offer training and learning facilities for the candidates' preparing for the Board’s examinations.

The professional Education and training division is responsible for the design, development and implementation of internationally recognised accountancy profession education curriculum in Ethiopia. It is also responsible for effective administration of professional examinations that lead to CPA (E) and CAT (E) qualification in Ethiopia. Furthermore, the Directorate is responsible for the launching and coordination nationwide training programme as part of the Board's preparation to address the current skill gap necessary to implement international standards in the country through its two wings.

- Professional Qualification Department

The professional qualification department is responsible for the design, development and implementation of internationally recognised accountancy professional education curriculum and for administration of Certified Public Accountants and Certified Accounting Technicians Examinations in Ethiopia.

- IFRS Training Centre

The Training Centre develops and delivers IFRS Certificate and Diploma Courses, other relevant short term training and CPD programs, fosters scholarly and professional discussions on professional issues and manages AABE’s education and outreach efforts on Accountancy.
4. **Business Information and Technology Directorate**

The Business Information and Technology Directorate (BITD) set strategic directions for the four departments under its purview, namely the Information Resource Department, Information Technology Strategy Department, Financial Information Department and the eServices Department. It aligns departments' initiatives and facilitates synergy across other departments within AABE on matters related to IT systems and quality of information to meet the strategic objectives of the Board.

- **Information Resource Department**

The Information Resource Department (IRD) protects the integrity and undertakes the preservation of the data on registered reporting entities, public
auditors, certified auditors and certified public accountants in Ethiopia. The department facilitates business development by constantly reviewing information needs and providing value-added services. IRD seeks to meet the information needs of AABE stakeholders. It also carries out mining and analysis of AABE’s transactional data and stakeholder’s feedback, which will enable AABE to fine-tune its policies and framework to provide a business-friendly environment.

- **Information and Communication Technology Strategy Department**

The Information Technology Strategy Department (ITSD) strategizes and actualises value-creating ICT solutions aligned with AABE’s corporate and operational objectives. ITSD’s key responsibilities include ICT Governance, Application Systems, webpage and Technical Services Management and Maintenance. It capitalises on IT as a strategic tool for continuous improvement and Board’s overall business transformation.

- **Financial Information Department**

The Financial Information Department (FID) manages the eXtensible Business Reporting Language (XBRL) Financial Reporting. FID is responsible for the submission of XBRL financial statements by companies to the Registrar, which includes establishing the taxonomy vis-a-vis the accounting standards and filing requirements under the Financial Reporting Proclamation and other relevant laws and regulations. FID is in charge of the filing process, mechanism of XBRL financial statements, and also providing help resources for preparers and lodgers.

- **eServices Department**

eServices Department (eServices) ensures proper project governance and consistency in end-to-end system testing for AABE. eServices acts as the bridge between the IT project managers and various departments in AABE to ensure
that new requirements do not come into conflict with existing information, and performs quality checks on IT systems before user acceptance. eServices also scans new developments in the IT market that may be useful as a service delivery channel for AABE. Initially the focus of the department will be on the identification and deployment of electronic filing and information retrieval system.

**Director, Business Information and Technology**

**Information Resource Department**

Head (Assistant Director), Information Resource Department

Manager, Information Governance and Management

Manager, Information Services and Operations

Manager, Business Development

Manager, System Administration

Manager, Data Quality Assurance

Manager, Data Administration

Assistant Manager, Product Development

Executive, Data Assurance

Senior Data Administration Officer

Senior Information Services Officer

Data Administration Officer

Record Management Officer

Information Services Officer

Information Services Officer

Data Administration Officer
Data Assurance Officer

**Information Technology Strategy Department**

Head (Assistant Director), IT Strategy

Business Application Manager

Business Application Consultant

Technical Consultant

Business Application Consultant

Manager, IT Control & Security

System Support Officer

**Financial Information Department**

Head (Assistant Director), Financial Information

Analyst

Analyst

Analyst

**eServices Department**

Head (Assistant Director), eServices

Senior Manager, Business Analysis

Manager, Business Analysis

Manager, Business Analysis

Project Officer

5. Customer Experience and Engagement Directorate

The Customer Experience & Engagement Directorate (CEED) will drive AABE’s service excellence efforts and sets the strategic direction for the reporting
entities Registry and Facilitation Department (BRFD) and the Client Engagement Department (CED) in upholding AABE's service excellence standards, enhancing AABE's service delivery to the public and ensuring customer focus in the implementation of the Board’s policies.

- **Reporting entities Registry and Facilitation Department**

  The Business Registry and Facilitation Department (BRFD) oversee the registration of reporting entities i.e. public interest entities, and small and medium enterprises in Ethiopia. BRFD also manages the registration of documents, notices, and financial statements filed by reporting entities (possibly through its electronic filing system). The department participates regularly in outreach events organised by AABE and other agencies. These events serve as a platform for public education for the business community.

- **Client Engagement Department**

  The Client Engagement Department (CED) delivers value to the business community by providing customers with a one-stop seamless platform to interact with AABE. In response to changing customer needs and expectations, CED continuously reviews and introduces new service initiatives (XBRL and electronic filing system) to enhance service delivery and the customer experience.

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<thead>
<tr>
<th>Director, Customer Experience and Engagement Directorate</th>
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<tbody>
<tr>
<td>Business Registry and Facilitation Department</td>
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<tr>
<td>Head (Deputy Director), Business Registry and Facilitation</td>
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<tr>
<td>Manager, Business Facilitation &amp; Projects</td>
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<tr>
<td>Manager, Business Registry Operations</td>
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<tr>
<td>Manager, Business Systems Management</td>
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<tr>
<td>Assistant Manager, Business Facilitation &amp; Projects</td>
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</table>
Assistant Manager, Business Registry Operations
Senior Operations Officer
Senior Operations Officer
Senior Systems Officer
Operations Officer
Operations Officer

**Client Engagement Department**
Head(Deputy Director), Client Engagement Department
Senior Manager, Customer Service
Senior Manager, Quality Management
Manager, Customer Service
Manager, Quality Management
Manager, Service Enhancement
Officer, Service Enhancement
Officer, Customer Service
Officer, Quality
Administrative assistant

6. **Corporate Services Directorate**

The Corporate Services Directorate (CSD) oversees the Finance Department, Human Resource Department, Management Services Department and matters on organisational excellence. It sets the strategic direction and alignment of directorates’ objectives with AABE’s goals, and creates partnerships with line departments to enable internal operational efficiency and attainment of
common organisational goals. It also facilitates organisational change and supports AABE in creating a culture of excellence.

- **Finance Department**

The Finance Department (FD) takes charge of all aspects of AABE’s budgetary decisions, accounting processes and financial reporting. Exercising financial prudence, FD ensures optimal allocation of monetary resources to meet AABE’s operational needs and organisational objectives.

- **Human Resource Department**

The Human Resource Department (HRD) works towards building AABE’s reputation as the trusted and best choice for talents. Its mission is to provide an environment that fosters trust and respect, where people are empowered to create value and grow their careers. HRD comprises two units – Talent Attraction & Development (TAD) and Talent Management (TM). The core functions of TAD include manpower planning, recruitment and selection, and training and development. The focus of TM is to facilitate talent retention through performance management, compensation and benefits management and staff communications.

- **General Services Department**

The General Services Department (GSD) provides architecture support to the organisation, manages AABE’s records, tangible assets and facilities, thereby creating favourable situations for AABE to execute its activities and attain strategic objectives. GSD comprises three units: the **Procurement Unit**, **Records & Registry Unit**, and the **Facilities & Assets Unit**.

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<tr>
<th>Director, Corporate Services</th>
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<tr>
<td>Finance Department</td>
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<tr>
<td>Head (Senior Manager), Finance</td>
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</table>
Manager, Financial Accounts
Manager, Management/Budget Accounting
Senior Finance Officer
Senior Budget Officer
Senior Project finance Officer

**Accounts**
Accountant Clerk
Cashier

**Human Resource Department**
Head(Senior Manager), Human Resource
Manager, Talent Management
Senior Officer, Talent Management
Manager, Talent Attraction and Development
Senior Officer, Talent Attraction
Manager, Talent Development
Personnel Officer
Personnel Clerk

**General Services Department**
Head (Senior Manager), General Services
Unit Head (Manager), Records and Registry
Unit Head (Manager), Facilities & Assets
Manager, Assets and Admin
7. Legal Services and Enforcement Directorate

The Legal Services & Enforcement Directorate (LSED) provides legal support to the Board and AABE divisions and departments and undertakes enforcement actions through its two departments, namely the Legal Advisory and Regulation Department (LARD) and the Investigation and Enforcement Department (IED).

- **Legal Advisory & Regulation Department**

The Legal Advisory Department (LARD) advises the Board and its committees, and AABE on all legal matters (apart from enforcement and prosecution). These include the interpretation and application of legislation under AABE's purview, civil actions that may impact AABE, drafting and reviewing directives, contracts and tenders, and performing statutory functions. Also, the Department drives AABE’s systematic approach to review laws that affect the accounting and auditing profession, and is responsible for formulating and reviewing legal policies and legislation under AABE's purview. The LARD is responsible for developing the enhanced regulatory framework for Reporting entities and
conducting outreach programmes on and administering the enhanced regime. When the new laws that set out the enhanced regulatory framework come into effect, the LARD role will include facilitating the transition to the enhanced regime, monitoring compliance with the Financial Reporting Proclamation and supporting Regulations and directives, as well as investigating into breaches.

- **Investigation and Enforcement Department**

The Investigation and Enforcement Department (IED) oversees the timely disclosure of corporate and financial information of reporting entities and promotes voluntary corporate compliance through public education initiatives and programs. Where warranted, the department initiates investigation and vigorous enforcement actions against non-compliance of AABE administered laws and regularly review its enforcement strategies and guidelines to enhance compliance levels. Oversees compliance and governance matters of registered reporting entities and investigates into alleged breaches of the various laws under AABE’s purview.

**Director, Legal Services and Enforcement**

**Legal Advisory and Regulation Department**

Senior Manager Advisory

Manager

Senior Legal Experts

Legal experts

Administrative assistant

**Investigation and Enforcement Department**

Head (Senior Manager) Investigation and Prosecution

Compliance Manager
8. Public Accountancy Sector Directorate

The Public Accountancy Sector Directorate (PASD) regulates and facilitates the development of Ethiopia's public accountancy sector. It is made up of the Practice Review Department (PRD) and the Professional Oversight Department (POD). It supports AABE’s role as the national regulator of public accountants and promotes high professional standards in the public accountancy sector. Its key responsibilities include registration of public accountants and public accounting entities; performing practice reviews of audits carried out by public accountants; upholding professional conduct of public accountants; developing strategy, regulations and policy to support AABE’s oversight of the public accountancy profession, as well as external engagement with other audit regulators.

- **Practice Review and Monitoring Department**

The Practice Review and Monitoring Department (PRMD) supports AABE in its strategic objective of promoting high quality audit and corporate financial reporting through the administration of the Practice Review and Monitoring Programme, which includes performing practice reviews of audits carried out by public accountants in Ethiopia. In addition to being active in engagement with various stakeholders, PRMD helps AABE to cooperate with stakeholders who share AABE’s goal of raising audit quality and maintaining a trusted
business environment, supports AABE's regulatory efforts in monitoring events and trends in the local, regional and international marketplace and carries out other regulatory activities on the work and independence of public accountants when required.

- **Professional Oversight Department**

The Professional Oversight Department (POD) oversees the registration of public accountants and accounting entities and professional accountancy bodies as well as key aspects of regulation, enforcement and development of the profession. Its functions include conducting compliance checks on public accountants and professional bodies to ensure adherence to regulatory requirements, reviewing complaints made against public accountants and accounting entities, developing practice bulletins for the guidance of public accountants and to supplement prescribed professional standards. To promote the importance of high quality audit and to call people to action, POD conducts dialogues, publishes articles and speeches and partners with other stakeholders to conduct initiatives such as joint research projects. The department also helps AABE cooperate with audit regulators in other jurisdictions.

**Director, Public accountancy**

**Practice Review and Monitoring Department**

Head (Assistant Director), Practice Review and Monitoring

Senior Lead Inspectors - Ten

Lead Inspectors - Ten

Inspectors - Ten

Audit Quality Senior Manager

Quality Control Inspectors

The Financial Reporting and Monitoring Directorate (FRMRD) seek to uphold the integrity and quality of financial reporting in Ethiopia via its administration of the Financial reporting Proclamation's applications and its Financial Reporting Surveillance Programme. Through this programme, the FRMRD proactively reviews financial statements to determine if they comply with the prescribed accounting standards and takes firm enforcement action on company directors when a financial reporting breach is established.

Director, Financial Reporting Monitoring and Review

Senior Lead Compliance Managers - Five

Lead Compliance Manager - Five

Senior Compliance Manager - Five

Compliance Manager - Five

Compliance Officers - Five

Administrative Assistant
10. **Strategy, Policy and Corporate Planning Directorate**

The Strategy, Policy and Corporate Planning Directorate (SPCPD) drive strategic planning and corporate performance in AABE. It is responsible for facilitating AABE's corporate planning activities, reviewing and monitoring organisational performance as well as AABE’s strategic priorities. SPCPD provides the secretariat support to the AABE Board and works with other directorates and departments in the formulation and implementation of policies and strategies. Through surveys and research projects, SPCPD seeks to improve AABE’s understanding of the operating environment so that our strategies and policies are more targeted and effective. It also drives and coordinates AABE's enterprise risk management and business continuity planning efforts.

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<th>Role</th>
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<tbody>
<tr>
<td>Director, Strategy, Policy &amp; Corporate Planning</td>
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<tr>
<td>Senior Manager, Strategy Policy &amp; Corporate Planning</td>
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<tr>
<td>Manager, Strategy Policy &amp; Corporate Planning</td>
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<tr>
<td>Manager, Performance Monitoring and Review</td>
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<tr>
<td>Senior Expert, Strategy Policy &amp; Corporate Planning</td>
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<tr>
<td>Senior Expert, Performance Monitoring and Review</td>
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<td>Administrative Assistance</td>
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11. **Communications and External Relations Directorate**

The Communications and External relation Directorate (CED) develops and executes communications strategies and plans to promote AABE's corporate profile and promulgate AABE's key messages. The department oversees AABE's international engagement strategy to establish AABE as a reputable member of the international corporate regulatory scene and advances Ethiopia's interests abroad. CED also coordinates AABE's stakeholder
engagement and public outreach efforts through various platforms to foster better understanding of the corporate regulatory framework and requirements and engender support for AABE’s role as an independent regulator.

**Director, Corporate Communications and External Relations**

Senior Manager, Corporate Communications and External Relations

Senior Expert, International Relations

Expert, Corporate Communications

Administrative assistant

**Internal Audit Unit**

The Internal Audit Unit (IAU) reports to the Director General, and assists the Board in its oversight function via performing independent and objective audit reviews of the overall internal control framework of AABE. The key roles of the department include providing assurance and advisory services to ascertain that risks have been properly identified and managed through internal audit services. The unit reviews the processes and proposes relevant recommendations targeted to improve AABE’s internal control mechanisms, with the aim of adding value to the organisation’s operations. This aids AABE in realising its full competencies.
Annex IV

IFRS Implementation Road Map

Adoption of IFRS is more than just an accounting exercise. This is because accounting and reporting represent only a small part of the conversion efforts. Other areas affected including system changes for capturing and reporting data, aligning of internal and external reporting, changes to internal audit plans, data capture for accounting and management reporting, availability of technical resources, acquisitions and dispositions, executive compensation calculations and the basis of incentive pay, debt covenants and potential impact of IFRS-reported results, the impact of IFRS accounting policies decisions of a parent on the subsidiary etc. were considered before arriving at the roadmap.

It is important to note that a conversion to IFRS does not end with the publication of the first set of IFRS compliant financial statements. New pronouncements are issued on an ongoing basis as financial reporting requirements respond to new and/or changes to existing business transactions and relationships. Current examples include; leases, revenue recognition, consolidated financial statements, disclosure of interests in other entities, fair value, etc.

Conversion to IFRS leads to greater transparency and other benefits include;

- Improved comparability of financial statements across sectors, countries, regions, and companies.
- As Ethiopia sustains its growth trend, it requires increased access to capital markets to raise capital, reduce barriers to cross border mergers & acquisitions, and listings (once a stock exchange is established)
- Increased level of confidence in financial reporting, common accounting systems, and better relationships with investors & stakeholders. IFRS
addresses changing commercial practices, global markets as well as investor needs.

- Internal reporting is used as a basis for reporting under IFRS, e.g. Operating Segments IFRS 8
- Cost efficiency—IFRS streamlines reporting; one accounting language is used group wide, eliminating the need for reconciliations and restatements for consolidation purposes
- Change of management focus as IFRS are focused on risk and uncertainty. IFRS compliant financial statements have a positive impact on proactive risk management and focus on maximizing shareholder value.

Because of the profound nature of the change that will be introduced by the adoption of IFRSs such as changes in accounting policy and IT system that must precede conversion to IFRS, necessary preparation and planning should begin at least 18 months prior to the planned adoption date. For example, a planned conversion to IFRS reporting by the end of 2016/17 will require one income statement and two balance sheets in both IFRS and the current reporting framework (GAAP) for the year 2016/17, requiring the closing 2015/16 balance sheet be converted from the current GAAP to IFRS to serve as the opening for 2016/17. The Roadmap includes the preparation of the quarterly and half-year financial reports, consistent with the consolidated financial statements under IFRS.

During the preparation period the Board will organise a series of workshops and training programmes to create awareness and provide basic skills on IFRS for stakeholders. Furthermore, any contradiction between the Financial Reporting Proclamation and other laws, regulations and directives relating to accounting and disclosure will be identified and aligned accordingly to facilitate smooth adoption of IFRSs. For these purpose different task forces with members drawn from relevant government agencies, preparers and auditors shall be established.
Finally, the Roadmap recommends the establishment of the IFRS Roadmap Implementation Task Force, to oversee the implementation of IFRS adoption in detail.

As per Article 5(1) as read with Article 54(1) of the Financial Reporting Proclamation, the Board hereby adopt the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The Roadmap for the adoption is specified hereunder.

**Roadmap to IFRS Implementation**

- **2014/15**
  - Awareness
  - Assessment
  - Amendment of laws, regulation and directives
  - Training
  - Planning/impact analysis
  - Transition

- **2015/16**
  - Transition adjustments
  - Prepare IFRS opening SFP
  - Dry Runs for “significant PIEs”
  - Prepare comparative figures

- **2016/17**
  - IFRS/Quarterly reporting by sig. PIEs
  - Audit procedures
  - Stakeholders communications
  - Other PIE’s prepare opening SFP & comparative figs
  - Dry Runs for other PIEs
  - SME’s commence transition planning

- **2017/18**
  - IFRS reporting by other PIEs
  - Audit procedures
  - Stakeholders communications
  - Compliance monitoring for sig. PIEs
  - SMEs prepare opening SFP & comparative figs
  - Stakeholders communications
  - Dry Runs for SMEs

- **2018/19**
  - IFRS reporting by other SMEs
  - Audit procedures
  - Stakeholders communications
  - Compliance monitoring for Other PIEs

Alignment with other initiatives and training for appropriate personnel

Realisation and standardisation of statutory reporting
**Statement of Adoption**

The Accounting and Auditing Board of Ethiopia believes that it will be in the best interest of the nation to adopt IFRS as issued by the International Accounting Standard Board. The Board plans a three phase transition over a period of three years for reporting entities in Ethiopia. The transition plan is prepared on the basis of Article 54(1) of the Proclamation and anchored on the understanding that the Board and all stakeholders will follow the milestones and timelines as described above and explained hereunder. It is also important to state here that the transition within this earliest possible period to effective and meaningful adoption may be derailed if any of the milestones and timelines is ignored.

Although some reporting entities in Ethiopia says they are already using IFRS for their financial statements, during the ROSC A&A 2007 review of financial statements that focused on issues of presentation and disclosure (not issues of recognition and measurement which are not detectable through a review of financial statements requirements) on sample of 35 financial statements from financial institutions, public enterprises, share company and NGOs revealed that there were significant differences between the actual accounting practices and IFRS requirements and concluded that the actual accounting practice in Ethiopia differ from IFRS.

Accordingly, reporting entities are not allowed to make such unreserved reference to IFRS unless they fully comply with all the requirements of the IFRSs applicable to their circumstances. The reference to IFRS by such entities prior to the national mandatory requirement date shall be referred herein as “voluntary” adoption and treated accordingly. Such claim by reporting entities and their auditors shall be scrutinised strictly and any infraction shall be dealt with firmly.
Mandatory Adoption of IFRS

Phase 1: Significant Public Interest Entities - Financial Institutions and public enterprises owned by Federal or Regional Governments

July 8, 2016 is recommended as the date for adoption of IFRS for all financial institutions and large public enterprises. The choice of July 8, 2016 is anchored on the need to give sufficient period (22 months) over which to effectively transit to IFRS.

Any entity that starts preparation for transiting would need to convert its closing balances at July 7, 2015 to IFRS-based figures which then become the opening balances as at July 8, 2015 for IFRS-based financial statements as at July 7, 2016. This provides opening balances for July 8, 2016 which is the first IFRS full financial statements as at July 7, 2017 (with 2015/16 as comparative year). Within these years, all the required changes in business process, Information Technology, contractual obligations, etc. necessary for effective IFRS-based financial statements must have been fully effected to give true, fair and complete IFRS-based financial statements.

Mandatory reporting for these reporting entities shall be July 7, 2017. This means that all financial institutions and government owned (Federal and Regional) public enterprises in Ethiopia will statutorily be required to issue IFRS based financial statements for the year ending July 7, 2017.

The commencement for preparation towards transiting to IFRS by other PIEs (and IPSAs for Charities and Societies) is July 8, 2015 and that of SMEs is July 8 2016.
Phase 2: Other Public Interest Entities (ECX member companies and reporting entities that meet PIE quantitative thresholds) and IPSAs for Charities and Societies

All other public interest entities (ECX member companies and reporting entities that meet the qualitative thresholds for PIE) and Charities and Societies are expected to mandatorily adopt IFRS and IPSAs (for Charities and Societies), for statutory purposes, by July 8, 2017. This means that all other public interest entities and Charities and Societies in Ethiopia will statutorily be required to issue IFRS and IPSAs based financial statements respectively for the year ending July 7, 2018.

Phase 3: Small and Medium-sized Entities

IFRS for SMEs shall mandatorily be adopted as at July 8, 2018. This means that all Small and Medium-sized Entities in Ethiopia will statutorily be required to issue IFRS based financial statements for the year ending July 7, 2019.

Entities that do not meet the IFRS for SME's criteria will be encouraged to report using either the Small and Medium-sized Entities Guidelines on Accounting (SMEGA) Level 3 issued by the United Nations Conference on Trade and Development (UNCTAD), or the Guide for Micro-sized Entities Applying IFRS for SMES (2009) issued by the IASB. However, such additional disclosure should at least include the following.

Disclosure and Reporting Requirements

Considering the significant effects IFRSs would have on the financial position and performance of entities, and to facilitate timely adoption of IFRS, it is vital that the Board require reporting entities to provide the users of the financial statements with information relating to the effects of IFRS adoption on the entity in advance. In this regard, the Board needs to develop and issue guidelines
requiring entities to disclose the effects of IFRS adoption in the notes to the financial statements, starting from two years prior to the adoption.

**Prior disclosure of the effects of IFRS adoption**

Reporting entities shall be required to disclose the followings in the notes to the financial statements, starting from two years prior to the adoption of IFRS:

- Preparation plans for IFRS adoption and the progress thereof: Preparation plans, schedules, and the progress thereof including analysis of adoption effects, operation of an adoption task force team, education for the management and staff, and overhaul of the accounting system
- Different accounting treatments between IFRS and current reporting framework that are expected to have a great impact on the entity
- Quantified information about the anticipated effects of IFRS adoption on the financial position and performance of the entity
- Changes in the consolidation scope - whether it is needed to prepare the consolidated financial statements after the IFRS adoption, and any increase or decrease in the number of subsidiaries to be consolidated. In case when an entity encounters a difficulty in disclosing the above information regarding changes in the consolidation scope, description of the difficulty experienced and its reason

**Reporting entities’ preparation for the IFRS adoption**

To keep in step with the preparation work relating to laws and systems by the Board and regulators to underpin implementation of IFRS in Ethiopia, entities need to accelerate their efforts to prepare for the adoption themselves as it would be the entities that have to apply IFRS in practice. In order to check how prepared the entities subject to IFRS-based financial reporting were for the IFRS adoption, the Board will survey every year the entities subject to mandatory application. The Board will utilize the results of the survey to plan
and implement appropriate intervention measures to facilitate timely adoption of IFRS.

**Disclosure of audit firms' preparation for IFRS adoption**

Another important interested party regarding the IFRS adoption, in addition to the entities preparing financial statements would be the audit firms which engage in audits. Accordingly, the Board will require audit firms prepare and submit business reports describing their status towards preparation for the adoption of IFRS by their clients in their business reports, e.g., specific teams and staff members dedicated to the firm's preparation for IFRS adoption as well as the education sessions, starting from 2015/16.

The Board will analyse the business reports of the audit firms and examine how the firms are preparing for the adoption of IFRS. Based on the results, the Board will direct the audit firms that lacked sufficient preparation to place thorough efforts in the preparation. The Board will continue to examine and oversee those firms to make sure that their quality control systems are adequate and appropriately operated in order to enhance and maintain the quality of their audit reports.

**Formation of IFRS Roadmap Implementation Task Force**

For the efficient implementation of the Roadmap, a joint public and private-sector task force will be necessary. The Board will, therefore, form the IFRS Roadmap Implementation Task Force, a collaborative body comprising of related government agencies, preparers and audit firms. The Task Force will focus on identifying and providing recommendations for the amendment of the accounting infrastructure including the related laws, regulations and directives. The goal of the Task Force is to deal with issues arising from adoption of IFRS and to support the stabilisation of IFRS adoption process. The Task Force will establish different working groups, as required, to deal with specialist areas
such as taxation, financial institutions (prudential requirement), audit review, education etc.

**Activities of the task force during the Preparation Stages**

*Identification and amendment of Laws and Regulations*

An accounting system is closely related to the various laws and regulations of the nation and thus any changes made in the accounting system would involve changing the related systems of the country. Therefore, in order to successfully adopt IFRS in Ethiopia, identification and amendment of the related laws and regulations is a critical task to be accomplished by IFRS implementation task force.

**Tax Law**

The tax Law needs to be reformed in order to align with the changes resulting from the IFRS adoption. The reform of the Tax Law should closely relate to accounting standards. Moreover, concerns were raised from preparers and professional that the difference between IFRS and the Tax Law would increase the burden of tax adjustments on entities.

A task force team will be formed to seek ways to reform the Tax Law in a way that addresses issues arising from the adoption of IFRSs and prevents increase in the entity’s tax burden and should strive to find ways that would not undermine the fairness of the tax burden between the entities applying IFRS.

**Revision of the regulatory requirements for financial Institutions**

The regulatory requirements for each financial reporting area need to be reviewed and revised to align them to the changes resulting from the IFRS adoption. Accordingly, the Board will establish a task force teams with the related institutions for each of the areas of banking, insurance, financial investment and microfinance, to examine and provide guidance on their current issues and preparation processes. At the same time, plans to revise the
regulatory requirements for each different area will be established and implemented.

**Clarifying regulatory requirements from the pronouncement of a Standard**

In line with best practices, some regulatory/supervisory bodies require reporting entities to disclose some financial information for supervisory purposes. However, such regulatory requirements, at times, are at variance with the provisions of related accounting standards. In matters relating to accounting and auditing standards interpretation, the Task force will work closely with relevant regulatory/supervisory bodies to clearly distinguish regulatory requirements from provisions of financial reporting standards to avoid conflict and ensure credible financial reporting in Ethiopia.

**Action Plan for Effective Implementation of IFRSs**

The plan for transition to IFRS for preparers and users of financial statements, educators, regulators and other stakeholders has to be effectively coordinated and communicated.

The action plan and its logistical framework of targeted activities should be completed within the specified period of time. This should include creating awareness on the potential impact of the conversion, identifying regulatory synergies to be derived and communicating the temporary impact of the transition on business performance and financial position. This will require organisations to:

- Know the issues in the Accounting and Reporting:
  - Identify key gaps between current national reporting framework and IFRS.
  - Highlight new IFRS issues (exposure drafts, uncertainties, etc.).
  - Consider impact on regulatory/statutory and tax reporting.
  - Recognise that IFRS may change substantially on yearly basis.
Examples of what can go wrong if not properly addressed:

- Corporate centre has identified the gaps but subsidiaries are not picking them up in their conversion plans.
- Inconsistent interpretation of IFRS issues across the organisation.
- Poor quality of IFRS based financial statements.
- IFRS restatement too slow.

- Recognise that in Business you manage what you can measure:
  - Understand the financial and business impacts of IFRS conversion.
  - Determine possible actions to mitigate volatility of results under IFRS (within constraints of current rules).
  - New reporting requirements must be understood by executives to avoid misinterpretation.

Examples of what can go wrong if not properly addressed:

- Financial impact understood too late; insufficient time to study alternatives/mitigate actions.
- Current reporting infrastructure incapable of reporting multiple standards (IFRS and the current reporting framework), leading to increased risk of non-compliance.

- Make systems and processes amenable and sustainable to IFRS environment:
  - Assess the systems and process impacts on financial reporting and consolidation systems.
  - Determine changes required to source systems to provide the additional data.
  - Implement new procedures to support your business under IFRS reporting.

Examples of what can go wrong if not properly addressed:

- No time to perform Dry run to test robustness of IFRS reporting.
- Current systems not flexible enough to cater for IFRS reporting.
- Too many workarounds because of insufficient time to embed IFRS reporting in current systems.

- **Equip Principal key factors (People):**
  - Senior-executive level sponsorship.
  - Secure buy-in and support from the business.
  - Establish a broad communication plan.
  - Plan for adequate training/knowledge transfer.
  - Rigorous change management.

Examples of what can go wrong if not properly addressed:

- Lack of skilled resources for the project (especially in the field).
- Lack of IFRS awareness among senior management and investor relations.
- Inadequate IFRS knowledge transfer from consultants to finance staff.
- With management: Project roles and responsibilities unclear; budget overruns and missing deadlines.

**Public sensitization and awareness**

It is imperative that adequate public sensitization be carried out beginning from year 2014/15 to enable the preparers and users of financial statements, regulators, auditors, investors and other relevant stakeholders to be properly educated.

There should be concerted efforts by AABE and all regulators to adequately sensitize stakeholders. This should include creating awareness on the requirements of Financial Reporting Proclamation and the Council of Ministers regulation, the potential impact of the conversion, identifying regulatory synergies to be derived and communicating the temporary impact of the transition on business performance and financial position.
Training and Education

Lack of in-depth knowledge of IFRS is one of the major challenges facing IFRS implementation. The Board will therefore introduce, as early as possible, a countrywide intensive capacity building programme to facilitate and sustain the process of IFRS adoption. A comprehensive training programme to cater for different needs of the stakeholders will urgently be developed. The Board will adopt a three-level knowledge approach of IFRS-based financial statements as follows:

- **Basic Knowledge**: this entails an appreciation of principles of the IFRS relevant to the preparation, audit or regulation of IFRS financial statements and ability to identify issues for proper accounting under IFRS. This should require some technical knowledge which will be enhanced with further professional development and practical experience.

- **Working Knowledge**: this entails a good understanding of the IFRS relevant to the preparation, audit or regulation of IFRS financial statements. It also entails the ability to make preliminary assessment and proper accounting for transactions under IFRS financial statements. This also should require sound technical knowledge which will be enhanced with further professional development.

- **Thorough knowledge**: this involves a detailed understanding of the IFRS relevant to the preparation, audit or regulation of IFRS financial statements. This should require sound technical knowledge combined with practical experience leading to mature professional judgment.

In order to achieve effective capacity building needed for effective implementation of IFRS, an IFRS training academy/unit will be established within the structure of the Board that will undertake extensive training. The training academy will be entirely dedicated to the teaching and learning of IFRS. The training programmes will be designed in a way that will ensure that
classroom sessions are blended with real life examples. The course should start up with an initial module directed at ensuring that all participants are brought to, at least, the level of basic knowledge of IFRS. The basic knowledge is expected to cover areas such as:

- Comparison between current financial reporting framework and IFRS and effects of differences in the financial statements and analysis.
- Transition Rules and first – time adoption processes.
- Practical and operational implications for supervisory and regulatory functions.

The IFRS Academy will carry out training needs assessments of different stakeholders to be able to tailor the training to their needs. The IFRS academy in collaboration with other directorates within AABE will continue to give post implementation support to ensure effective implementation of IFRS, through initiative such as help desk services.

**Creation of a dedicated Website**

The Board will establish a dedicated website that will be a repository of information particularly as it relates to financial reporting issues to facilitate the exchange of ideas and provide responses and or solutions to issues relating to IFRS and ISA.

**Summary of impact on reporting entities of conversion to IFRS**

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<td>▪ Modify 3rd party contracts to coincide with reporting requirements</td>
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