

## **BACKGROUND NOTE ON ACTION PLANS**

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

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

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

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

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

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

### **Use of Information**

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

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















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

**ACTION PLAN**

**IFAC Member:** FAR  
**Approved by Governing Body:** FAR Secretary General  
**Original Publish Date:** September 2009  
**Last Updated:** August 2023  
**Next Update:** August 2027

**IFAC's Summary Assessment:** PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

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

	PAO Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	Shared	 Adopted	 Sustain
IES / SMO 2	Shared	 Adopted	 Sustain
ISA / SMO 3	Shared	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Adopted	 Review & Improve
IFRS / SMO 7	No Direct	 Adopted	 Sustain

## Attestation of SMO Compliance

The **institute for the accountancy profession in Sweden (FAR)** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). The abovementioned **Governing Body** has reviewed the information contained within the SMO Action Plan and affirms that the **FAR** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*.

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

## GLOSSARY

<b>Auditor Act (2001:883)</b>	Main legislation on professional practice of statutory auditors
<b>CPD</b>	Continuous Professional Development
<b>EU</b>	European Union
<b>FAR</b>	The institute for the accountancy profession in Sweden
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IASB</b>	International Accounting Standards Board
<b>IASCF</b>	International Accounting Standards Committee Foundation
<b>IESs</b>	International Education Standards
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPD</b>	Initial Professional Development
<b>IPSASB</b>	International Public Sector Accounting Standards
<b>ISAs</b>	International Standards on Auditing
<b>ISAE</b>	International Standards on Assurance Engagements
<b>PIEs</b>	Public Interest Entities
<b>RI</b>	Revisorsinspektionen (Supervisory Board of Public Accountants) – an independent authority under the Ministry of Justice. All statutory auditors in Sweden (also those who are not members of FAR) get their licenses from RI
<b>Statutory auditor</b>	Professional accountant licensed by RI to perform statutory audits of financial statements

## **GENERAL INFORMATION**

### **Professional Accountancy Organization (PAO)**

FAR is a non-profit association for statutory auditors (*auktoriserade revisorer* and *godkända revisorer*), and other highly qualified professionals in the accountancy sector in Sweden. FAR acts through its council, policy-groups, ad-hoc working parties and regional organizations. FAR has its permanent secretariat in Stockholm

FAR's members include approximately 5 000 statutory auditors, authorized accountancy consultants and authorized tax consultants.

FAR plays a leading role in the development of professional standards, education and information for the audit profession in Sweden.

FAR provides Sweden's leading information service regarding financial regulations. FAR is also the leading academy for professional training in auditing, accounting, tax, financial management and other relevant areas. Beyond that FAR publishes books, journals and newsletters and arranges conferences and seminars on professional issues.

FAR contributes actively to the work of the International Federation of Accountants IFAC, the International Accounting Standards Board IASB, Accountancy Europe and the Nordic Federation of Public Accountants NRF.

In Sweden there is one other PAO (Professional Accountancy Organization), Srf konsulterna, which organizes accountancy consultants.

### **Regulation of the Accountancy Profession**

#### *Entry into the profession*

Candidates to the audit profession are required by law to hold a university degree and complete three years of practical experience. In addition to this, candidates must complete an additional two years of either relevant university studies or practical experience in order to qualify for the final examination of professional competence. RI is the competent authority in charge of the examination and is also responsible for the registry of statutory auditors.

In Sweden, accounting work (other than auditing) is not regulated and there have until the fall 2011 been no exams required by any regulatory body other than FAR. In the fall of 2011, FAR introduced an exam for qualifying as an Authorized Accounting Consultant. Since 2013, the other PAO (Srf konsulterna) also requires an exam, which used to be arranged in collaboration between FAR and Srf konsulterna but are not anymore from 2018.. The candidates are required to either hold a university degree, complete three years of practical experience and pass a final examination of professional competence or to hold a degree from a two-year vocational education, complete five years of practical experience and pass a final examination of professional competence.

Other members of FAR (authorized tax consultants and other advisors) must hold a university degree in line with their field of expertise and have five years of practical experience.

### **Audit Oversight Arrangements**

The Supervisory Board of Public Accountants (Revisorsinspektionen - RI) is a governmental authority under the Swedish Ministry of Justice. RI handles matters relating to statutory auditors and audit firms.

RI supervises chartered accountants and registered public accounting firms, investigates and decides on disciplinary and other measures against auditors and registered public accounting firms, and ensures that professional ethics for accountants and generally accepted auditing standards are developed in an appropriate way.

RI's four main tasks are:

- Examination
- Authorization and registration
- Supervision
- International co-operation

FAR has RI's a collaboration agreement to perform QA reviews of statutory auditors who do not have PIE clients (see more under SMO 1). FAR also has a role in developing good practice (as described in under SMO 3).

**Action Plan Subject:** SMO 1—Quality Assurance

**Action Plan Objective:** To maintain a quality assurance review system for FAR members who perform audits, review, other assurance, and related services engagements of financial statements in accordance with the SMO 1 requirements, as well as giving due consideration to the quality assurance reviews carried out by RI

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><b>Background</b></p> <p>A mandatory Quality Assurance (QA) review system is in place in Sweden for all statutory audits of financial statements since 2003. The system is regulated by the <i>EU Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities and repealing Commission Decision 2005/909/EC for auditors who carry out statutory audit of public interest entities</i> and by the Swedish Auditor Act for other audits performed by statutory auditors.</p> <p>By agreement with RI, FAR is responsible for QA reviews of its members who perform audits of entities that are not defined as PIEs. The QA reviews conducted by FAR stand under the supervision of RI. Twice a year, FAR reports the final decisions from these reviews to RI.</p> <p>RI is responsible for QA reviews of the auditors who perform audits of public interest entities. RI conducts its reviews every three years, in line with SMO 1 requirements. RI charges the auditors an extra annual fee for the reviews, which will depend on the numbers and size of an audit engagement. RI is also responsible for QA reviews of the approximately 100 auditors in Sweden who are not members of FAR. RI continuously reviews FAR's QA review system through the biennial reports as well as reports made by FAR to RI for disciplinary action when the results of the reviews have not been satisfactory (see under SMO 6).</p> <p>As far as engagements to perform statutory audits of financial statements and other assurance engagements,</p> <p>FAR is satisfied that it complies with the requirements of SMO 1. In line with SMO 1, paragraph 16, FAR also carries out QA reviews of other engagements, such as preparations of financial statements. Since the beginning of 2008, FAR welcomes highly qualified accounting consultants/book-keepers as members. FAR carries out reviews of the engagements of preparing financial accounts performed by this group on a six-year cycle. Unsatisfactory results are reported to FAR's disciplinary board (see under SMO 6).</p> <p>Since 2003, members include tax consultants and other business consultants. FAR has in 2016 put a QA system for tax consultants in place. It is expected to commence its work in the second half of 2016. Most of this category of members are employed by audit firms and thus also at least indirectly affected by the QAs carried out by RI or FAR.</p> <p>All members are required to adhere to the IESBA Code of Ethics and to implement a system of quality control for the performance of audit engagements in accordance with ISQM 1, ISQM 2 and ISA 220, which have been adopted in Sweden and translated to Swedish. FAR continually provides guidance in establishing and maintaining quality control systems in form of seminars as well as publishing explanatory documents on its website.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of FAR's Compliance Information</i>					
1.	2014	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 1, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	Ongoing	FAR Secretariat	Technical staff and members of working groups

**Self-Assessment against the Main Requirements of SMO 1**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b> 1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			
<b>Quality Control Standards and Other Quality Control Guidance</b> 2. Firms are required to implement a system of quality control in accordance with the quality control standards.	X			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	X			Now updated to ISQM 1 and ISQM 2.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	X			
<b>Review cycle</b> 5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	X			



Requirements	Y	N	Partially	Comments
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	X			
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.	X			
8. QA Team possesses appropriate levels of expertise.	X			
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	X			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	X			
<b>Corrective and disciplinary actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	X			
12. QA review system is linked to the Investigation and Discipline system.	X			
<b>Consideration of Public Oversight</b>				
13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	X			

Requirements	Y	N	Partially	Comments
<b>Regular review of implementation and effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	X			

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

**Action Plan Objective:** Continue to use best endeavors to ensure that all IESs and other pronouncements issued by the IAESB are Incorporated in the education system

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><b>Background</b></p> <p>Bodies involved in the initial professional development (IPD) for professional accountants in Sweden are</p> <ul style="list-style-type: none"> <li>• Universitets- och Högskolerådet (Swedish Council for Higher Education)</li> <li>• Myndigheten för yrkeshögskolan (Swedish National Agency for Higher Vocational Education)</li> <li>• RI</li> <li>• FAR</li> <li>• Srf konsulterna (professional organization for professional accountants who are not licensed to perform statutory audits)</li> <li>• Audit firms with an approved educational plan</li> </ul> <p>IPD and CPD requirements for professional accountants who perform statutory audits (Public Accountants) are defined in regulations issued by RI (RIFS 1996:1 Utbildning och prov). For other professional accountants there are no legal requirements.</p> <p>For other professional accountants, FAR has set the standards for IPD in line with the IES requirements. The quality and contents of IPDs are supervised by the authorities in charge of higher education in Sweden (<i>Universitets- och Högskolerådet</i> and <i>Myndigheten för yrkeshögskolan</i>). CPD requirements for all FAR members are in compliance with IES 7 and continuously controlled in the QA reviews. The IESs have not been adopted by law or otherwise implemented in Sweden. To ascertain compliance with SMO 2, FAR continuously reviews that all IPD and CPD requirements for its members are in line with the IESs.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Actions</i>					
2.	January 2009	Issue a CPD planner for all FAR members on the website. The CPD requirements are to comply with IESs and are the same for all members.	Continually updated	FAR Secretariat	Technical staff and members of working groups
3.	Spring 2014	Review the recently made and proposed revisions made in the publications of the IAESB to ascertain if any further action is required.	Ongoing	FAR Secretariat	Technical staff and members of working groups
4.	Spring 2018	Implement IES standards in a new standard for Basic education and learning objectives for accountants (EtikR 5).	Completed Autumn 2018	FAR Section for Ethics/FAR Secretariat	Technical staff and members of working groups
<i>Maintaining Ongoing Processes</i>					
5.	2021	Update the standard for Accounting Consultants, Reko.	Last updated 2022	FAR Board	Technical staff and members of committees
6.	Ongoing	Develop further systems for follow up on the CPD requirements through QA reviews.	Ongoing	FAR Board	Technical staff and members of working groups
7.	Ongoing	Update the standards EtikR 5, training Basic education and learning objectives for accountants, and EtikR 4 further education	Ongoing	FAR Board	Technical staff and members of working groups
<i>Review of FAR's Compliance Information</i>					
8.	2014	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 2, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	Ongoing	FAR Board	Technical staff and members of committees

**Action Plan Subject:** SMO 3—International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continuously translate and implement amendments of ISAs and new ISAs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><b>Background</b></p> <p><b>Laws and regulations</b></p> <p>The Auditing Act (1999:1079), the Companies Act (2005:551) and laws for other legal entities subject to mandatory statutory audits require the auditor to perform an audit in accordance with “good auditing practice” (“god revisionssed”). The Auditors Act (2001:883) obligates the auditor (public accountant) to exercise “good auditors practice” (“god revisorssed”). No details of these practices are given in the laws, thus the laws constitute <b>framework legislation</b> (see regulatory comments: Bill 1997/98:99, page 147 and onwards, describes this approach including its merits and implications).</p> <p><b>Types of companies subject to mandatory statutory audit</b></p> <ul style="list-style-type: none"> <li>- <b>Companies limited by shares</b> must always have their financial statements audited if they are PIEs. Other limited companies can opt-out from appointing a statutory auditor, under condition that the company has not exceeded at least two of the following criteria <ul style="list-style-type: none"> <li>o more than 3 employees (as an average)</li> <li>o a balance sheet total of more than SEK 1,5 million, or</li> <li>o a net turnover of more than SEK 3 million.</li> </ul> </li> <li>- In general, <b>other forms of companies/associations</b> must only appoint a statutory auditor if the company has exceeded at least two of the following criteria <ul style="list-style-type: none"> <li>o more than 50 employees (as an average),</li> <li>o a balance sheet total of more than SEK 40 million, or</li> <li>o a net turnover of more than SEK 80 million.</li> </ul> </li> </ul> <p><i>The above is a short and simplified summary of which companies are obliged to have their financial statements audited by a statutory auditor.</i></p> <p><b>The development of “good auditors practice” and “good auditing practice”</b></p> <p>According to the Auditors Act (3 § p. 4), RI is responsible for the appropriate development of “good auditors practice” and “good auditing practice”. In the regulatory comment to the Auditors Act the following is stated (Bill 2000/01:146, page 87 and onwards): “The intent is that the good practice in the field as up to the present shall be developed inter alia by standards and statements from the professional bodies. RI shall, however, in its capacity as the government office in the audit field, by issuing regulations and pronouncements as well as by decisions in individual disciplinary cases, be responsible for the appropriate development of the professional practices. By this RI gets the preferential right of interpretation as regards the content of good auditors practice and good auditing practice. Ultimately, though, it will be the task of the courts of law to determine the content of good auditors practice and good auditing practice.” (Translation of the Swedish text for the purpose of this note only).</p> <p><b>The status of convergence with ISAs</b></p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
FAR has translated all Standards published by IAASB, with the exception of ISAE 3400, ISAE 3410 and ISRS 4410. These translations are based on the English original versions as they appeared in the IAASB's Handbooks 2020. FAR is committed to translating and implementing amendments in the current and new Standards in Sweden with the same effective dates as set by the IAASB. FAR do not translate the IAASB Handbook as a whole anymore, the last one is Handbook 2016-17.					
<i>Actions</i>					
<i>Maintaining Ongoing Processes</i>					
9.	2023-2024	FAR will monitor the implementation of the revised and new ISAs effective for engagements for periods ending on or after December 2022.	Ongoing	FAR	Technical staff and members of working groups
<i>Review of FAR's Compliance Information</i>					
10.	Ongoing	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 3, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	Ongoing	FAR Secretariat	Technical staff and members of working groups

**Action Plan Subject:** SMO 4—IESBA Code of Ethics for Professional Accountants  
**Action Plan Objective:** Pursue awareness of the IESBA Code of Ethics, especially among new members. Continue to oversee adherence to IESBA Code of Ethics and implement any amendments.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b> <b>For background on legislation, see <i>The development of “good auditors practice” and “good auditing practice, under SMO 3</i></b> The EU Regulation No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities and repealing Commission Decision 2005/909/EC for auditors who carry out statutory audit of public interest entities and the Swedish Auditor Act contain regulation on auditor independence. <b>Status of adoption of the IESBA Code of Ethics</b> FAR has established convergence with the IESBA Code of Ethics and the currently effective Code has been adopted without modifications. It is thus established as an integral part of good professional conduct in Sweden. In 2013, FAR decided to translate the IESBA Code to Swedish and phase out the FAR ethics code. Part of this process is to provide additional guidance on national regulations that is not covered by the provisions of the IESBA Code. FAR is the only professional body organizing Public Accountants and Authorized Tax Consultants. Authorized Accountancy Consultants can also choose to be members of Srf konsulterna. FAR is the only professional body in Sweden that is a member of IFAC and only FAR has adopted the IESBA Code of Ethics. The current version of the IESBA Code is always applicable in Sweden, even if it has not been translated.					
<i>Actions</i>					
11.	2022	The FAR ethics code has been fully replaced by the IESBA Code of Ethics, with additional guidance on national (and EU) regulation.	Ongoing	FAR Policy Group of Ethics and FAR Secretariat	Technical staff and members of working groups
<i>Maintaining Ongoing Process</i>					
12.	Ongoing	Monitor and incorporate new and amended standards from the IESBA, provide and send comments to exposure drafts as needed.	Ongoing	FAR Policy Group of Ethics	Technical staff and members of working groups
13.	Ongoing	Continue to support ongoing convergence with IESBA pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	FAR Policy Group of Ethics	Technical staff and members of working groups

#	Start Date	Actions	Completion Date	Responsibility	Resource
14.	Ongoing	Pursue awareness of and adherence to the Code by the members through quality control measures and CPD, through <ul style="list-style-type: none"> <li>- Articles in journals issued by FAR,</li> <li>- Newsletters to all members, and</li> <li>- Publications on the FAR website (for example a link to an informative YouTube film, produced by FAR).</li> </ul> With the translation project, these efforts have been intensified.	Ongoing	FAR Secretariat	Technical staff and members of working groups
15.	Ongoing	Improve efforts to notify members of the new, proposed and revised provisions of the IESBA Code of Ethics and other pronouncements issued by IESBA, for instance via newsletters and on the FAR-website.	Ongoing	FAR Secretariat	Technical staff
16.	Ongoing	To conduct ethics seminars specifically for members who are tax consultants as part of the authorization process.	Ongoing	FAR Section for Tax Consultants	Technical staff and members of working groups
<i>Review of FAR's Compliance Information</i>					
17.	2014	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 4, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	2016	FAR Secretariat	Technical staff

**Action Plan Subject:** SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to promote the IPSAS requirements with the standard-setters of the Public Sector

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b> FAR is not standard-setter for public sector accounting standards. Standards developed by IPSASB have not yet gained the support necessary for implementation within the Swedish public sector. The regulation of public sector accounting is performed by two separate entities: the Accounting Standards Board for local government (RKR, "Rådet för Kommunal redovisning") and the Swedish national financial management authority for central government (ESV, "Ekonomistyrningsverket"). Today there are differences between these two levels. ESV has historically been inspired by IPSASs but do not actually apply them in full. When it comes to local government the content of existing IPSASs and the work that is being done by the IPSASB is not that well known. This does not mean that there are vast differences between the Swedish accounting standards and IPSASs, because both the accounting standards for local and central government are based on an accrual basis of accounting. FAR supports the adoption and implementation of IPSASs by the government, both on the local and central level. FAR participates through the Accounting Standards Board in dealing with the public sector. As members of this board, FAR-delegates promote the implementation of IPSASs. However, no decision has yet been taken on such implementation. IPSASs have not been translated into Swedish.					
<i>Maintaining Ongoing Processes</i>					
18.	Ongoing	Continue to monitor the activities of the International Public Sector Accounting Standards Board (IPSASB) and to promote the adoption of IPSAS for all public sector entities of Sweden.	Ongoing	FAR Board	Technical staff and members of working groups
<i>Review of FAR's Compliance Information</i>					
19.	2022	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 5, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	2022	FAR Secretariat	Technical staff and members of working groups



**Action Plan Subject:** SMO 6—Investigation and Discipline  
**Action Plan Objective:** Improve and ensure ongoing maintenance of Investigation and Discipline System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b> <p>The Auditor Act regulates investigation and discipline procedures for Auditors. FAR has two members on the Supervisory Board of Public Accountants (RI), which is responsible for investigation and disciplinary procedures in Sweden regarding auditors. When QA reviews carried out by FAR (auditors in non-listed entities, see further under SMO 1) show highly unsatisfactory results and indicate that the subject to the QA is not in accordance with good professional standards, FAR is under an obligation to file a report at RI. RI may then initiate an investigation based on such reports. FAR regularly informs its members about RI's investigations and disciplinary decisions.</p> <p>FAR has a Disciplinary Board dealing with cases that are not in RI's jurisdiction. Disciplinary procedures can be initiated after reports of findings in QA reviews or after complaints have been filed. The decisions of FAR's Disciplinary Board are published in anonymous format on FAR's website.</p> <p>FAR is not yet fully compliant with SMO 6. The following areas need further actions:</p> <ol style="list-style-type: none"> <li>1. Introduce an information-based approach to investigation and discipline, in line with SMO 6, paragraph 20.</li> <li>2. Develop a set of guiding principles when imposing sanctions, according to SMO 6, paragraph 34.</li> </ol>					
<i>Maintaining Ongoing Processes</i>					
20.	Ongoing	FAR will continue to use its representatives in RI to identify areas for improvement and promote implementation in line with the requirements of SMO 6.	Ongoing	FAR Board and Secretariat	Technical staff and members of working groups
21.	Ongoing	Continue to deal with cases reported to the Disciplinary Board.	Ongoing	FAR Disciplinary Board	Technical staff and members of working groups
<i>Review of FAR's Compliance Information</i>					
22.	2022	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 6, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	2022	FAR Secretariat	Technical staff and members of committees

**Self-Assessment against the Main Requirements of SMO 6**

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b> 1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.			x	FAR has a system of discipline for all its members (except concerning audit practice, which is covered by RI). RI has a system of investigation, discipline and appeals for professional accountants qualified to perform statutory audit.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	x			There is information on FAR's and RI's respective websites. The decisions are also published, giving information about conduct.
<b>Initiation of Proceedings</b> 3. Both a "complaints-based" and an "information-based" approach are adopted.			x	FAR mainly applies a complaints-based approach, although some complaints come from the QA-board. The RI applies both a complaints-based and an information-based approach.
4. Link with the results of QA reviews has been established.	x			Unsuccessful QAs are turned over to RI (for auditors) and the FAR disciplinary board for other FAR members.
<b>Investigative process</b> 5. A committee or similar body exists for performing investigations.			x	The investigations are performed by the staff at the RI and at FAR.
6. Members of a committee are independent of the subject of the investigation and other related parties.		x		There is no committee, only the staff of the RI (and FAR).
<b>Disciplinary process</b> 7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	x			

Requirements	Y	N	Partially	Comments
8. Members of the committee/entity include professional accountants as well as non-accountants.	x			The members at the RI-disciplinary board represent different parts of the public interest as well as the profession (two members from FAR).  The FAR-disciplinary board includes two judges (president and vice-president). The rest of the board comes from different parts of the profession.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	x			
<b>Sanctions</b> 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.			x	The RI-disciplinary board can impose reprimand, warning, warning and fee, loss of professional designation (which entails loss of removal from practicing rights).  The FAR-disciplinary board can impose reprimand, warning and loss of membership (which entails loss of professional designation). FAR does not have the power to restrict or remove practicing rights.
<b>Rights of representation and appeal</b> 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.			x	RI decisions can be appealed to an administrative court.  FAR decisions can only be appealed if the decision is exclusion from membership. An exclusion can be appealed to the FAR board of directors. The board of directors is separate from the disciplinary committee, as the members of the disciplinary committee (as well as those of the board of directors) are elected by the general assembly of FAR-members.
<b>Administrative Processes</b> 12. Timeframe targets for disposal of all cases are set.			x	
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	x			

Requirements	Y	N	Partially	Comments
14. Records of investigations and disciplinary processes are established.	x			
<b>Public Interest Considerations</b>				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	x			
16. A process for the independent review of complaints on which there was no follow-up is established.			x	
17. The results of the investigative and disciplinary proceedings are made available to the public.			x	

Requirements	Y	N	Partially	Comments
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.		x		
<b>Regular review of implementation and effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.			x	The RI is under the scrutiny of appropriate authorities. The FAR disciplinary board reports to the general assembly of members of FAR.

**Action Plan Subject:** SMO 7—International Financial Reporting Standards and Other Pronouncements Issued by the IASB  
**Action Plan Objective:** Continue to use best endeavors to maintain and continuously improve the ongoing program for adoption and implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b> <p>As a member-state in the EU, it is mandatory for Sweden to use IFRS in consolidated financial statements for companies listed on a regulated market. FAR has no responsibility for adoption or promulgation of IFRS in the country as it lies with the European Commission and a national standard setter (Bokföringsnämnden, BFN). However, FAR provides training on IFRS and publishes relevant guidance.</p> <p>Regarding IFRS for SME, Bokföringsnämnden have incorporated the standard within the national standard K3 (BFNAR 2012:1 Årsredovisning och koncernredovisning), with minor departure.</p>					
<i>Maintaining Ongoing Processes</i>					
23.	2022	FAR is engaged in responding to the national standard setter regarding the upcoming exposure draft for the accounting framework for K3. Expected in spring 2023.	Spring 2023	FAR strategic expert group accounting	Technical staff
24.	2022	FAR is engaged in responding to the ED from IASB – Third edition of the IFRS for SMEs Accounting Standard	Spring 2023	FAR strategic expert group accounting	Technical staff
<i>Review of FAR's Compliance Information</i>					
25.	2022	Perform periodic review of the revised SMO's and FAR's SMO Action Plan and update sections relevant to SMO 7, as necessary. Once updated, inform the IFAC compliance Staff about the updates in order for the compliance Staff to republish updated data.	2022	FAR Secretariat	Technical staff