

Date

Name Helmut Kerschbaumer  
Title Mag.  
Company IWP  
Address Schwarzenbergplatz 4, Haus der Industrie, 1030 Wien  
Email office@iwp.or.at

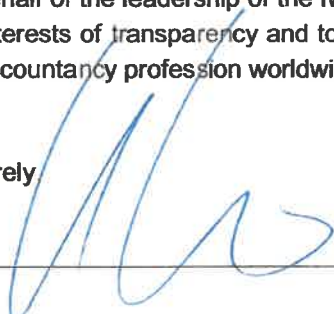
Dear Ms. Prinsloo,

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

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

On behalf of the leadership of the IWP, I endorse publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Sincerely



(Signature of President or Chairman of the Board or equivalent)

(Title)

Institut Österreichischer Wirtschaftsprüfer (IWP)  
(Name of Organization)

Institut  
Österreichischer  
Wirtschaftsprüfer **iwp**

Schwarzenbergplatz 4, Haus der Industrie, A-1030 Wien  
Telefon: (+43 1) 711 35-2623  
office@iwp.or.at | Internet: www.iwp.or.at

12.11.2019  
(Date)

## **BACKGROUND NOTE ON ACTION PLANS**

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

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

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

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

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Member:</b>	Institute of Austrian Certified Public Accountants (Institut Österreichischer Wirtschaftsprüfer – IWP) and the Chamber of Public Accountants (Kammer der Steuerberater und Wirtschaftsprüfer – KSW)
<b>Approved by:</b>	Executive Board of KSW / Executive Board of IWP
<b>Last Updated:</b>	December 2019
<b>Next Update:</b>	December 2023

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

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

## **Glossary**

<b>APAG</b>	Abschlussprüfer-Aufsichtsgesetz („Auditor’s Oversight Act“)
<b>APAB</b>	Abschlussprüfer-Aufsichtsbehörde (“Audit Oversight Body of Austria (APAB)“)
<b>QPK</b>	Qualitätsprüfungskommission („Committee for quality assurance reviews“)
<b>IASB</b>	International Accounting Standards Board
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IES</b>	International Education Standards
<b>IFAC</b>	International Federation of Accountants
<b>IFRSs</b>	International Financial Reporting Standards
<b>IPSASs</b>	International Public Sector Accounting Standards
<b>ISAs</b>	International Standards on Auditing
<b>UGB</b>	Unternehmensgesetzbuch („Austrian Companies Code“)
<b>WTBG</b>	Wirtschaftstreuhandberufsgesetz (“Public Accountants’ Statute of Professional Practice“)
<b>WT-AARL</b>	Allgemeine Richtlinie über die Ausübung der Wirtschaftstreuhandberufe („Standard Procedures for the Practice of the Public Accounting Professions“)
<b>KSW-PRL</b>	Verordnung zur Durchführung prüfender Tätigkeiten („Regulation for assurance services“)

## **General Comment:**

*This Action Plan 2019 is a joint version of the action plans reflecting the SMO activities of the Austrian members of IFAC, the Kammer der Steuerberater und Wirtschaftsprüfer (KSW) and the Institut Österreichischer Wirtschaftsprüfer (iwp).*

**Action Plan Subject:** SMO 1 – QUALITY ASSURANCE

**Action Plan Objective:** Ongoing efforts to maintain a system of Quality Assurance Reviews which is in conformity with SMO 1

#	Start Date	Actions	Completion Date	Responsibility	Resource
<b>Background</b>					
<p>Legislation: The requirements for Quality Assurance Reviews including inspections are stipulated by law and thus are the responsibility of the legislator (parliament). Since 2016, Quality Assurance Reviews according to SMO 1 are regulated under the newly introduced Austrian Auditor Oversight Act (APAG). The legislation implements the EC Directive 2006/43/EC as amended by EC Directive 2014/56/EC and the EC Regulation No.537/2014. For audit firms performing audits of Public Interest Entities (PIEs), in the “Audit Oversight Body of Austria” (APAB), an <u>inspection regime</u> covering such audits has been introduced. For all other types of statutory audits, <u>the Quality Assurance Reviews</u> still have to be carried out by external reviewer who are qualified members of the profession and work under the oversight and ultimate responsibility of the APAB. The general provisions for quality control, which are fully recognizing the principles of ISQC 1, are laid down in the KSW-PRL 2017 (Regulation for assurance services)</p> <p>Since 2016/17, in the context of Quality Assurance Reviews a newly established “Qualitätsprüfungskommission” (Committee for Quality Assurance Reviews), a body consisting of professionals, has the right and duty to make proposals for the APAB reviews (especially with regard to selecting the external reviewer and the evaluating the reviewer`s report).</p> <p>National professional standard on Quality Assurance: In 2018 the expert committee of KSW issued in its capacity a national standard for Quality Assurance Reviews, which has been approved by the APAB.</p> <p>Practice Guidance: In 2019 iwip published a “Guidance for the Application of Standards on Quality Assurance in Practice” (“iwip-Handbuch zur Qualitätssicherung”) to assist its members with regard to Quality Assurance. The handbook has been updated to reflect all recent regulatory changes.</p>					
<i>Update of the Guidance for the application of standards on Quality Assurance in practice</i>					
1.	2018/19	Update of iwip-Guidance for the application of standards on Quality Assurance in practice as a result of the changes in law and regulation	Issued January 2019	iwip	
<i>Maintaining Ongoing Processes (Member Notification, Education and Promotion Activities)</i>					
2.	Ongoing	Information of members of KSW in its periodical member journal (KSW-update) about changes in standards and regulations on quality assurance	Ongoing	KSW Board	KSW staff
3.	Ongoing	Information of members of iwip in its periodical member journal (iwip-Journal) about changes in standards and regulations on quality assurance	Ongoing	iwip Board	iwip staff
4.	Ongoing	Offer of continuous professional development trainings on Quality Assurance Standards and its application in practice	Ongoing	iwip Board KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der

#	Start Date	Actions	Completion Date	Responsibility	Resource
					Steuerberater und Wirtschaftsprüfer) and external lecturers, supported by the APAB
5.	Ongoing	Offer of educational and continuous professional development trainings for Quality Assurance Reviewers	Ongoing	iwp Board KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer) and external lecturers including representatives from the APAB
<i>Review of KSW and Iwp's Compliance Information</i>					
6.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program)	Oct 2019	KSW Board and iwp Board	IFAC Task Force (Joint Working Party of KSW and iwp)

**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 ISAs are adopted as the quality control standards.	X			
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			
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			

Requirements	Y	N	Partially	Comments
<b>Corrective and disciplinary actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	<b>X</b>			
12. QA review system is linked to the Investigation and Discipline system.	<b>X</b>			
<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.	<b>X</b>			
<b>Regular review of implementation and effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	<b>X</b>			

**Action Plan Subject:** **SMO 2 – INTERNATIONAL EDUCATION STANDARDS FOR PROFESSIONAL ACCOUNTANTS AND OTHER IAESB GUIDANCE**

**Action Plan Objective:** Ongoing efforts to adhere to International Education Standards for Professional Accountants and other IAESB Guidance

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>The requirements for Education and Continuous Professional Development are regulated by law and thus are the responsibility of the legislator (parliament). In connection with the EC Directive 2006/43/EC as amended by EC Directive 2014/56/EC and the EC Regulation No.537/2014 the professional law has been revised. Since 2016/17, APAB has issued guidelines and performs the oversight. The education requirements in the jurisdiction address all the relevant revised 2015 IES requirements.</p>					
<i>Continuous Professional Development and Information</i>					
1.	Ongoing	Offer of regular events qualifying as Continuous Professional Development activities by iwp and KSW (via its Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer)), recently also partially offered as webcasts.	Ongoing	iwp Board KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer), Secretariat of iwp External lecturers
2.	Ongoing	Information of members of iwp in its periodical member journal (iwp-Journal) about changes in IES	Ongoing	iwp Board	iwp staff
3.	Ongoing	Offer of preparatory educational trainings for the exams for the admission to the profession of auditors and tax consultants	Ongoing	KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer) External lecturers
4.	Ongoing	Continue to support ongoing convergence with the IAESB pronouncements. This includes providing comments on EDs, review of the existing requirements and preparation of the Action Plan for amendments where necessary.	Ongoing		



**Action Plan Subject:** **SMO 3 – INTERNATIONAL STANDARDS, RELATED PRACTICE STATEMENTS AND OTHER PAPERS ISSUED BY THE IAASB**

**Action Plan Objective:** Ongoing efforts to adopt and implement ISAs and other IAASB Pronouncements in Austria

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
The expert committee established in the KSW provides further guidance. The expert opinions issued there are, as far as regards audits, all approved by the APAB.					
Pending endorsement of ISA by the EU Commission, <a href="#">KSW</a> acts as the <i>de facto</i> audit standard-setter in the jurisdiction under the supervision of the Audit Oversight Body of Austria (Abschlussprüferaufsichtsbehörde – <a href="#">APAB</a> ). Effective June 2016, KSW adopted ISA as issued by IAASB.					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Information for members of iwv in its periodical member journal (iwv-Journal) about changes in ISAs and other papers of IAASB	Ongoing	iwv Board	iwv staff
2.	Ongoing	Participation in working parties of German IDW for the translation of ISAs into the German language for the publication of an ISA-Handbook in German language. iwv and KSW (as main contractor) concluded a sublicensing agreement with German IDW for sublicensing German Translations of ISA.	Ongoing  completed	iwv Board  KSW	Representatives  KSW board
3.	Ongoing	Development and roll-out of a comprehensive training program with special aspects of the application of ISAs ("ISA-fit Training"). Development of new training modules and use of different formats (web-based tools, etc)	Ongoing	iwv Board KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer)
4.	Ongoing	Adoption of any new ISAs or amendments to existing ISAs by the Expert Committee for Company Law and Audit of the KSW (Fachsenat für Unternehmensrecht und Revision)			Expert Committee for Company Law and Audit of the KSW (Fachsenat für Unternehmensrecht und Revision)
5.	Ongoing	Continue to support ongoing convergence with the IAASB pronouncements. This includes providing comments on EDs, review of the existing requirements and preparation of the Action Plan for amendments where necessary.	Ongoing		

**Action Plan Subject:** SMO 4 – IESBA Code of Ethics for professional accountants  
**Action Plan Objective:** Ongoing efforts to achieve convergence of ethics standards in Austria with IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i>                      Legislation:                      In Austria the regulations on professional conduct (Code of Ethics) for auditors are part of the legal regulations for the profession, especially</p> <ul style="list-style-type: none"> <li>- sections 270 et. seq. of the Austrian Companies Code,</li> <li>- section 77 of Public Accountants' Statute of Professional Practice (Wirtschaftstreuhandberufsgesetz, WTBG), and</li> <li>- specific regulations in several other laws (especially for financial institutions, insurance companies, pension funds etc).</li> </ul> <p>In 2016, the legislation has been amended and has been changed to implement the EC Directive 2006/43/EC as amended by EC Directive 2014/56/EC and the EC Regulation No.537/2014. However, taken as a whole, in some matters of fact the independence rules are, in some respect, more stringent than the EU regulations on independence or the IESBA Code.</p> <p>Professional standards:                      The Public Accountants' Statute of Professional Practice (Wirtschaftstreuhandberufsgesetz - <a href="#">WTBG</a>) authorized <a href="#">KSW</a> to develop and issue the Directive on the Practice of the Public Accounting Professions (Wirtschaftstreuhandberufs-Ausübungsrichtlinie - WTARL) with establishes ethical requirements. The ethical requirements for professional accountants in Austria are equivalent and more stringent than the requirements of the 2018 Handbook of the International Code of Ethics for Professional Accountants.</p> <p>In December 2009, iwp published a guidance (IWP/PE 19) addressing specific practical issues with regard to the independence rules of sections 270 et. seq. of the Austrian Companies Code. Since then, this guidance has been changed and amended to reflect the provisions coming from EC Directive 2006/43/EC as amended by EC Directive 2014/56/EC and the EC Regulation No.537/2014. In 2017, it has been re-issued in form of an expert opinion from the Expert Committee for Company Law and Audit of the KSW (Fachsenat für Unternehmensrecht und Revision).</p>					
<p><i>Maintaining Ongoing Processes</i></p>					
1.	Ongoing	Information of members of iwp in its periodical member journal (iwp-Journal) about changes in IESBA Code of Ethics.	Ongoing	iwp Board	iwp staff
2.	Ongoing	Promotes the continued convergence of national and EU regulations with the IESBA Code of Ethics	Ongoing		
3.	Ongoing	Raises its members' awareness of changes to the IESBA Code of Ethics in the IWP Journal.	Ongoing		
4.	Ongoing	Continue to support ongoing convergence with the IESBA pronouncements. This includes providing comments on EDs, review of the existing requirements and preparation of the Action Plan for amendments where necessary.	Ongoing		

**Action Plan Subject:** SMO 5 – International Public Sector Accounting Standards  
**Action Plan Objective:** Activities to promote IPSASB Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Austria, accounting standards of the governmental sector are regulated by law and thus are the responsibility of the legislator (parliament). Until 2012 accounting standards were based on cash-based accounting. Since 2013, regulation is based on the principle of accrual accounting, but with no full implementation of the International Public Sector Accounting Standards (IPSAS). Nevertheless, KSW and iwp promote IPSASB pronouncement to their members. Starting from 2013, equivalent developments have evolved for several federal provinces of Austria and some municipalities as well.</p> <p>In 2019, the AFRAC (Austrian Financial Reporting and Auditing Committee) established a working group to deal with all issues in connection with the implementation of IPSAS. This working group comprises of representatives of the profession, the academia, the government, federal lands and municipalities.</p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Information for members of iwp in its periodical member journal (iwp-Journal) about changes in IPSAS and other Guidance of IPSASB Participation in the AFRAC working group	Ongoing  Since 2019	iwp Board  delegates from KSW/iwp Board	iwp staff  Professionals
<i>Review of KSW and Iwp's Compliance Information</i>					
2.	Ongoing	Contribution to the working party of Austrian Financial Reporting and Auditing Committee (AFRAC, <a href="http://www.afrac.at">www.afrac.at</a> ), as member of this organization	Ongoing	Delegates from the profession (iwp/KSW)	Selected representatives
3.	Ongoing	Keeping members informed about pronouncements and updates issued by the IPSASB.	Ongoing		
4.	Ongoing	Continue to support ongoing convergence with the IPSASB pronouncements. This includes providing comments on EDs, review of the existing requirements and preparation of the Action Plan for amendments where necessary.	Ongoing		

**Action Plan Subject:** SMO 6 – Investigation and Discipline  
**Action Plan Objective:** Ongoing Disciplinary Oversight

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>In Austria legal regulations for investigating and disciplining members for misconduct, including regulations against breaches of professional standards, exist which authorize especially</p> <ul style="list-style-type: none"> <li>- KSW (for all its members), in particular through the Disciplinary Law, and</li> <li>- APAB (for auditors of statutory financial statements registered by the APAB)</li> </ul> <p>to impose specified sanctions.</p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	System for disciplinary proceedings with Disciplinary Board in line with SMO 6 requirements	Ongoing	KSW	Disciplinary Board
2.	Ongoing	System for disciplinary proceedings with Disciplinary Board in line with SMO 6 requirements	Ongoing	iwp	Disciplinary Board
3.	Ongoing	Measures, including sanctions, in case of non-compliance with regulations of the Auditors' Oversight Act.	Ongoing	APAB	APAB Board
<i>Supporting Members</i>					
4.	Ongoing	Ensuring that all members have access to adequate continuing professional development courses on current regulations and the I&D systems and processes	Ongoing		
5.	Ongoing	Raising awareness of the system through the publication of cases and verdicts in various newsletters on its website.	Ongoing		
6.	Ongoing	Providing members with guidance on how to initiate complaints	Ongoing		

**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			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	X			
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	X			
4. Link with the results of QA reviews has been established.	X			
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.	X			
6. Members of a committee are independent of the subject of the investigation and other related parties.	X			
<b>Disciplinary process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	X			
8. Members of the committee/entity include professional accountants as well as non-accountants.	X			
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	X			

Requirements	Y	N	Partially	Comments
removal of practicing rights; and (c) exclusion from membership.				
<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			
<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			
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			
<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			

**Action Plan Subject:** SMO 7 – International Financial Reporting Standards  
**Action Plan Objective:** Ongoing support of adoption and implementation of International Financial Reporting Standards

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p><i>In June 2002, the European Union adopted an IAS (International Accounting Standards) Regulation requiring European companies listed on an EU securities market, including banks and insurance companies, to prepare their consolidated financial statements in accordance with IFRSs, starting with financial statements for financial year 2005 onwards.</i></p> <p><i>The provisions of the Austrian Companies Code require listed companies as defined under Art 4 of the EC Regulation 1606/2002 to present consolidated financial statements under IFRS; in addition, the provisions allow for a voluntary application of IFRS for all other groups.</i></p>					
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Information for members of iwp in its periodical member journal (iwp-Journal) about changes in IFRS	Ongoing	iwp Board	iwp staff
2.	Ongoing	Offer of training events on IFRS qualifying as Continuous Professional Development activities by iwp and KSW	Ongoing	iwp Board KSW Board	KSW's Academy of Tax Advisors and Public Accountants (Akademie der Steuerberater und Wirtschaftsprüfer), Secretariat of iwp External lecturers
3.	Ongoing	Contribution to the Austrian Financial Reporting and Auditing Committee (AFRAC, <a href="http://www.afrac.at">www.afrac.at</a> ), as member of this organization, in the form of <ul style="list-style-type: none"> <li>- comment letters regarding the endorsement of IFRS within the EU and</li> <li>- expert opinions (interpretations) regarding specific national questions</li> </ul>	Ongoing	Delegates from the profession (iwp/KSW)	Selected representatives
4.	Ongoing	Continue to support ongoing convergence with the IASB pronouncements. This includes providing comments on EDs, review of the existing requirements and preparation of the Action Plan for amendments where necessary.	Ongoing		