

BACKGROUND NOTE ON ACTION PLANS

Action Plans are developed by IFAC members and associates and address policy matters as identified through responses to Compliance Self-Assessment Questionnaires. They form part of a continuous process under the IFAC Member Body Compliance Program to support ongoing development and improvement of the accountancy profession.

Action Plans are drafted by IFAC members and associates for their own use. They reflect national frameworks, priorities, processes and challenges specific to each jurisdiction and will be subject to periodic updates. Action Plans will vary in objectives, content and level of detail due to different national environments and stages of development.

Refer to responses to the Part 1 Assessment of the Regulatory and Standard-Setting Framework Questionnaire and Part 2 SMO Self-Assessment Questionnaire for background information on each member and associate their environment and existing processes. The responses may be viewed at: http://www.ifac.org/ComplianceAssessment/published_surveys.php

Use of Information

Please refer to the Disclaimer published on the Compliance Program website.

ACTION PLAN

IFAC Member:	Treuhand-Kammer Zurich (Swiss Institute of Certified Accountants and Tax Experts, TK)
Approved by Governing Body:	President of the Institute
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GLOSSARY

CPD	Continuing Professional Development
FAOA	Federal Audit Oversight Authority
IAESB	International Accounting Education Standards Board
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISA	International Standard on Auditing
ISQC	International Standard on Quality Control
PCAOB	Public Company Accounting Oversight Board
QA	Quality Assurance
SMP	Small- and Medium-Practices
Swiss GAAP FER	Fachempfehlungen der Rechnungslegung, Generally Accepted Accounting Principles in Switzerland
US GAAP	US Generally Accepted Accounting Principles
US GAAS	US Generally Accepted Auditing Standards
IPSAS	International Public Sector Accounting Standards
SME	Small and Medium Enterprises
SMO	Statement of Membership Obligation

Action Plan Subject: SMO 1 – Quality Assurance
Action Plan Objective: Continue to ensure an effective quality review program is in place for all members offering accounting services to the public and in particular offering assurance services.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Quality assurance (QA) is one of the top priorities of TK. TK is working together with the Swiss Federal Audit Oversight Authority (FAOA) in order to ensure that assurance engagements carried out adhere to all applicable standards.</p> <p>In Switzerland there is a distinction between statutory full scope audits ("ordentliche Revision") and statutory limited examinations ("eingeschränkte Revision"). Full scope audits are carried out in accordance with Swiss audit standards. In case of listed entities with International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (US GAAP) reportings the audit report directly refers to International Standards on Auditing (ISAs) / International Standards on Quality Control (ISQC) 1 or US Generally Accepted Auditing Standards (US GAAS) and the standards of the Public Company Accounting Oversight Board (PCAOB).</p> <p>In case of small and medium-sized entities (approx. 99.9% of Swiss companies) the statutory limited examination (moderate assurance engagement) does apply, for which a stand-alone Swiss review standard has been established. TK is engaged in continuously offering guidance and helpful resources for quality control for Small- and Medium-Practices (SMP) in that area.</p>					
<p><i>Establishing Separate and Stand-alone Quality Control Standard and Quality Control Guidance for Licensed Auditors, who only Perform Limited Statutory Examinations (in contrast to full scope audits) in Accordance with art. 729a Code of Obligations. Preparing Guidance for implementing Quality Control Requirements in the SMP Environment.</i></p>					
1.	Oct. 2007	Establish quality control standard applicable for small and medium-sized practitioners (mainly for limited statutory examinations, which are subject to the stand-alone Swiss standard on limited statutory examinations).	Completed	SMP (small and medium sized practitioners) working party	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
2.	Since 2008	Provide training in quality control. Provide implementation guidance on the website of the SMP Working Party.	Ongoing	Training Institute of Treuhand-Kammer / SMP Working Party	SMP Working Party
3.	Ongoing	Cooperate with the Swiss Audit Oversight Authority to improve the inspection system (firm and file reviews undertaken by the Swiss Audit Oversight Authority) required by Swiss Law.	Ongoing	Various Working Parties / General Management of TK	
<i>Designing a Peer Review System for Single Practitioners in Cooperation with the Audit Oversight Authority</i>					
4.	2007	Maintain and improve mandatory quality assurance review program for audit firms performing audits of listed companies; continuous involvement of TK with the Swiss Audit Oversight Authority.	Ongoing	FAOA, TK's public oversight working party	TK's public oversight working party (Kommission für Aufsichtsfragen)
5.	2009	Continuous dialogue with the Swiss Audit Oversight Authority in order to discuss and monitor latest regulatory and legal developments and their potential impact on the audit profession.	Ongoing	Council and president of TK, apart audit working party	regular meetings with FAOA
6.	Not yet defined	Design a Peer Review system (as required by Swiss law) to be implemented in 2013. Currently on hold.	Currently on hold due to discussions at governmental level (Peer Review system would require change in confidentiality rules).	SMP working party	Technical Staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
7.	Ongoing	Continue to support ongoing implementation of QA System.	Ongoing	TK's public oversight working party	Technical Staff

Action Plan Subject: SMO 2 – International Education Standards for Professional Accountants

Action Plan Objective: Convergence with international pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
In general, candidates to TK membership are required to complete a program of professional accountancy education delivered by the Institute, and pass three years of practical experience and a final assessment. In addition, all TK members have to follow 120 hours of Continuing Professional Development (CPD) over a two-year rolling period. Compliance with CPD requirements is monitored.					
<i>Continuing to Using Best Endeavors to Ensure Compliance with International Requirements</i>					
8.	Ongoing	Ensure that national education and training requirements are in accordance with international developments.	Ongoing	Training institute of TK	Training institute of TK
9.	Ongoing	Review current requirements for auditor's education against new developments and monitor the education and examination process.	Ongoing	Training institute of TK; examination board	Training institute of TK; examination board

Action Plan Subject: SMO 3 – IAASB Pronouncements
Action Plan Objective: Convergence with IAASB pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
TK sets the auditing standards for listed entities and non-listed entities. The pronouncements of the International Auditing and Assurance Standards Board) are adopted in an ongoing manner as national standards, with modifications. TK participates in the translation of ISAs in German along with the Institut der Wirtschaftsprüfer (IDW) of Germany and with the Austrian Institut Österreichischer Wirtschaftsprüfer (iwp).					
<i>Setting National Audit Standards and Guidance in Areas Without Adequate IAASB Pronouncements</i>					
10.	Ongoing	Incorporate all revised and redrafted ISAs into national audit standards. <i>Clarified ISAs are already obligatory with audits of listed entities. Clarified ISAs will be made obligatory for audits of non-listed entities in 2014 (audits in 2014 of financial statements ending Dec 2013 or after).</i>	2014	Audit working party / Steering Committee ISA / training institute of TK	Joint translation project with the German and Austrian professional bodies
11.		Develop auditing standard with regard to auditor's duties in context of take over bids under Swiss law.	Completed	Audit working party	
12.	Ongoing	Observe developments in international standards on auditing and related pronouncements and initiate action, if and when necessary.	Ongoing	Audit working party / Banking and Insurance working party	Technical staff

#	Start Date	Actions	Completion Date	Responsibility	Resource
13.	Ongoing	Prepare "Q&A" (Questions and answers) papers in areas, where there are interpretation issues and open questions (mainly in relation to the new audit regime).	Ongoing	Audit working party	Q&As, issued on the website of TK
14.	Autumn 2010	Provide additional guidance in relation to the statutory limited examination.	Ongoing	Small and Medium Enterprises (SME)/SMP working party	Technical staff
15.	2011	Prepare an audit standard for software certification services.	2012	IT working party	Technical staff
16.	Ongoing	Swiss Handbook on Auditing (Schweizer Handbuch der Wirtschaftsprüfung) - Monitor further developments in audit and accounting, prepare amendments and additions to the handbook; consider update and new publication if and when necessary.	Ongoing	All working parties of TK	Technical staff

Action Plan Subject: SMO 4 – IESBA Code of Ethics
Action Plan Objective: Ensure compliance with the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
TK adopts ethical requirements for its members. The TK requirements are based on the revised IESBA Code of Ethics (being effective since Jan. 2011).					
Other laws and national regulations also include specific ethical requirements for professional accountants in Switzerland.					
<i>Updating TK's Independence Directive</i>					
17.	2009	Update TK's independence directive (Richtlinien zur Unabhängigkeit) in accordance with the revised IESBA Code of Ethics for Professional Accountants (Effective January 2011).	Completed, being effective since Jan 2011	Dedicated working party	Professionals within Big4 in charge of independence within their firms
18.	Ongoing	Maintain a hotline for TK members for questions regarding independence and related matters.	Ongoing	Dedicated working party	Technical Staff
<i>Assisting with the Implementation of the Standards</i>					
19.	January 2011	Organization of seminars to raise awareness of the requirements set in the latest version of the IESBA Code of Ethics.	Ongoing	Dedicated working party	Training Institute of TK; technical staff
20.	Ongoing	Continuous discussion of ethical standards with the FAOA; offering seminars in ethics and related topics.	Ongoing	Training Institute of TK; public oversight working party	Training Institute of TK; technical staff

Action Plan Subject: SMO 5 – IPSAS
Action Plan Objective: Liaison with the Swiss public sector accounting standards board

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
Public sector accounting in Switzerland is very detailed and advanced. It is based on International Public Sector Accounting Standards (IPSAS). There is a public sector accounting standards board, which has the task to improve public sector accounting in Switzerland. Public sector accounting, as discussed in Switzerland, stretches far beyond preparing financial statements, but also includes public management issues (New Public Management).					
<i>Working with the Swiss Public Sector Accounting Standards Board</i>					
21.	Ongoing	Liaison with the Swiss public sector accounting standards board.	Ongoing	Treuhand-Kammer members, which have a seat in the Swiss public sector accounting standards board	Treuhand-Kammer members, which have a seat in the Swiss public sector accounting standards board
<i>Providing Training in Public Sector Accounting</i>					
22.	Ongoing	Organization of training in public sector accounting via the education institute of Treuhand-Kammer.	Ongoing	Education Institute of Treuhand-Kammer	Education Institute of Treuhand-Kammer

Action Plan Subject: SMO 6 – Investigations and Discipline
Action Plan Objective: Enforcement of membership obligations and professional requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>FAOA has the responsibility for the investigation and discipline process. TK is having its own responsibility in this area, while membership with TK is voluntary. A Professional Ethics Committee (Standeskommission) is operating outside of TK's structure and carries out investigations.</p>					
<p><i>Enforcing Membership Obligations</i></p>					
23.	Ongoing	Regular checks of individual and firm members, whether they are in compliance with the membership obligations of the Institute.	Ongoing	Staff of the Institute / Sektionspräsidentenkonferenz (regional conference of TK)	Staff of the Institute
24.	Ongoing	Yearly sample-checks, whether individual members have been compliant with the continuing education requirements.	Ongoing	Staff of the Institute	Staff of the Institute
25.	Ongoing	Investigate whenever there are indications for individual failure by TK members.	Ongoing	Fact-finding commission of TK; TK's tribunal with members totally independent of the profession	Staff of the Institute

Action Plan Subject: SMO 7 – IFRS
Action Plan Objective: Liaison with national standard setting bodies and governmental agencies

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background:</i>					
IFRS have a long history in Switzerland. Already in the eighties Swiss Companies voluntarily used International Accounting Standards for their group reporting. In the meantime (full) International Financial Reporting Standards (IFRS) or US GAAP became mandatory for listed entities in the main segment. Companies with a listing in the local segment are allowed to apply Fachempfehlungen der Rechnungslegung Generally Accepted Accounting Principles (Swiss GAAP FER) for their reporting. Swiss GAAP FER standards are true and fair view accounting standards prepared by an independent private standard-setter in Switzerland (Kommission für Fachempfehlungen der Rechnungslegung or FER Commission). In the eighties, TK was involved in the establishment of a foundation as a legal basis for this standard-setter.					
<i>Promoting IFRS in Switzerland</i>					
26.	Ongoing	Meetings with the SIX Swiss Exchange, which requires IFRS / US-GAAP for a listing in the main segment.	Ongoing	Accounting working party	Regular Meetings
27.	Ongoing	Support the FER commission in their effort to improve Swiss GAAP FER (true and fair view accounting standards) and to increase their acceptance in the Swiss accounting community.	Ongoing	Council of TK	Training Institute of TK
28.	Ongoing	Organize regular seminars in IFRS and related areas (audit of IFRS accounts, consolidation, etc.) via the Training Institute of Treuhand-Kammer.	Ongoing	Training Institute of TK	Training Institute of TK

#	Start Date	Actions	Completion Date	Responsibility	Resource
29.	Ongoing	Observe developments in IFRS and other accounting frameworks and participate in interpretation discussions; issue articles in the monthly periodical of TK, if and when necessary to establish a common understanding of IFRS and / or other accounting standards.	Ongoing	Accounting working party, other TK working parties	Monthly periodical "Der Schweizer Treuhänder"
30.	Ongoing	Incorporate new developments and changes in the Swiss Handbook on Auditing (Schweizer Handbuch der Wirtschaftsprüfung).	Ongoing	All working parties of TK	Staff of the Institute