

## **BACKGROUND NOTE ON ACTION PLANS**

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

Action Plans are prepared by members and associates for their own use based on the national frameworks, priorities, processes and challenges specific to each jurisdiction. As such, they will vary in their objectives, content and level of detail, consistent with their differing national environments and stages of development, and will be subject to periodic review and update.

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. These responses may be viewed at: [http://www.ifac.org/ComplianceAssessment/published\\_surveys.php](http://www.ifac.org/ComplianceAssessment/published_surveys.php)

### **Use of Information**

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

## **ACTION PLAN 2011**

|                               |  |
|-------------------------------|--|
| <b>IFAC Member/Associate:</b> | Kammer der Wirtschaftstreuhänder (KWT) / Institut Österreichischer Wirtschaftsprüfer (iwp) |
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## **Glossary**

|               |  |
|---------------|--|
| <b>AEQ</b>    | Arbeitsausschuss für Externe Qualitätsprüfungen (“Working committee for external quality audits“)                  |
| <b>A-QSG</b>  | Abschlussprüfungs-Qualitätssicherungsgesetz (“Audit Quality Assurance Act”)  |
| <b>IAASB</b>  | International Auditing and Assurance Standards Board   |
| <b>IASB</b>   | International Accounting 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>QKB</b>    | Qualitätskontrollbehörde (“Austrian Auditors Supervisory Authority“)   |
| <b>UGB</b>    | Unternehmensgesetzbuch (“Austrian Business Code“)  |
| <b>WT-ARL</b> | Wirtschaftstreuhänderberufs-Ausübungsrichtlinie (“Directive on the practice of the public accounting professions”) |
| <b>WTBG</b>   | Wirtschaftstreuhänderberufsgesetz (“Public Accountant’s Statute of Professional Practice”)                         |

### **General Comment:**

*This Action Plan 2011 is a joint version of the action plans reflecting the SMO activities of the Austrian members of IFAC, the Kammer der Wirtschaftstreuhänder (KWT) and the Institut Österreichischer Wirtschaftsprüfer (iwp) and covers the period from July 2010 to June 2011.*

**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 |
|---|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>Legislation:<br/>The requirements for Quality Assurance Reviews are regulated by law and thus are the responsibility of the legislator (parliament). In Austria Quality Assurance Reviews according to SMO 1 have been required by the Audit Quality Assurance Act (A-QSG) since 2005. The review has to be conducted by an external reviewer. The primary responsibility for the proper conduct of the reviews (especially with regard to selecting the external reviewer and the evaluating the reviewer’s report, as well as to the issuance of the certificate on the participation in a review) lies with the “Arbeitsausschuss für Externe Qualitätsprüfungen” (AeQ), an authority independent from the profession. The system of Quality Assurance is overviewed by the “Qualitätskontrollbehörde” (QKB), which is independent from the profession as well.</p> <p>In 2010 some amendments of the Audit Quality Assurance Act (A-QSG) were published for the transposition of EC-Directive 2006/43/EC with regard to the regulations for Quality Assurance Reviews. In December 2010 a draft bill was published to further amend the Audit Quality Assurance Act (A-QSG) after the repeal of some parts of the law by the Constitutional Court of Austria (“Verfassungsgerichtshof”).</p> <p>National professional standard on Quality Assurance:<br/>In 1999, <i>Institut Österreichischer Wirtschaftsprüfer (iwp)</i> published a national professional standard on Quality Assurance (IWP/PG 7), which was revised in 2003. In May 2011, the standard was revised in order to reflect changes in the regulatory framework for Quality Assurance since its latest revision, especially with regard to ISQC 1 and ISA 220.</p> <p>Practice Guidance:<br/>In December 2007 iwp published a “Guidance for the Application of Standards on Quality Assurance in Practice” (“iwp-Handbuch zur Qualitätssicherung”) to assist its members with regard to Quality Assurance. This was updated in August 2009 and, after the revision of IWP/PG 7, will be updated again end of 2011.</p> |            |         |                 |                |          |

| #   | Start Date    | Actions  | Completion Date | Responsibility             | Resource  |
|---|---------------|--|-----------------|----------------------------|---|
| <i>Further amendments of the Audit Quality Assurance Act (A-QSG)</i>                            |               |  |                 |                            |   |
| 1.  | December 2010 | Further amendments of the Audit Quality Assurance Act (A-QSG) after the repeal of some parts of the law by the Constitutional Court of Austria (“Verfassungsgerichtshof”). | Pending         | Legislator                 | Parliament  |
| <i>Update of the Guidance for the application of standards on Quality Assurance in practice</i> |               |  |                 |                            |   |
| 2.  | March 2011    | Update of iwp-Guidance for the application of standards on Quality Assurance in practice (“iwp-Handbuch zur Qualitätssicherung”).  | Pending         | iwp                        | Working Party on Quality Assurance  |
| <i>Maintaining Ongoing Processes (Member Notification, Education and Promotion Activities)</i>  |               |  |                 |                            |   |
| 3.  | Ongoing       | Information of members of KWT in its periodical member journal (KWT-update) about changes in standards and regulations on quality assurance.                               | Ongoing         | KWT Board                  | KWT staff   |
| 4.  | Ongoing       | Information of members of iwp in its periodical member journal (iwp-Journal) about changes in standards and regulations on quality assurance.                              | Ongoing         | iwp Board                  | iwp staff   |
| 5.  | Ongoing       | Offer of continuous professional development trainings on Quality Assurance Standards and its application in practice.   | Ongoing         | iwp Board<br>KWT Board     | KWT’s Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) and external lecturers |
| 6.  | Ongoing       | Offer of educational and continuous professional development trainings for Quality Assurance Reviewers.  | Ongoing         | iwp Board<br>KWT Board     | KWT’s Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) and external lecturers |
| <i>Review of KWT and Iwp’s Compliance Information</i>   |               |  |                 |                            |   |
| 7.  | Annually      | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program).   | July 2011       | KWT Board<br>and iwp Board | IFAC Task Force (Joint Working Party of KWT and iwp)  |

**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   |
|--|------------|--|-----------------|------------------------|--|
| <p><i>Background:</i></p> <p>Both the requirements for Education and Continuous Professional Development are regulated by law and thus are the responsibility of the legislator (parliament).</p> <p>In 2010 some amendments of the Audit Quality Assurance Act (A-QSG) were published in order to transpose EC-Directive 2006/43/EC including additional regulations on Continuous Professional Development for auditors of statutory financial statements registered by the Austrian Auditors Supervisory Authority (Qualitätskontrollbehörde, QKB) (refer to section 1b A-QSG). The regulations comply with International Education Standards (IES). In June 2010, KWT and iwp published guidance for the application of the provisions on continuous professional education according to section 1b A-QSG.</p> <p>In order to avoid any redundancies iwp has withdrawn its membership obligation for Continuous Professional Development in its bylaws with effect from January 1, 2010.</p> |            |  |                 |                        |  |
| <p><i>Maintaining Ongoing Processes</i></p>  |            |  |                 |                        |  |
| 1.   | Ongoing    | Offer of regular events qualifying as Continuous Professional Development activities by iwp and KWT (via its Academy of Public Accountants (Akademie der Wirtschaftstreuhänder). | Ongoing         | iwp Board<br>KWT Board | KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder)<br>Secretariat of iwp<br>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  |

| <b>#</b>  | <b>Start Date</b> | <b>Actions</b>   | <b>Completion Date</b> | <b>Responsibility</b>   | <b>Resource</b>   |
|---|-------------------|--|------------------------|-------------------------|---|
| 3.  | Ongoing           | Offer of preparatory educational trainings for the exams for the admission to the profession of “Wirtschaftsprüfer” (Certified Public Accountant) and “Steuerberater” (“Tax Advisor”). | Ongoing                | KWT Board               | KWT’s Academy of Public Accountants(Akademie der Wirtschaftstreuhänder)<br>External lecturers |
| <i>Review of KWT and Iwp’s Compliance Information</i> |                   |  |                        |                         |   |
| 4.  | Annually          | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program).   | July 2011              | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp)   |

**Action Plan Subject:** SMO 3 – International Standards and Related Practice Statements  
**Action Plan Objective:** Ongoing efforts to adopt and implement ISAs and other IAASB Pronouncements in Austria

| #  | Start Date | Actions | Completion Date | Responsibility | Resource |
|--|------------|---------|-----------------|----------------|----------|
| <p><i>Background:</i></p> <p>In Austria the requirements for the performance of audits are regulated by national law Austrian Business Code (Unternehmensgesetzbuch, UGB). Further guidance is provided by expert opinions (professional standards) issued by KWT and iwip. KWT and iwip do not have a <b>legislative</b> authority to develop auditing standards, but KWT is the official (legal) representative body of the profession and, based on this authority, is setting "standards of professional conduct" (professional standards) via expert opinions. Pronouncements (expert opinions) of iwip are also accepted as professional standards.</p> <p>In 2007, professional standards were revised and based on basic principles and essential procedures of ISAs with direct references thereto. Any further expert opinions will be based on (International Standards on Auditing) ISAs as well.</p> <p>In 2008 the legal framework for the performance of audits in the Austrian Commercial Code was amended for the purpose of transposing EC-Directive 2006/43/EC in national law and section 269a stipulates the application of those International Standards on Auditing which had been endorsed by the European Union (EU). Since the EU has not yet endorsed any of the pronouncements of IAASB, any effect of this regulation depends on future developments on an international level.</p> <p>In October 2009 KWT and iwip consulted representatives of the Ministry of Justice with regard to its comment letter to the EUconsultation on the Adoption of ISAs in the EU.</p> <p>Until the end of 2010 (the completion of the project) representatives of iwip participated in working parties for the translation of ISAs into the German language (in cooperation with Germany and Switzerland).</p> <p>In addition, it has to be mentioned that according to the Austrian Code of Corporate Governance, ISAs have to be applied for the audit of the financial statements.</p> |            |         |                 |                |          |
| <p><i>Revision of professional standards to transpose clarified ISA</i></p>  |            |         |                 |                |          |

| #   | Start Date | Actions  | Completion Date | Responsibility         | Resource  |
|---|------------|--|-----------------|------------------------|---|
| 1.  | May 2011   | In 2011, a project was initiated to revise the national professional standards in Austria in order to implement clarified ISA.   | Pending         | KWT Board              | KWT Expert Committee for Company law and Auditing (Fachsenat für Unternehmensrecht und Revision)                        |
| <i>Maintaining Ongoing Processes</i>                  |            |  |                 |                        |   |
| 2.  | Ongoing    | Information for members of iwp in its periodical member journal (iwp-Journal) about changes in ISAs, IASs and other papers of IAASB.   | Ongoing         | iwp Board              | iwp staff   |
| 3.  | Ongoing    | Educational information for members of iwp in its periodical member journal (iwp-Journal) about basic principles and essential procedures of ISAs and IASs and other papers of IAASB.  | Ongoing         | iwp Board              | Selected authors  |
| 4.  | Ongoing    | Offer of regular training events on ISAs qualifying as Continuous Professional Development activities, with an increasing focus on ISAs, by iwp and KWT (via its Academy of Public Accountants (Akademie der Wirtschaftstreuhänder). | Ongoing         | iwp Board<br>KWT Board | KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder)<br>Secretariat of iwp<br>External lecturers    |
| 5.  | Ongoing    | Publication of expert opinions (professional standards) on the basis of ISAs.  | Ongoing         | iwp Board<br>KWT Board | iwp Working Parties<br>KWT Expert Committee for Company Law and Auditing (Fachsenat für Unternehmensrecht und Revision) |
| <i>Review of KWT and iwp's Compliance Information</i> |            |  |                 |                        |   |

| <b>#</b> | <b>Start Date</b> | <b>Actions</b>   | <b>Completion Date</b> | <b>Responsibility</b>   | <b>Resource</b>                               |
|----------|-------------------|--|------------------------|-------------------------|---|
| 6.       | Annually          | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program). | July 2011              | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp) |

**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></p> <p>Legislation:<br/>           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 Business Code;</li> <li>- section 82 of Public Accountant’s Statute of Professional Practice (Wirtschaftstreuhänderberufsgesetz, WTBG); and</li> <li>- specific regulations in several other laws (especially for financial institutions, insurance companies, pension funds etc).</li> </ul> <p>In 2005, most of the legal regulations on independence were amended to achieve convergence with the European Union (EU) recommendation on independence.</p> <p>In 2008, amendments to sections 270 et. seq. of the Austrian Business Code were issued for the purpose of transposing EC-Directive 2006/43/EC in national law with respect to rules on the independence of auditors of statutory financial statements. Representatives of the iwv participated in the discussions about the amendments and supported amendments to achieve convergence with the EU recommendation on independence. To a great extent, the EU recommendation is in conformity with the regulations on independence in the IESBA Code of Ethics.</p> <p>Taken as a whole, the independence rules of sections 270 et. seq. of the Austrian Commercial Code) (eg the requirements for auditor’s rotation and the prohibition of specific non-audit services within networks) are, in some respect, more stringent than the EU recommendation on independence or the IESBA Code.</p> <p>Professional standards:<br/>           In December 2009, iwv published a guidance (IWP/PE 20) addressing specific practical issues with regard to the independence rules of sections 270 et. seq. of the Austrian Business Code.</p> |            |         |                 |                |          |

| #   | Start Date | Actions  | Completion Date | Responsibility          | Resource   |
|---|------------|--|-----------------|-------------------------|--|
| <i>Maintaining Ongoing Processes</i>                  |            |  |                 |                         |  |
| 1.  | Ongoing    | Offer of training events on independence rules qualifying as Continuous Professional Development activities by iwp and KWT (via its Academy of Public Accountants (Akademie der Wirtschaftstreuhänder)). | Ongoing         | iwp Board<br>KWT Board  | KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder)<br>Secretariat of iwp<br>External lecturers |
| 2.  | 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  |
| <i>Review of KWT and iwp's Compliance Information</i> |            |  |                 |                         |  |
| 3.  | Annually   | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program).   | July 2011       | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp)  |

**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>   |            |  |                 |                         |   |
| In Austria, public sector accounting standards are regulated by law and thus are the responsibility of the legislator (parliament). Up to date these accounting standards are based on cash-based accounting and do not comply International Public Sector Accounting Standards (IPSAS). Nevertheless KWT and iwp promote IPSASB pronouncement to their members. |            |  |                 |                         |   |
| <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. | Ongoing         | iwp Board               | iwp staff                                     |
| <i>Review of KWT and iwp's Compliance Information</i>  |            |  |                 |                         |   |
| 2.   | Annually   | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program).           | July 2011       | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp) |

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

| #   | Start Date | Actions  | Completion Date | Responsibility          | Resource  |
|---|------------|--|-----------------|-------------------------|---|
| <p><i>Background:</i></p> <p>In Austria legal regulations for investigating and disciplining members for misconduct, including regulations against breaches of professional standards exist which authorize</p> <ul style="list-style-type: none"> <li>- KWT (for its members) and</li> <li>- AeQ (for auditors of statutory financial statements registered by the Austrian Auditors Supervisory Authority (Qualitätskontrollbehörde, QKB))</li> </ul> <p>to impose specified sanctions. Iwp has equivalent regulations in its statutes.</p> |            |  |                 |                         |   |
| <p><i>Maintaining Ongoing Processes</i></p>   |            |  |                 |                         |   |
| 1.  | Ongoing    | System for disciplinary proceedings with Disciplinary Board and Higher Disciplinary Board.                               | Ongoing         | KWT                     | Disciplinary Board<br>Higher Disciplinary Board |
| 2.  | Ongoing    | System for disciplinary proceedings with Disciplinary Board and Higher Disciplinary Board.                               | Ongoing         | iwp                     | Disciplinary Board                              |
| 3.  | Ongoing    | Measures in case of non-compliance with regulations of the Audit Quality Assurance Act.                                  | Ongoing         | AeQ                     | AeQ   |
| <p><i>Review of KWT and iwp's Compliance Information</i></p>  |            |  |                 |                         |   |
| 4.  | Annually   | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program). | July 2011       | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp)   |

**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>In June 2002, the European Union adopted an <a href="#">IAS (International Accounting Standards) Regulation</a> requiring European companies listed in 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. The Austrian parliament amended the Austrian Commercial Code (UGB) in 1999 to allow all Austrian companies to use International Financial Reporting Standards (IFRSs) in their consolidated financial statements in anticipation of the harmonization of accounting practices in the European Union (EU).</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 KWT.  | Ongoing         | iwp Board<br>KWT Board | KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder)<br>Secretariat of iwp<br>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         | iwp Board<br>KWT Board | Selected representatives   |

| #   | Start Date | Actions  | Completion Date | Responsibility          | Resource                                      |
|---|------------|--|-----------------|-------------------------|---|
| <i>Review of KWT and Iwp's Compliance Information</i> |            |  |                 |                         |   |
| 4.  | Annually   | Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 2 of the Compliance Program). | July 2011       | KWT Board and iwp Board | IFAC Task Force (Joint Working Party KWT/iwp) |