

## **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/about-ifac/membership/compliance-program/compliance-responses>

### **Use of Information**

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

## **ACTION PLAN**

<b>IFAC Members:</b>	Kammer der Wirtschaftstreuhänder (KWT) / Institut Österreichischer Wirtschaftsprüfer (iwp)
<b>Approved by Governing Bodies:</b>	Executive Board of KWT / Executive Board of iwp
<b>Date Approved:</b>	June 2015
<b>Last Updated:</b>	December 2015
<b>Next Update:</b>	December 2017

## **GLOSSARY**

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

### **GENERAL COMMENT:**

*This Action Plan 2015 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).*

**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

**Background:**

Legislation:

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. The system of Quality Assurance is overviewed by the Quality Assurance Authority "Qualitätskontrollbehörde" (QKB), which is independent from the profession.

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. Furthermore, amendments of the Audit Quality Assurance Act (A-QSG) were published after the repeal of some parts of the law by the Constitutional Court of Austria ("Verfassungsgerichtshof").

In 2015 the ministry responsible for this part of legislation for the profession (Federal Ministry of Science, Research and Economy) started its work for the transposition of new European Union (EU) audit legislation (EU Directive 2014/56/EU and EU Regulation No 537/2014). The amended legislation is supposed to result in significant changes for auditors of Public Interest Entities (PIEs).

National professional standard on Quality Assurance:

In 1999, *Institut Österreichischer Wirtschaftsprüfer (iwp)* published a national professional standard on Quality Assurance (IWP/PG 7), which was revised in 2003. Since May 2011, the standard is reflecting the requirements of ISQC 1 and ISA 220. In 2014, minor further amendments were made to reflect changes resulting from the project for the revision of national professional standards in Austria to require the application of ISA 200 – 810 via direct reference (see actions to SMO 3).

Practice Guidance:

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. After the revision of IWP/PG 7 in May 2011, the handbook has been updated as well to reflect the requirements of ISQC 1 and ISA 220 in September 2012.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Update of the Guidance for the Application of Standards on Quality Assurance in Practice</i>					
1.	2014/2015	Update of iwp-Guidance for the application of standards on Quality Assurance in practice as a result of the revision of professional standards in Austria to require the application of ISA 200 – 810 via direct reference.	Scheduled 2015/16	iwp	
<i>Maintaining Ongoing Processes (Member Notification, Education and Promotion Activities)</i>					
2.	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
3.	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
4.	Ongoing	Offer of continuous professional development trainings on Quality Assurance Standards and its application in practice.	Ongoing	iwp Board KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) and External Lecturers
5.	Ongoing	Offer of educational and continuous professional development trainings for Quality Assurance Reviewers.	Ongoing	iwp Board KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) and External Lecturers
<i>Review of KWT 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).	June 2015	KWT Board 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 Pronouncements issued by the IAESB  
**Action Plan Objective:** Ongoing efforts to adhere to International Education Standards for Professional Accountants and other IAESB Guidance

**Background:**

Both the requirements for Education and Continuous Professional Development are regulated by law and thus are the responsibility of the legislator (parliament).

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 Quality Assurance 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.

In January 2012, KWT amended its Directive on the practice of the public accounting professions (section 3 WT-ARL) and introduced more detailed regulations on Continuous Professional Development for its members. The regulations include disciplinary sanctions, aspects of oversight by QKB and AeQ over this requirement, and comply with International Education Standards (IES).

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.

Overall, KWT and iwp would like to point out that current education IPD (Initial Professional Development) and CPD (Continuous Professional Development) requirements are in line with the IESs. CPD is based on an "input-oriented" approach in line with IES 7. Tax consultants and auditors are required by law (WTBG - Wirtschaftstreuhänderberufsgesetz) to prove at least 120 hours of continuing education over a period of 3 years with a minimum 30 hours of continuing education every year. The amount of CPD is checked by KWT via an online database into which the professional has to report his CPD hours. KWT may also request attendance confirmations from the professionals. This monitoring system is enforced by disciplinary sanctions (in the form of monetary fines).

No relevant developments in the period 2013–2015.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuous Professional Development and Information</i>					
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 KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) Secretariat of iwp External Lecturers

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
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	KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) External Lecturers
<i>Review of KWT and Iwp's Compliance Information</i>					
4.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	KWT Board and iwp Board	IFAC Task Force (Joint Working Party KWT/iwp)

**Action Plan Subject:** SMO 3–International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Ongoing efforts to adopt and implement ISAs and other IAASB Pronouncements in Austria

**Background:**

In Austria the requirements for the performance of audits are regulated by national law, the Austrian Company Code (Unternehmensgesetzbuch, UGB). Further guidance is provided by expert opinions (professional standards) issued by KWT and iwp. KWT and iwp do not have a **legislative** 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 iwp are also accepted as professional standards.

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.

In 2008 the legal framework for the performance of audits in the Austrian Company Code was amended for the purpose of transposing EC-Directive 2006/43/EC into national law; 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.

In October 2009 KWT and iwp consulted representatives of the Ministry of Justice with regard to its comment letter to the EU-consultation on the Adoption of ISAs in the EU and thereby promoted the endorsement of ISAs again.

Until the end of 2010 (the completion of the project) representatives of iwp participated 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. Currently iwp is involved again in the translation of ISA 610 (revised 2013).

In March 2014, the project for the revision of national professional standards in Austria by the KWT Expert Committee for Company law and Auditing (Fachsenat für Unternehmensrecht und Revision) to require the application of ISA 200 – 810 via direct reference was completed. This new requirement is effective for audits of financial statements for periods ending after June 30, 2016.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	Information for members of iwp in its periodical member journal (iwp-Journal) about changes in ISAs and other papers of IAASB.	Ongoing	iwp Board	iwp 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. Iwp and KWT (as main contractor) are about to conclude a sublicensing agreement with German IDW for sublicensing German Translations of ISA.	Ongoing	iwp Board	Representatives

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
3.	November 2014	Comprehensive training program with special aspects of the application of ISAs ("ISA-fit Training").	Ongoing	iwp Board KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) and External Lecturers
<i>Review of KWT and Iwp's Compliance Information</i>					
4.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	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

**Background:**

Legislation:

In Austria the regulations on professional conduct (Code of Ethics) for auditors are part of the legal regulations for the profession, especially:

- sections 270 et. seq. of the Austrian Company Code,
- section 82 of Public Accountant’s Statute of Professional Practice (Wirtschaftstreuhandberufsgesetz, WTBG), and
- specific regulations in several other laws (especially for financial institutions, insurance companies, pension funds etc).

In 2005, most of the legal regulations on independence were amended to achieve convergence with the European Union (EU) recommendation on independence.

In 2008, amendments to sections 270 et. seq. of the Austrian Company Code were issued for the purpose of transposing EC-Directive 2006/43/EC into national law with respect to rules on the independence of auditors of statutory financial statements. Representatives of KWT and iwp participated in the discussions about the amendments and supported amendments to achieve convergence with the EU recommendation on independence.

Taken as a whole, independence rules of sections 270 et. seq. of the Austrian Company Code) (e.g. 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.

In 2015, the ministry responsible for this part of legislation for the profession (Federal Ministry of Justice) started its work for the transposition of new European Union (EU) audit legislation (EU Directive 2014/56/EU and EU Regulation No 537/2014). The amended legislation is supposed to result in significant changes for auditors of Public Interest Entities (PIEs).

Professional standards:

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 Company Code.

Summing up, the current Austrian standards are equivalent to the Code of Ethics, even though the Code of Ethics itself is not applicable in Austria on a mandatory basis. On the basis of the existing standards Austria is to be considered as de facto compliant with the Code of Ethics.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
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

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of KWT and Iwp's Compliance Information</i>					
2.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	KWT Board and iwp Board	IFAC Task Force (Joint Working Party KWT/iwp)

**Action Plan Subject:** SMO 5–International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Activities to promote IPSASB Pronouncements

<b>Background:</b>					
<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 public sector accounting rules are based on accrual accounting, but do not have any reference to International Public Sector Accounting Standards (IPSAS). Nevertheless KWT and iwp promote IPSASB pronouncement to their members.</p> <p>KWT and iwp promote the IPSAS standards for public-sector accounting. Public-sector accounting is gradually developing in the direction of private sector accounting; recently there has been a change from cash-based accounting to accruals based accounting for large areas of the public sector based on individually created accounting standards. Unfortunately, any introduction of IPSAS is no realistic scenario in the near future. It is outside of the influence of KWT and iwp and is within the exclusive jurisdiction of the Austrian parliament.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<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.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	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

<b>Background:</b>					
<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>- KWT (for its members), and</li> <li>- AeQ (for auditors of statutory financial statements registered by the Austrian Quality Assurance Authority ("Qualitätskontrollbehörde," QKB))</li> </ul> <p>to impose specified sanctions.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Maintaining Ongoing Processes</i>					
1.	Ongoing	System for disciplinary proceedings with Disciplinary Board.	Ongoing	KWT	Disciplinary Board
2.	Ongoing	System for disciplinary proceedings with 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
<i>Review of KWT and Iwp's Compliance Information</i>					
4.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	KWT Board and iwp Board	IFAC Task Force (Joint Working Party KWT/iwp)

**Action Plan Subject:** SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB  
**Action Plan Objective:** Ongoing support of adoption and implementation of International Financial Reporting Standards

<b>Background:</b>					
<p>In June 2002, the European Union adopted an IAS (International Accounting Standards) Regulation 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 Company 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>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<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 KWT Board	KWT's Academy of Public Accountants (Akademie der Wirtschaftstreuhänder) 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	iwp Board KWT Board	Selected Representatives
<i>Review of KWT and Iwp's Compliance Information</i>					
4.	Biannually	Review and update of responses to the IFAC compliance self-assessment questionnaires (Part 1, 2 and 3 of the Compliance Program).	June 2015	KWT Board and iwp Board	IFAC Task Force (Joint Working Party KWT/iwp)