

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² 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 fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

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

IFAC Member:	EXPERTsuisse - Swiss Expert Association for Audit, Tax and Fiduciary
Original Publish Date:	April 2010
Last Updated:	October 2019
Next Update:	October 2023

¹ *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.

² *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

CPD	Continuing Professional Development
FAOA	Federal Audit Oversight Authority
IAESB	International Accounting Education Standards Board
IESBAs	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
IPSASs	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
SMPs	Small- and Medium-Practices
Swiss GAAP FER	Fachempfehlungen der Rechnungslegung, Generally Accepted Accounting Principles in Switzerland
US GAAP	US Generally Accepted Accounting Principles
US GAASs	US Generally Accepted Auditing Standards
IPSASs	International Public Sector Accounting Standards
SMEs	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.

Background:

Quality assurance (QA) is one of the top priorities of EXPERTsuisse. EXPERTsuisse has set quality assurance guidelines for all member categories; these are incorporated in the EXPERTsuisse Professional and Ethics rules (“Standes- und Berufsregeln”). These rules have been modified lately as per decision by the annual general meeting of EXPERTsuisse.

For audit, assurance and assurance-related services EXPERTsuisse has specified its quality control guidelines by adopting ISQC1 (in the EXPERTsuisse professional announcements called “QS1”).

In general, audit firms performing audits and related services under Swiss Law are obliged to have a quality control system in place. The FAOA has ruled in this respect that QS1 has to be applied.

For sole practitioners (i.e. audit firms, in which only one individual holds a license by the FAOA) national law prescribed a transitional period for implementing quality control procedures. This transitional period ended Sept 1, 2017. As of this date sole practitioners have to engage outside professionals for quality control / peer review procedures.

Audit firms are required to have a license granted by the FAOA. License renewal is at least every 5th year, while audit firms with a license to perform audits of financial statements of public interest entities are subject to FAOA inspections at least once during a three-year term. Apart, investigations on an ad-hoc basis are initiated by FAOA (or the ethics commission of EXPERTsuisse) in case of notifications/whistleblower information. EXPERTsuisse member firms are reviewed for compliance once in a five-year term or in case of notifications/whistleblower information. As such a mixed approach (cycle-based and risk-based) for selecting firms for QA review is used. System of FAOA is in compliance with requirements of SMO 1 (for instance, the EU Commission had decided to recognize the equivalence of the Swiss system of oversight for auditors and audit firms in 2011).

EXPERTsuisse is engaged in continuously offering guidance and helpful resources for quality control for Small- and Medium-Practices (SMP) as well as sole practitioners. In this respect, EXPERTsuisse has issued an electronic Guide to Quality Control in SMPs in 2013, which in 2016 has been updated and since then includes further guidance for sole practitioners in implementing QS 1 and dealing with issues such as consultation, engagement quality control review or monitoring.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Establishing and maintaining (Separate and Stand-Alone) Quality Control Standards and Guidance for all member categories (auditors, accountants, tax experts, fiduciary experts). For auditors ISQC 1 / QS 1 is applicable. For other member categories the Professional and Ethics rules (“Standes- und Berufsregeln”) set the tone for quality control. All member firms (as well as individual members) have to adhere to certain membership obligations (e.g. repute, insurance coverage, capital requirements, continuous professional development), which are described as “EXPERTsuisse House of Quality”.</i>					
1.	2008	Provide training courses in quality control, general management techniques, human resource management and ethics.	Ongoing	Training Institute of EXPERTsuisse / SMP Working Party	

2.	Yearly	Yearly, all members have to declare their continuing professional development (CPD) via the EXPERTsuisse online declaration tool. Apart from checking whether minimum CPD requirements have been fulfilled, EXPERTsuisse compliance team is considering the substance of the CPD declared.	Ongoing	EXPERTsuisse compliance team	
3.	Once in a five-year term	Once in a five-year term, all member firms are reviewed whether they continuously follow the membership obligations. Failure to meet EXPERTsuisse membership obligations leads to sanctions (up to withdrawal of membership).	Ongoing	EXPERTsuisse compliance team / Ethics Committee	
4.	2017	Draft a guideline to assist member companies to implement quality control systems (for services other than audit and assurance) in accordance with the EXPERTsuisse Professional and Ethics rules ("Standes- und Berufsregeln").	March 2018	Technical Department	Technical Staff
<i>Maintaining a Quality Control / Peer Review System for Audit Firms and Single Practitioners in Cooperation with the Audit Oversight Authority</i>					
5.	2008	Maintain and improve mandatory quality assurance review program for audit firms performing audits of listed companies; continuous involvement of EXPERTsuisse with the Swiss Audit Oversight Authority.	Ongoing	FAOA, EXPERTsuisse	
6.	2008	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, President and management of EXPERTsuisse	Regular Meetings with FAOA (on political and technical level)
7.	2017	Design (and maintain) "tailored" QA / Peer Review procedures for all sole practitioners being either EXPERTsuisse member and/or having a license with the FAOA.	September 2017	SMP Competence Centre / FAOA	Technical Staff
<i>Maintaining Ongoing Processes</i>					
8.	Ongoing	Continue to support ongoing implementation of QA System.	Ongoing	Training institute / various working groups / compliance team of EXPERTsuisse	Technical Staff
9.	2007	Maintain and improve mandatory quality assurance review program for audit firms performing audits of listed companies; continuous involvement of EXPERTsuisse with the Swiss Audit Oversight Authority.	Ongoing	FAOA, EXPERTsuisse	Technical Staff

Action Plan Subject: SMO 2–International Education Standards for Professional Accountants and Other Pronouncements Issued by the IAESB
Action Plan Objective: Convergence with international pronouncements

Background:					
<p>In general, candidates to EXPERTsuisse membership are required to complete a program of professional accountancy education delivered by the Institute, and pass several years of practical experience and a final assessment. In addition, all EXPERTsuisse members have to follow 120 hours of Continuing Professional Development (CPD) over a two-year rolling period. Compliance with CPD requirements is monitored.</p> <p>The Federal Act on Vocational and Professional Education and Training and the Ordinance on Vocational and Professional Education and Training are the legal basis for the initial professional development (IPD). EXPERTsuisse, as the sole provider of IPD, is in regular contact with the State Secretariat for Education, Research and Innovation in order to make sure constant compliance of its IPD with Swiss regulation. Apart, EXPERTsuisse is monitoring the requirements of International Education Standards (IES) and thus also ensuring compliance with these standards.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continuing to Using Best Endeavors to Ensure Compliance with International Requirements</i>					
10.	Ongoing	Ensure that national education and training requirements are in accordance with international developments.	Ongoing	Training Institute of EXPERTsuisse	Training Institute of EXPERTsuisse
11.	Ongoing	Review current requirements for auditor's education against new developments and monitor the education and examination process.	Ongoing	Training Institute / Examination Board	Training Institute of EXPERTsuisse; Examination Board
12.	Beginning of 2012	Establish an online CPD monitoring. From 2013 onwards EXPERTsuisse members are obliged to feed data on their training activity into their personal electronic account. EXPERTsuisse monitors members' training activity and sample-checks evidence for trainings reported.	Completed in 2013 / Ongoing	General Management of EXPERTsuisse	Online declaration account
13.	Ongoing	Comparison of CPD with IES and implement adaption where and when necessary	Ongoing	General Management of EXPERTsuisse	CPD Directive 2017 / Guideline for education of auditors

14.	2017/2018	<p>EXPERTsuisse has updated its Continuing Professional Education Directive (“Richtlinien zur Weiterbildung”) to give more room for intellectual, interpersonal, communication and organizational skills to be trained. Furthermore, online courses / web-based trainings are now counting for the minimum CPD, in case these courses are output-based. During the update of the CPD Directive of EXPERTsuisse it has also been thoroughly reviewed that internal guidelines (curriculum and instructions to lecturers) for IPD are fully in line with IES, as it is noteworthy that legal requirements do not itself incorporate IES.</p>	2017	General Management of EXPERTsuisse	CPD Directive / IPD course materials and guidelines for
15.	2017	<p>The State Secretariat for Education, Research and Innovation (SERI) is implementing the National Qualifications Framework for Vocational and Professional Qualifications (NQF VPQ). This framework allows comparing different diploma received in the country with those available abroad. EXPERTsuisse is proud that the Swiss Certified Auditor has been awarded the highest ranking within the NQF VPQ (level 8).</p>	End of 2017	General Management of EXPERTsuisse	www.sbfi.admin.ch

Action Plan Subject: SMO 3–International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Convergence with IAASB pronouncements

Background:

EXPERTsuisse 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 (add-ons) for Swiss-specific issues. EXPERTsuisse 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). French translations are coordinated with the Belgian and French profession. The Swiss Code of Obligations in conjunction with regulation by the Swiss Stock Exchange are obliged to prepare consolidated financial statements applying Swiss GAAP FER, IFRS or US GAAP (depending on the segment of listing). In this segment, the original ISAs in their latest version are applied (as per regulation by the Audit Regulator), while for full scope audits outside the listed/PIE segment the Swiss Audit Standard do apply, which are an adoption of the ISAs in an ongoing manner. Currently, the latest ISAs are in the process of being translated.

Especially for national particularities EXPERTsuisse issues – apart from audit standards – so-called audit recommendations, which are not binding standards and do not represent add-ons or modifications to ISAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Setting National Audit Standards and Guidance in Areas Without Adequate IAASB Pronouncements</i>					
16.	Ongoing	Incorporate all revised and redrafted ISAs into national audit standards.	Ongoing	Audit Working Party / Steering Committee ISA / Training Institute of EXPERTsuisse	Swiss Standards on Auditing ("PS")
17.	2014	Implementation of new auditor's reporting in line with ISA 701 ("RAB-Rundschreiben 1/2015"; Q&A on Key Audit Matters)	Completed end of 2016	Audit Working Party / Council of EXPERTsuisse	Q&As, issued in a access-restricted area on the website of EXPERTsuisse
18.	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
19.	Ongoing	Prepare "Q&A" (Questions and answers) papers in areas, where there are interpretation issues and open questions.	Ongoing	Audit Working Party	Q&As, issued on the website of EXPERTsuisse

20.	2017	Prepare an audit standard for compliance management systems.	to be completed in 2018.	Audit Working Party	Swiss Auditing Standard 980
21.	Ongoing	Swiss Handbook on Auditing ("Schweizer Handbuch der Wirtschaftsprüfung") - Monitor further developments in audit and accounting and prepare and publish updated handbook / separate volumes. Volumes "Ordentliche Revision" and "Finanzmarkt" have been published in 2017. Currently, the update of the volume "Andere Prüfungen" (Other Assurance Services) is being prepared for publication in 2019.	Ongoing	All Working Parties / Drafting Committee of EXPERTsuisse	Technical Staff
22.	2018	Adapt Swiss Auditing Standard 950 to the revised ISAE 3000 (dependent on the availability of German/French translations).	2020	Audit Working Party	Swiss Audit Standard 950
23.	Ongoing	Incorporate revised ISAs and other pronouncements of the IAASB into national auditing standards.	Ongoing	Audit Working Party	Technical Staff

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

Background:					
<p>EXPERTsuisse adopts ethical requirements for its members. The EXPERTsuisse requirements are based on the 2016 IESBA Code of Ethics. The requirements are laid out in the EXPERTsuisse Standes- und Berufsregeln (General Regulation on Ethics) and the Richtlinien zur Unabhängigkeit (Independence Directive).</p> <p>Swiss law (Swiss Code of Obligations and the Federal Act on the Licensing and Oversight of Auditors) includes general and specific independence requirements for professional accountants in Switzerland. These requirements are aligned with the IESBA requirements and in certain aspects even go further than IESBA requirements.</p> <p>In this context, EXPERTsuisse has a joint responsibility in this area.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Updating EXPERTsuisse's Independence Directive</i>					
24.	2018	Following the recent 2017 update of EXPERTsuisse's independence directive ("Richtlinien zur Unabhängigkeit") in order to reflect latest national regulatory developments, EXPERTsuisse is currently again updating its directive, this time in order to include latest amendments to the IESBA Code of Ethics (version April 2018).	2020	Legal working party and project team / approval by Council of EXPERTsuisse	
25.	Ongoing	Maintain a hotline for EXPERTsuisse members for questions regarding independence and related matters.	Ongoing	EXPERTsuisse	Technical Staff
<i>Assisting with the Implementation of the Standards</i>					
26.	Ongoing	Continuous discussion of ethical standards with the FAOA; provide CPD in ethics and independence topics.	Ongoing	Training Institute of EXPERTsuisse; FAOA	Training Institute of EXPERTsuisse; Technical Staff; Independence directive

Action Plan Subject: SMO 5—International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Liaison with the Swiss public sector accounting standards board

Background:					
Public sector accounting in Switzerland is very advanced and mature. 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).					
#	Start Date	Actions	Completion Date	Responsibility	Resource
27.	Ongoing	Liaison with the Swiss public sector accounting standards board.	Ongoing	EXPERTsuisse has a seat in the Swiss Public-Sector Accounting Standards Board	
28.	Ongoing	<p>Prepared and established guidance ("Prüfungshinweis PH 60") for practitioners being engaged in auditing public sector financial statements.</p> <p>After issuance of PH 60 in 2016, EXPERTsuisse - via its Public-Sector Sub-Committee - is actively engaged in achieving harmonization of public sector auditing rules, which are very diverse in the various Swiss cantons.</p> <p>In the meantime the Canton of Ticino has accepted PH 60 and declared that this audit recommendation has to be universally applied in Ticino by all auditors (regardless of any membership with EXPERTsuisse).</p>	2018	Public Sector Sub-Committee	Technical Staff

Action Plan Subject: SMO 6—Investigation and Discipline
Action Plan Objective: Enforcement of membership obligations and professional requirements

Background:					
<p>FAOA has the responsibility for the investigation and discipline process for the entire profession. EXPERTsuisse is having its own responsibility in this area for its members, while membership with EXPERTsuisse is voluntary. A Professional Ethics Committee (“<i>Standeskommission</i>”) is operating independently outside of EXPERTsuisse’s structure and carries out investigations (i.e. whether members of EXPERTsuisse have followed their duties imposed on them by EXPERTsuisse’s membership obligations (“<i>Standes- und Berufsregeln</i>”). Both systems in place are “complaints-based” as well as “information-based”. The Investigation and Discipline functions in Switzerland fully comply with SMO 6 requirements.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Enforcing Membership Obligations</i>					
29.	Ongoing	Regular checks of individual and firm members, whether they are in compliance with the membership obligations of the Institute.	Ongoing	Compliance team / Membership Committee (“ <i>Mitgliedschaftskommission</i> ”)	Staff of the Institute
30.	Ongoing	Comprehensive assessment of the compliance of individual members with the continuing education requirements based on the online declaration (online CPD monitoring).	Ongoing	Staff of the Institute	Staff of the Institute
31.	Ongoing	Investigate whenever there are indications for individual failure by EXPERTsuisse members.	Ongoing	Fact-finding commission (“ <i>Untersuchungskommission</i> ”) of EXPERTsuisse; EXPERTsuisse’s tribunal with members totally independent of the profession	Staff of the Institute
32.	Ongoing	Sanctions against EXPERTsuisse members in case of failure to follow membership obligations (up to expulsion).	Ongoing	Tribunal with members totally independent of the profession	Tribunal

Action Plan Subject: SMO 7–International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Liaison with national standard setting bodies and governmental agencies

Background:					
<p>IFRS have a long history in Switzerland. Already in the 1980s, Swiss Companies voluntarily adopted International Accounting Standards (IAS) for their group reportings. 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 alternatively allowed to apply Swiss GAAP FER (“<i>Fachempfehlungen zur Rechnungslegung</i>”, Swiss Generally Accepted Accounting Principles) for their reporting. Swiss GAAP FER standards are true and fair view accounting standards prepared by an independent private standard-setter in Switzerland (“<i>Kommission für Fachempfehlungen der Rechnungslegung</i>“ or FER Commission). In the 1980s, EXPERTsuisse was involved in the establishment of a foundation as a legal basis for this nowadays highly reputed standard-setter.</p>					
#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Promoting IFRS in Switzerland</i>					
33.	Ongoing	Meetings with SIX Swiss Exchange, which requires IFRS / US-GAAP for a listing in the main segment.	Ongoing	Accounting Working Party	Regular Meetings
34.	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	General Management of EXPERTsuisse	EXPERTsuisse
35.	Ongoing	Organize regular seminars in IFRS and related areas (audit of IFRS accounts, consolidation, etc.) via the EXPERTsuisse training institute.	Ongoing	Training Institute of EXPERTsuisse	Training Institute of EXPERTsuisse
36.	Ongoing	Observe developments in IFRS and other accounting frameworks and participate in interpretation discussions; issue articles in the monthly periodical Expert Focus, if and when necessary to establish a common understanding of IFRS and / or other accounting standards.	Ongoing	Accounting Working Party, other EXPERTsuisse Working Parties	Monthly Periodical "EXPERT FOCUS"
37.	Ongoing	Incorporate new developments and changes in the Swiss Handbook on Auditing, volume “Buchführung und Rechnungslegung” (“Schweizer Handbuch der Wirtschaftsprüfung”).	Ongoing	All Working Parties of EXPERTsuisse	Staff of the Institute

Oct 6, 2019

Joseph Bryson
Director, Quality & Development
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017
USA

Letter to Confirm Institutional Support for the SMO Action Plan

Dear Mr. Bryson,

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

On behalf of the leadership of the EXPERTsuisse, 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,



Peter Ritter
President EXPERTsuisse