

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 adoption and implementation 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 IFAC Member Compliance Program website.

ACTION PLAN

IFAC Member:	Federation of CPA Associations of Chinese Taiwan (FCPAACT)
Original Publish Date:	September 2010
Last Updated:	October 2020
Next Update:	October 2022

Action Plan Subject: SMO 1-Quality Assurance

Action Plan Objective: Develop and Improve Quality Assurance Review System in line with SMO 1 requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO1 9 (c)): Shared responsibility with government, regulators, or other appointed authorities.)</i></p> <p>In accordance with the Certified Public Accountants (CPA) Act¹, the FCPAACT organizes the Peer Review Committee to conduct Quality Assurance (QA) practice reviews on individual members and firms that provide attestation services. The CPA firm conducting the auditing and attesting service on financial reports of public companies shall participate in the regularly scheduled peer reviews held by FCPAACT in terms of Article 8 of Regulations Governing Approval of Certified Public Accountants to Audit and attest to the Financial Reports of Public Companies..</p> <p>According to the QA Review Guidelines which are primarily modified in line with the ISA 220 and ISQC 1, respectively and other relevant regulations and standards),each public company auditor who is approved by the Securities & Future Bureau (SFB) should be reviewed by the Peer Review Committee once every five years. The QA conducted by the FCPAACT is for self-discipline purposes and be monitored by the Financial Supervisory Commission (FSC)</p> <p>FSC, the competent authority for public oversight function, has conducted a separate process for QA, and it determines the inspection focus and case selection annually which are in accordance with GAAS #46, risk-oriented and depend on the current situations. FSC may dispatch personnel to inspect the operations and operations related to the financial status of a public company auditor under CPA Act #19.</p>					
Establish QA standards & pronouncements					
1.	2007	The quality assurance standards & pronouncements were issued and activated (Quality Control for Audits of Historical Financial Information and, which are primarily modified in line with the ISA 220 and ISQC 1, respectively)	July 1, 2009 Completed	ARDF	ARDF

¹ The Certified Public Accountants Act provides the basic framework for the audit profession. It includes the scope of services to be provided by Certified Public Accountants (CPA), requirements for CPA qualification and practice, duties and responsibilities of CPAs, the disciplinary and sanctions applicable to CPAs, establishment of accounting firms, roles and organization of the FCPAACT, and roles of the regulatory competent authority. The CPA Act grants the FSC the authority to oversee CPAs, CPA firms, and the FCPAACT.

<i>Maintaining Ongoing Processes</i>					
2	Ongoing	Organize PRC in accordance with By-Law of FCPAACT and organize representatives from local CPAs, academics, and experts in CPA profession to execute inspection and practice review. PRC constitutes of 31~71 members.	Ongoing	PRC	PRC
3	Ongoing	Enact the QA Review Regulation and Guidelines as well as perform periodic review of QA Review Guidelines	Ongoing	PRC	PRC
4.	Ongoing	Perform a review of the Quality Assurance practice review program, which confirms the quality reviewers follow procedures that are based on QA Review Regulation and Guidelines as well as confirming the quality reviewers document the matters providing evidence supporting the quality assurance review reports..	Ongoing	PRC	PRC
5	Ongoing	<p>Complete and issue written quality assurance review reports to the reviewed members and firms. Each reviewed firm was drawn at least 5 cases including public companies which were more than 50% and private companies.</p> <p>The latest five-year number of members and firms of all accountancy bodies accredited to provide attestation services for public held companies reviewed:</p> <p>2015 fiscal year:11 2016 fiscal year:9 2017 fiscal year:10 2018 fiscal year:21 2019 fiscal year:14</p>	Annually	PRC	PRC

6	Ongoing	Follow up the improvements of the reviewed members and firms as well as report to FSC. Also prepare to process the review of the members and firms of all accountancy bodies accredited to provide attest services for public companies	Ongoing	PRC	PRC
7	Ongoing	<p>Issue an annual CPA firms General Inspection Report through FSC website.</p> <p>Commenced CPA firm inspection activities in 2009. Successfully performed the cycle of inspections on all big-four CPA firms three times and 22 medium/small CPA firms up to 2018.</p> <p>The latest five-year number of CPA firms inspections conducted by FSC:</p> <p>2014 fiscal year:3 2015 fiscal year:4 2016 fiscal year:4 2017 fiscal year:3 <u>2018 fiscal year:4</u></p>	Annually	FSC	
8	Ongoing	Continue to ensure the QA review system is linked to the Investigation and Discipline system regarding Article 19 of Certified Public Accountants Act and Article 8 & 10 of Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies.	Ongoing	FSC	FSC

9	Ongoing	Provide CPD programs related to quality control policies and procedures in CPA's practice and the analysis of the common audit deficiencies to CPAs.	Ongoing	PRC PEC	PRC PEC
<i>Review of FCPAACT Compliance Information</i>					
10	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 1 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	PRC	PRC

Table to conduct assessment for SMO 1

Requirements	Y	N	Partially	Comments
Scope of the System				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	✓			
Quality Control Standards and Other Quality Control Guidance				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	✓			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	✓			
4. Member Body assists firms in understanding the objectives of quality control and in	✓			

Requirements	Y	N	Partially	Comments
implementing and maintaining appropriate systems of quality control.				
Review Cycle				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	✓			
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).			✓	

Requirements	Y	N	Partially	Comments
QA Review Team				
7. Independence of the QA Team is assessed and documented.	✓			
8. QA Team possesses appropriate levels of expertise.	✓			
Reporting				
9. Documentation of evidence supporting the quality control review report is required.	✓			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	✓			

Requirements	Y	N	Partially	Comments
Corrective and Disciplinary Actions				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	✓			
12. QA review system is linked to the Investigation and Discipline system.	✓			
Consideration of Public Oversight				
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.	✓			
Regular Review of Implementation and Effectiveness				
14. Regular reviews of implementation and effectiveness of the system are performed.	✓			

Action Plan Subject: SMO 2- International Education Standards for Professional Accountants and Other Pronouncements issued by the IAESB

Action Plan Objective: Continue to Use Best Endeavors to Ensure that all IESs Requirements are Incorporated into Educational Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO2 6. (c)): Shared responsibility with government, regulators, or other appointed authorities.)</i></p> <p>Educational entry and IPD requirements to sit for the CPA Examination allow entrance only to those with a reasonable chance of successfully completing the professional accounting education program, while not representing excessive barriers to entry. Persons must graduate from universities/college or higher and major in accounting (or study at least seven professional subjects more than 20 credits in total for whom not major in accounting related) before they take the CPA Examination which is held by the government.</p> <p>Persons who have passed the CPA Examination could apply for the admission as a member of FCPAACT. To qualify for a practicing member in the FCPAACT, one must possess a valid CPA certificate issued by FSC, establish or join a CPA firm, have practice experience before applying to FSC for practice registration, join the provincial or municipal certified public accountants association ("CPA association") and shall pursue continuing professional education (CPE).</p> <p>The requirements of the CPA Continuing Professional Development (CPD) are regulated in the CPA Act. The FSC is responsible for setting Regulations governing CPA CPE in and the FCPAACT is responsible for the implementation of the CPD. The CPD programs cover subjects related to CPA professional practice ranging from laws, regulations and practice of accounting, audit, taxation, professional ethics to anti-money laundering and countering the financing of terrorism.</p> <p>The auditors of public companies are expected to have no less than 40 hours of continuing professional education annually under the CPA Act and Regulations governing CPA CPE which is developed based on the actual condition of accountancy profession and provisions of International Education Standards (IES) issued by the International Accounting Education Standards Board (IAESB).</p> <p>FCPAACT is continuously engaged in efforts to improve regulations, standards, and policies aimed at meeting the requirements of IES</p>					
<p><i>Strengthening CPD Requirements and Establish a Comprehensive Monitoring Mechanism</i></p>					

11	July, 2008	Enacting "Regulations Governing CPA Pre-Professional Training and CPE" for the CPD training and courses as well as taking IES requirements into consideration.	Completed	FSC	FSC
12	Ongoing	Organize PEC in accordance with By-Law of FCPAACT. PEC constitutes of 11~51 members to handle the CPD related matters	Ongoing	PEC	PEC
<i>Maintaining Ongoing Processes</i>					
13	Ongoing	Ensure FCPAACT education requirements continue to incorporate all IES requirements. This includes the review of the existing requirements and the preparation of the Action Plan for the future activities where necessary.	Ongoing	PEC	PEC
14	Ongoing	Study the change of the latest edition of IESs, all revised IES requirements (especially IES 1 and 8 as noted from 2015) and take the main revisions into account, continue to use best endeavors to exchange views with stakeholders to better meeting the revised IES and hold the meetings to discuss the possible changes or proposed changes/revisions in the structure of IPD, CPD and <u>Regulations Governing CPA Continuing Professional Education</u> as appropriate.	Ongoing	PEC	PEC

15	Ongoing	Review IFAC Digest, Gateway and information regarding IAESB E-news. In addition, convey the important messages to Professional Education Committee for reference as a way to contribute to activities of the IAESB.	Ongoing	IAC	IAC
16	August, 2017	Continue to submit FCPAACT key education contact to IAESB and liaison with the IAESB in receiving updates on IAESB's activities, consultation information as well as requests for feedback or help with specific activities.	Ongoing	IAC	IAC
16-1	May, 2018	<ul style="list-style-type: none"> ● Participate in a group seminar regarding a project of accounting education revolution ● Assist in the relevant accounting education survey. ● Publish a project report "The revolution and creation of current local accounting education" in 2018 regarding the need to improve accountancy education in order to enhance professional accountants' competencies to meet market needs. The report pointed out the accounting education shall enhance communication skills, interdisciplinary integration, Information and Technology capacity, and accept new ways of thinking, etc. Besides, the report viewed the accounting education change would be continuous rather than revolutionary in the short term. ● Study the 2018 report and continue to observe whether there is any changes or proposed changes to the overall structure of IPD and consider to further discuss the possible change to the structure of CPD. 	Ongoing	TAA Industry Universities CPAs CPA associations Accounting firms PEC	TAA

17	Ongoing	Introduce necessary measures to discourage non-compliance of CPD, e.g. amending the by-law to suspend the practicing certificate or the membership of those who are unable to complete the CPD hours or to impose fines.	Ongoing	PEC	PEC
<i>Review of Compliance Information</i>					
18	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 2 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	PEC	PEC

Action Plan Subject: SMO 3- International Standards and other Pronouncements Issued by the IAASB
Action Plan Objective: Continue to Use Best Endeavors to Maintain an Ongoing Process to Adopt and Implement International Auditing and Assurance Standards Board (IAASB) Pronouncements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO3 6. (b)): No responsibility for the area covered by this SMO.)</i></p> <p>The Accounting Research and Development Foundation (ARDF) is an independent standard-setting body authorized by the Securities and Futures Bureau (SFB).</p> <p>Since 2008, the Auditing Standards are converged with the International Standard on Auditing (ISAs) and related pronouncements in accordance with the administrative order of the FSC. See reference table as Appendix A.</p> <p>The FCPAACT works in close cooperation with the ARDF on ISAs convergence and advocating on-going continuing convergence. To promote the adoption of the revised ISA, FCPAACT participates in the meetings of ARDF for the entire due process in setting standards. FCPAACT supports implementation of ISAs convergence through training, seminars, and updates of its CPD program. CPAs also have to adhere to <u>Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants</u> when they practice.</p> <p>In terms of Article 36 and 63 of Securities and Exchange Act, public companies and securities firms are required to have their financial statements audited. Besides public companies, the Company Act and Interpretative Rules require all companies (less than NT\$30 million of equity capital of companies, less than net operating revenue by 100 million or less than 100 employees joined labor insurance are exempted since 2019) to have their annual financial statements audited.</p>					
<i>Continuous Improvements to Program for Adoption and Implementation of IAASB Pronouncements</i>					

19	Before	Local standards are promulgated according to the spirit of ISAs and partially amended pursuant to ISAs.	Completed	ARDF	ARDF
	2008	Local Standards are converged with the International Standard on Auditing (ISAs) and related pronouncements	Ongoing		
20	Ongoing	Organize AAC in accordance with functional committee organizing principle of FCPAACT. AAC constitutes of 11~51 members to hand the accounting and auditing related matters.	Ongoing	AAC	AAC
21	Ongoing	Review pronouncements issued by the IAASB on an ongoing basis, with a view to implement and communicate to members and the public on any new developments as well as review all IAASB agenda materials and exposure drafts.	Ongoing	ARDF	ARDF
22	Ongoing	Incorporate all newly issued ISAs and practice statements by the IAASB into the FCPAACT CPD program as well as intensify communication initiatives to members and the public about the current ISAs that are in effect and to be used. Also, circulate updates to all members and offer relevant education courses.	Ongoing	PEC	PEC
23	Ongoing	PRC QA review would review whether the latest GAAS to be implemented,	Ongoing	PRC	PRC

24	Ongoing	Participate in International meetings and workshops to exchange Information and views on ISAs. <ul style="list-style-type: none">●	Ongoing	SFB	SFB
<i>Maintaining Ongoing Processes</i>					

25	Ongoing	Support ongoing adoption and implementation of IAASB pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	IAC	IAC
<i>Review of Compliance Information</i>					
26	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 3 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	IAC	IAC

Appendix A-Reference Table

Item	ISQC1&ISAs	
1	ISA 240(pre-clarity)	No.43 The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements (effective on Sep. 1, 2006)
2	<u>ISA 220</u> (pre-clarity)	<u>No.44</u> Quality Control for Audits of Historical Financial Information (effective on January, 1, 2008)
3	ISA 230	<u>No.45</u> Audit Documentation (effective on July 1, 2008)
4	ISQC 1	<u>No.46</u> Quality Control For Firms (effective on July, 1, 2009)
5	ISA 300	<u>No.47</u> Planning an Audit of Financial Statements (effective on January, 1, 2010)
6	ISA 315	<u>No.48</u> Identifying and Assessing the Risks of Material Misstatement Through Understanding the Entity and its Environment (effective on January, 1, 2012)
7	ISA 330	No.49 The Auditor's Responses to Assessed Risks (effective on January, 1, 2012)
8	ISA 520	<u>No.50</u> Analytical procedures (effective on January, 1, 2012)
9	ISA 320	<u>No.51</u> Materiality in Planning and Performing an Audit (effective on January, 1, 2012)
10	ISA 450	<u>NO.52</u> Evaluation of Misstatements Identified During the Audit (effective on January, 1, 2012)
11	ISA 500	NO.53 Audit Evidence (effective on July, 1, 2012)
12	ISA 600 & AU-C section 600	NO.54 Special Considerations-Audits of Group Financial Statements (effective on July 1, 2018)
13	ISA 560	No.55 Subsequent Events (effective on December 15, 2013)
14	ISA 540	No.56 Auditing Accounting Estimates and Related Disclosures (effective on January, 1, 2016)
15	ISA 700	NO.57 Forming an Opinion and Reporting on Financial Statements (effective on July 1, 2018)
16	ISA 701	No.58 Communicating Key Audit Matters in the Independent Auditor's Report(effective on July 1, 2018)
17	ISA 705	No.59 Modifications to the Opinion in the Independent Auditor's Report(effective on July 1, 2018)
18	ISA 706	No.60 Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report (effective on July 1, 2018)
19	ISA 570	No.61 Going Concern (effective on July 1, 2018)
20	ISA 260R	No.62 Communication with those charged with governance(effective on July 1, 2018)
21	ISA510	No.63 Initial Engagements-Opening Balances (effective on July 1, 2018)

22	ISA210	No.64 Agreeing The Terms of Audit Engagements (effective on July 1, 2018)
23	ISRE2410	No.65 Review of Interim Financial Information (effective on April 1, 2018)
24	ISA580	No.66 Written Representations (effective on July 1, 2018)
25	ISA550	No.67 Related Parties (effective on July 1, 2018)
26	ISA265	No.68 Communicating Deficiencies in Internal Control to Those Charged with Governance and Management (effective on January 1, 2019)
27	ISA505	No.69 External Confirmations (effective on January 1, 2019)
28	ISA501	No.70 Audit Evidence- Additional Considerations for Specific Items (effective on November 1, 2018)
29	ISA620	No.71 Using the work of an Auditor's Expert (<u>effective on July 1, 2019</u>)
30	ISA250R	No.72 Consideration of Laws and Regulations in an Audit of Financial Statements and Conforming Amendments (<u>effective on January 1, 2020</u>)
31	<u>ISA610</u>	<u>No.73 Using the work of Internal Auditors (effective on July 1, 2020)</u>
32	<u>ISA240</u>	<u>No.74 The Auditor's responsibilities relating to Fraud in an audit of financial statements (On going)</u>
33	<u>ISA315</u>	<u>No.75 Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment (On going)</u>
34	<u>ISA540R</u>	<u>No.76 Auditing Accounting Estimates and Related Disclosure (On going)</u>

Action Plan Subject: SMO4-IESBA Code of Ethics for Professional Accountants
Action Plan Objective: Maintain an Ongoing Process to Incorporate the Requirements of the IESBA Code of Ethics

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO4 6.(a)): Direct responsibility for the area covered by this SMO)</i></p> <p>The CPA Act authorizes the FCPAACT to set ethical requirements. FCPAACT Ethics Code Committee (ECC) has established an ongoing process for reviewing the latest IESBA Code of Ethics. Any revisions of FCPAACT Code shall be approved by FSC. The current FCPAACT Code is referred to the 2016 IESBA Code and tally with our conditions. Besides, ECC reviews the latest IESBA information as a way to contribute to activities of the IESBA.</p> <p>The cases of non-compliance FCPAACT Code members would be settled by the CPA association and might be referred to CPA Discipline Committee (CDC) if necessary.</p>					
<p><i>Ensure Effective Implementation of the Code of Ethics</i></p>					
27	July 2009	Submitted the final Code of Ethics, referred to the IESBA Code and tally with our conditions, to Board meeting of FCPAACT for announcement and publication.	Completed	ECC	ECC

28	October 2011	<p>Comparing the 2010 IESBA Code and FCPAACT Code :</p> <ul style="list-style-type: none"> ● Part A Section 130“Professional Competence and Due Care” is promulgated in <u>Regulations Governing CPA Pre-Professional Training and Continuing Professional Education</u> instead. 290.28“Those Charged with Governance”, 291.12, 291.17, 291.20 belong to GAAS area. ● Part B Section 291 “Independence-Other Assurance Engagements” is not as a separate section in the FCPAACT Code but is referred to as principles in FCPAACT Code #10. ● Part C “Professional Accountants in Business” is not included because the FCPAACT is not involved with accountants that are not in public practice. 	Completed	ECC	ECC
29	Ongoing	Organize ECC in accordance with By-Law of FCPAACT. ECC constitutes of 11-51 members to handle the Ethics related matters	Ongoing	ECC	ECC
30	Ongoing	<p>Give consideration to future training/education/promotion activities to further raise awareness of professional ethical requirements.</p> <ul style="list-style-type: none"> ● In accordance with the amendments of CPA Act and Personal Information Privacy Act, issuing exposure drafts on the proposed FCPAACT Code #3 and #5 for consulting through FCPAACT website on June 2014. Notifying members the revised version on August 2014. ● Clarifying the issues coming from CPA firms’ inquiries regarding Ethics through FCPAACT website. 	Ongoing	ECC	ECC

31	Ongoing	<p>Study the change of the latest edition of IESBA Code , take the main revisions into account and hold the meetings to discuss the possible revisions in FCPAACT Code as appropriate.</p> <ul style="list-style-type: none"> ● February & June 2014 : Study the main revisions of IESBA Code which hadn't incorporated into FCPAACT Code and contained urgent issues. ● October, 2014 : Submit proposals to be discussed in meetings, such as the comparison between FCPAACT Code #1 and IESBA Code Part A as well as the proposal of revising FCPAACT Code #1 、#4 ● March, 2015 : Discussing the proposal of revising FCPAACT Code #6 and #7 ● April, 2016 : Discussing 2015 IESBA Code regarding the change of substance from 2014 IESBA Code. ● February & April, 2017: Discussing IESBA Code regarding section 225 「 Responding to Non-compliance with Laws and Regulations 」 (NOCLAR) ● August, 2017: Discussing IESBA Code regarding changes to the code addressing the long association of personnel with an audit or assurance client for audits of public interest entities and cooling-off period in paragraphs 290.153~290.157 ● April, 2018: Acknowledging for 2018 IESBA Code regarding changes of substance from the 2016 Extant Code ● September & October, 2019: Participate in the IESBA webinars regarding the newly effective code of Ethics. ● July & October, 2019 and January, 2020 : Discussing 2018 IESBA Code issues and planning a research project regarding convergence of FCPAACT Code with 2018 IESBA Code of Ethics, 2018. 	Ongoing	ECC	ECC
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32	Ongoing	Distribute the FCPAACT Code to the applying practicing CPAs who are requested to sign a CPA practicing declaration adhering to the FCPAACT Code, and, if appropriate, discuss the FCPAACT Code –related issues in DC seminars on irregular basis.	Ongoing	PEC	PEC
<i>Maintaining Ongoing Processes</i>					
32-1	Ongoing	Training seminars, publications, and updates of CPD programs covering current and topical issues relating to ethics.	Ongoing	PEC	PEC
32-2	Ongoing	Continue to use best endeavors to support the implementation of the IESBA Code through participating in the IESBA webinars and planning to incorporate updates to its CPD programs where necessary.	Ongoing	ECC PEC	ECC
33	Ongoing	Support ongoing adoption and implementation of the IESBA Code of Ethics. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	ECC	ECC

34	Ongoing	<p>Continue to review of IESBA exposure drafts and submission of comment letters.</p> <p>Examples: In 2016,</p> <ul style="list-style-type: none"> ● Improving the Structure of the Code of Ethics for Professional Accountants—Phase I ● Proposed Revisions Pertaining to Safeguards in the Code—Phase 1 	Ongoing	ECC	ECC
35	Ongoing	<p>Review IFAC Digest, Gateway and information regarding IESBA E-news. In addition, convey the important messages to ECC for reference as a way to contribute to activities of the IESBA.</p>	Ongoing	IAC	IAC

36	Ongoing	<p>Continue to notify members of revised FCPAACT Code through our website.</p> <p>Examples:</p> <p>August, 2014 : Revised FCPAACT Code #3 “Advertisement, Promotion and Business Development” referring to other professional rules</p> <p>August, 2014 : Revised FCPAACT Code #5 “Confidentiality” corresponding implementation of “Personal Information Protection Act”</p> <p>The above revisions of FCPAACT Code are approved by FSC in July and June, 2014, respectively.</p> <p>July, 2017 : Revised FCPAACT Code #1 “referring to compliance with Laws and Regulations</p> <p>July, 2017: Revised FCPAACT Code #10 “Integrity, Objectivity and Independence” referring to independence</p> <p>October,2017:Revised FCPAACT Code #5 ”Confidentiality” referring to Money Laundering Control Act .</p>	Ongoing	ECC	ECC
37	Ongoing	<p>The cases of non-compliance FCPAACT Code members would be settled by the provincial or municipal CPA association which the members join. Besides, the cases might be referred to CPA Discipline Committee if necessary.</p> <p>Sanction is given and imposed by CPA Discipline Committee instead of FCPAACT.</p>	Ongoing	CDC	CDC

37-1	April, 2020	A discipline reporting mailbox was provided on FCPAACT website for FCPAACT members to lodge complaints on violation of FCPAACT Code.	Ongoing	DC	DC
<i>Review of Compliance Information</i>					
38	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 4 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	ECC	ECC

Action Plan Subject: SMO 5- International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB
Action Plan Objective: Use Best Endeavors to Assist in the Adoption and Implementation of IPSASs

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO5 5.(b)): No responsibility for the area covered by this SMO)</i></p> <p>The Directorate General of Budget, Accounting & Statistics (BAS), Executive Yuan, is responsible for adopting public sector accounting standards. The FCPAACT has been working on interacting with BAS and the relevant government agencies to promote the adoption of IPSASs. In order to play an active role and to provide support of IPSASs, FCPAACT participates in the meetings of the Committee for Government Accounting Standards and contributes in the formulation of Government Accounting Standards. BAS has taken actions in relation to IPSASs related projects, such as assigning universities to do research regarding IPSASs, in relation to the government accounting systems of other countries' in 2013 and 2014. Efforts included visiting other countries and being educated on their government accounting practices which adopts IPSASs.</p> <p>The Government uses accounting standards based on its own standards which adopt a system of accounting on the accrual basis except for cash-basis cashiering activities of the treasury according to Article 17 of the Accounting Act. the procedures for set-up and approval of general accounting system of the central government shall be undertaken by Central BAS Authority which is defined in article 18 of the Accounting Act.</p> <p>In order to strengthen the accounting quality of our public sectors, BAS has announced revised versions of Governmental Accounting Concepts Statements No.1~No.3 and Governmental Accounting Pronouncement No.1~9 which refer to IPSASs and advanced countries practices, have been implemented on November 1, 2016. The updated Governmental Accounting information could be found on the FCPAACT website.</p> <p>Adoption of accounting standards for Government is beyond FCPAACT mandate. However, FCPAACT has continued to engage in efforts to promote best practices to BAS and encourage the BAS to contribute to IPSASB ' projects. For further actions to activities regarding promotion and encouragement for IPSAS adoption, please see below.</p>					
<i>Promote the Adoption and Implementation of IPSASs</i>					
39	2016	Commenting the BAS Exposure Drafts on Governmental Accounting Concepts Statements, Governmental Accounting Pronouncement and General Accounting System of Government	Completed	AAC/ARDF/ Industry/ Official / Universities	AAC

40	Ongoing	Identify opportunities to engage with the relevant government agencies to promote the adoption of IPSASs.	Ongoing	AAC	AAC
41	2018	Join a project with IFAC and the <u>Chartered Institute of Public Finance and Accountancy (CIPFA)</u> to invite BAS to participate in filling out the on-line questionnaire survey of the International Public Sector Financial Accountability Index as well as convey the related 2018 Status Report published in November 5, 2018 to BAS.	Completed	BAS	
<i>Training</i>					
42	Ongoing	Encourage members commenting Exposure Drafts on IPSAS and visiting IFAC website on pronouncements issued by IPSASB	Ongoing	AAC	
<i>Maintaining Ongoing Processes</i>					
43	Ongoing	Support ongoing adoption and implementation of IPSAS pronouncements. This includes review of the implementation of the Action Plan to date and updating the Action Plan for future activities as necessary.	Ongoing	AAC	AAC

Action Plan Subject: SMO 6-Investigation and Discipline
Action Plan Objective: Further Develop FCPAACT I & D System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO6 4. (C)): Shared responsibility with government, regulators, or other appointed authorities.)</i></p> <p>The Discipline Committee of FCPAACT is a self-regulated Discipline Committee and is responsible for setting Discipline Notifications according to the CPA Act, the FCPAACT Articles and Code of Ethics, and investigating complaints regarding CPA disciplinary issues.</p> <p>A standalone Professional Responsibility Investigation Committee (PRIC) exists to deal with an assigned investigation regarding CPA professional responsibility in civil, criminal, administration or discipline. PRIC is composed of individuals from different professional backgrounds, including scholars, CPAs, and persons with relevant professional expertise.</p> <p>The CPA Discipline committee (CDC) includes representatives assigned by FSC from CPA associations, scholars in Law or Accounting and an administrative agencies.</p> <p>Should a complaint be raised by any CPA or transferred from the Discipline Committees of the provincial and municipal CPA associations, the DC investigates these allegations. Should the DC find proof to the complaint, it will table its findings and submit recommendations of disciplinary actions to make the final decision by the Board of Directors and if appropriate, the FCPAACT will report cases to the CDC under the FSC. Should the DC find no evidence to the allegations, it will conclude and dissolve the case. To enhance the discipline communication channel, DC has set up a discipline special area providing a discipline reporting mailbox on FCPAACT website since 2020 for receiving complaints lodged from members. Such complaints must be supported by documentary evidence and the complaints will be referred to DC.</p> <p>Besides, FSC may void or revoke the approval it has given to a CPA, or to the CPA firm thereof, to conduct the auditing and attesting service on financial reports of public companies when the CPA firm refuses to participate in the peer review, or the result of the peer review is substandard, and it is required to make improvement within a specified time period but fails to do so in accordance with Regulations Governing Approval of Certified Public Accountants to Audit and Attest to the Financial Reports of Public Companies.</p> <p>The FSC was informed by the European Commission on June 28, 2013 that the public oversight, quality assurance, investigation and penalty systems for auditors and audit entities is considered as an equivalent to the functions of the EU Member States. It takes effect from August 1, 2012.</p>					
<p><i>Review of the Investigation and Disciplinary (I&D) System</i></p>					

44	Ongoing	Ongoing evaluation & review of the I&D system to ensure it is operating effectively and conforms to SMO 6 requirements. The specific action for this will be through a bench marking exercise which will enable assessment of FCPAACT I & D system with those of other accounting institutes' well developed I & D systems. Timely implement findings which highlight that implementation gaps exist.	Ongoing	DC	DC
45	Ongoing	Organize DC in accordance with By-Law of FCPAACT. DC constitutes of 11~51 members to handle the disciplinary related matters	Ongoing	DC	DC
46	February 2010	The purpose of holding a grand opening regarding the first representatives of PRIC were elected in 2010 was to let public aware that an Investigating Committee system exists in our jurisdiction, and if need, we could play an important role in natural justice and effectively serve the public interest. And if there are any cases concluded, we will summarize in the annual report.	Completed	PRIC	PRIC
47	Ongoing	Enact 'Discipline Notifications" in terms of CPA Act, FCPAACT by-law and Code of Ethics.	Ongoing	DC	DC
CPD and training activities					
48	Ongoing	Conduct CPD courses, guidance publications (Discipline Notifications) and training seminars related to discipline regulation and the analysis of the discipline cases to CPAs.	Annually	DC	DC
<i>Maintaining Ongoing Processes</i>					

49	Ongoing	Ensure FCPAACT investigation and disciplinary mechanism continues to addresses all SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	DC	DC
50	Ongoing	Raise awareness of discipline requirements to members and encourage them to make an appeal on any breach of discipline any time through FCPAACT website.	Ongoing	DC	DC
51	Ongoing	Continuously conduct investigation of those underground firm and reported to FSC for punishment.	Ongoing	DC	DC
52	Ongoing	Raise awareness of the existing investigative and disciplinary system and disclose the summarized results of investigative and disciplinary proceedings to public through FSC website	Ongoing	FSC	FSC
<i>Review of Compliance Information</i>					

53	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 6 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	DC	DC
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Self-assessment of FCPAACT I&D System and SMO 6 Requirements

Requirements	Y	N	Partially	Comments
Scope of the System				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	✓			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	✓			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	✓			
4. Link with the results of QA reviews has been established.	✓			
Investigative Process				
5. A committee or similar body exists for performing investigations.	✓			
6. Members of a committee are independent of the subject of the investigation and other related parties.	✓			
Disciplinary Process	✓			

Requirements	Y	N	Partially	Comments
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.				
8. Members of the committee/entity include professional accountants as well as non-accountants.	✓			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	✓			
Sanctions 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 removal of practicing rights; and (c) exclusion from membership.	✓			
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	✓			FSC
Administrative Processes 12. Timeframe targets for disposal of all cases are set.			✓	Depending on the individual circumstances of cases, timeframe targets of the disciplinary process would be set once the cases are scheduled in DC meetings.
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	✓			
14. Records of investigations and disciplinary processes are established.	✓			
Public Interest Considerations			✓	

Requirements	Y	N	Partially	Comments
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.				The investigative and disciplinary system is disclosed on the FSC website.
16. A process for the independent review of complaints on which there was no follow-up established.		✓		
17. The results of the investigative and disciplinary proceedings are made available to the public.			✓	Severe disciplinary actions arising from violations of the CPA Act, Securities and Exchange Act are disclosed on the FSC website
Liaison with Outside Bodies 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.			✓	Except requested by law and regulations, FCPAACT does not have in place a formal process for sharing information with statutory bodies. However, if requested by statutory bodies (e.g. FSC or courts), FCPAACT would liaison with statutory bodies on the significant involvement in serious crimes and offences.
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	✓			

Action Plan Subject: SMO 7- International Financial Reporting Standards and Other Pronouncements issued by the IASB
Action Plan Objective: Continue to Use Best Endeavors to Maintain and Improve an Ongoing program for Adoption and Implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Applicability Framework (Ref to SMO7 5 (b): No responsibility for the area covered by this SMO.)</i></p> <p>FSC and ARDF are given authority to set accounting standards in accordance with the Securities and Exchange Act, Regulations governing the preparation of Financial Reports by securities issuers Business, Entity Accounting Act, the Regulation on Business Entity Accounting handling, related Ministry of Economic Affairs interpretative rules.</p> <p>All standards (including IFRS Standards and IAS Standards) and related interpretations are translated into traditional Chinese by ARDF and are ratified as TIFRS, which is converged with IFRS, by the FSC.</p> <p>we have Accounting Standard which was convergent to USA Accounting Standard in early years. As of January 1, 2013 in accordance with the administrative order of FSC, IFRS are the only standards to be complied with for listed companies. Listed companies and financial institutions, except credit cooperatives, credit card companies, and insurance intermediaries, are required to prepare financial reports using TIFRS starting in 2013. Unlisted public companies, credit cooperatives, credit card companies, and insurance intermediaries-follow the rule thereafter from 2015.</p> <p>Non-public companies have an option to choose to prepare their financial reports according to TIFRS or Enterprise Accounting Standard and its interpretations (EAS), which is based on 2013 version of IFRSs (or IFRSs for SMEs) and modified in accordance with local practices and regulations, issued by ARDF and is taken effect in 2016.</p> <p>In the TIFRS and EAS setting process, FCPAACT actively supports the adoption of IFRS by collaborating with ARDF and providing review opinions on exposure drafts. To Facilitate the adoption of IFRS, FCPAACT offers CPD courses covering the latest accounting standards updates and disseminates financial reporting standards information on the FCPAACT’s website and other publications.</p>					
<i>Ongoing Program for Adoption and Implementation of IFRS</i>					

54	Ongoing	Began developing a work program to support the implementation of IFRS and carrying out the work program by each task force team in 2009. Continue to revise "Regulations Governing the Preparation of Financial Reports by Securities Issuers" to align with the latest IFRSs.	Ongoing	FSC	FSC
54-1	Ongoing	Continue to hold IFRSs propagandas regarding the current key IFRS issues in practice.	Ongoing	TWSE	
55	Ongoing	Accounting Standard is now being fully converged with IFRS and all related pronouncements with no amendments. Continue to translate the newly released (revised)IFRSs and develop a set of IFRS Q&As.	Ongoing	ARDF	ARDF
56	Ongoing	Organize AAC in accordance with functional committee organizing principle of FCPAACT. AAC constitutes of 11~51 members to handle the accounting and auditing related matters	Ongoing	AAC	AAC
57	Ongoing	Provide CPD training and education courses on IFRS, IAS and EAS.	Ongoing	PEC	PEC

58	Ongoing	Use best endeavors to identify opportunities to further assist in implementation of IFRS. This entails updating and reviewing the Action Plan for further activities where necessary.	Ongoing	IAC AAC	IAC AAC
59	Ongoing	Continue to provide information on the latest activities of IASB through website <ul style="list-style-type: none"> ● Review of IASB exposure drafts and submission of comment letters ● IFRS Seminar and keynote speech on IFRSs' latest development and plan given by IASB Chairman Hans Hoogervorst 	Ongoing	ARDF	
60	Ongoing	Briefing the Implementation of IFRSs	Ongoing	SFB	SFB website :

61	Ongoing	<p>Participate in International meetings and workshops to exchange Information and views on IFRSs:</p> <p><u>International Organization of Securities Commissions (IOSCO)</u></p> <ul style="list-style-type: none"> • February, 2016(Bangkok, Thailand) : Committee on Issuer Accounting, Auditing, and Disclosure Committee 1, IOSCO • June, 2016(London, UK): IOSCO, 2016 Committee 2 • October, 2016(Sydney, Australia): IOSCO, 2016 Committee 3 • February, 2017(Madrid, Spain) : IOSCO, 2017 Committee 1 • June, 2017(Berlin, Germany) : IOSCO, 2017 Committee 2 • June, 2018(Madrid, Spain) : IOSCO, 2018 Committee 2 	Ongoing	SFB	SFB 2016(IOSCO)
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<i>IFRS For SMEs</i>					
62	August 2010	Embark on a program of seminars and workshops for the entire country on the IFRS for SMEs and the upcoming SMEs Accounting standards which will be considered for the adoption of simplified IFRSs instead of IFRS for SMEs. Training seminars are scheduled for: <ul style="list-style-type: none"> • December 2014 • December 2015 	Completed	PEC	PEC
63	December 2012	Assess and Evaluate the adoption of IFRS for SMEs.	Completed	SMEC	SMEC
64	2015	Released Enterprise Accounting Standards(EAS)#1~#23	Completed	ARDF	

64-1	ongoing	Release differences between EAS and TIFRS	Ongoing	ARDF	
<i>Review of Compliance Information</i>					
65	Ongoing	Perform periodic review of FCPAACT SMO Action Plan and update sections relevant to SMO 7 as necessary. Once updated inform IFAC Compliance staff regarding the updates in order for the Compliance staff to publish the updated information.	Ongoing	AAC	AAC