

## **BACKGROUND NOTE ON ACTION PLANS**

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The actions of a Member or Associate to fulfill IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> 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. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2022), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the 'Attestation of Ongoing SMO Compliance' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

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 website.

---

<sup>1</sup> *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 affect 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.

<sup>2</sup> *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.

**ACTION PLAN**

**IFAC Member:** Chamber of Auditors of the Czech Republic (CACR)  
**Approved by Governing Body:** Presidium of CACR  
**Original Publish Date:** July 2008  
**Last Update:** October 2022  
**Next Update:** October 2026

**IFAC's Summary Assessment:** IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.  
 For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

	PAO Level of Responsibility for Adoption of Standards	Adoption Status as of 2021	Level of SMO Fulfillment as of 2022
QA / SMO 1	Shared	 Adopted	 Sustain
IES / SMO 2	Shared	 Partially Adopted	 Sustain
ISA / SMO 3	Shared	 Adopted	 Sustain
IESBA / SMO 4	Shared	 Partially Adopted	 Sustain
IPSAS / SMO 5	No Direct	 Partially Adopted	 Sustain
I&D / SMO 6	Shared	 Partially Adopted	 Sustain
IFRS / SMO 7	No Direct	 Adopted	 Sustain

### **Attestation of SMO Compliance**

The **CACR** has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2022). The abovementioned *Governing Body* has reviewed the information contained within the SMO Action Plan and affirms that the **CACR** continues to undertake these and other relevant actions to maintain ongoing compliance and fulfillment of the membership obligations where IFAC's assessments are at *Review & Improve* and/or *Sustain*. In areas where IFAC's assessments are at *Execute, Plan, Consider, or Not Active* the **CACR** has updated the Action Plan to reflect the specific actions to adopt or support adoption and support implementation that must be taken to achieve the improvement accompanied by a timeline.

On behalf of the **CACR**, the *Governing Body* endorses the information contained within the SMO Action Plan as of the publication date and its publication 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.

## **GLOSSARY**

<b>CACR</b>	Chamber of Auditors of the Czech Republic
<b>CPD</b>	Continuing Professional Development
<b>CPO</b>	Council of the Public Oversight on Statutory Auditors
<b>EU</b>	European Union
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IES</b>	International Education Standards
<b>IFAC</b>	International Federation of Accountants
<b>IFRS</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>ISA</b>	International Standards on Auditing
<b>ISQC 1</b>	International Standard on Quality Control
ISQMs	International Standard on Quality Management 1 and International Standard on Quality Management 2
<b>PAOB</b>	Public Audit Oversight Board
<b>PIE</b>	Public Interest Entity
<b>QA</b>	Quality Assurance
<b>SAO</b>	Supreme Audit Office
<b>SME</b>	Small and Medium Enterprises
<b>SMO</b>	Statement of Membership Obligations
<b>SMP</b>	Small and Medium Practices

**Action Plan Subject:** SMO 1–Quality Assurance  
**Action Plan Objective:** Continue to Ensure that CACR’s Quality Assurance Review System is in line with SMO 1 Requirements

	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>CACR has been running a quality assurance (QA) scheme covering its practicing members in the Czech Republic since its establishment in 1992. The scheme is compliant with the requirements of SMO 1 and Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (the Directive on Statutory Audit). Supervisory Committee is responsible for the review of all auditing practices including those auditing public interest entities. Reviews are performed in accordance with the Review Program, whose final version was approved and published in June 2022 and is available to auditors on CACR website <a href="http://www.kacr.cz">www.kacr.cz</a>.</p> <p>A public oversight authority (PAOB) was established in 2009 to monitor and supervise statutory auditors. It oversees the QA and the other operations of the CACR. Its emphasis so far has been on close collaboration to build on the experience of the CACR.</p> <p>All auditors and audit firms are obliged to comply with the requirements of:</p> <ul style="list-style-type: none"> <li>• ISQC 1 that has been approved for the use in the Czech Republic since 15 June 2006. Clarified ISQC 1 is effective for audits and other engagements performed on financial statements covering periods beginning on 15 December 2009 and later and ending 15 December 2010 and later,</li> <li>• ISQMs that have been approved for the use in the Czech Republic with effect from 15 December 2022 which will replace ISQC 1.</li> </ul> <p>The new quality management standards will affect the CACR’s QA review system with effect from 15 December 2022. CACR is preparing the update of the Review Program. All quality inspectors will be train how to apply ISQMs by the QA controls.</p> <p>According to the Act on Auditors (93/2009 Coll.), statutory auditors and audit firms are subject to a QA system focusing on review of compliance with the auditing standards and the Code of Ethics. The QA system is organized and managed by CACR which determines the details of performance of quality assurance. For audit monitoring purposes a combination of cycle (3 and 6 years) and risk-based approach is followed, whilst a risk-based approach (on the level of: auditor/firm, client, and file) is currently being developed for the monitoring of TCSPs and compliance with anti-money laundering regulations. The QA system is regularly reviewed by Supervisory Committee to ensure it meets objectives and the relevant statutory requirements. Supervisory Committee cooperates closely and shares information about the QA system within CACR as well as with the PAOB – through semi-annual reporting and attending selected inspections, specifically those concerning PIEs (public interest entities) for the purposes of contributing to the development of the regulation of the profession.</p> <p>The PAOB is a body of public oversight over the performance of the audit and the activities of CACR.</p>					

	Start Date	Actions	Completion Date	Responsibility	Resource
<p>It monitors compliance with the provisions of the Act on Auditors, Auditing Standards, the Code of Ethics, and the Internal Regulations of CACR and CACR authorities. PAOB organizes and manages the system of quality control of auditing activities performed by CACR. Accordingly, it makes recommendations on the quality control system and draws up a control plan, which takes into account the draft plan submitted by CACR. When designing a plan submitted by CACR, risk analysis is always taken into account. Furthermore, PAOB carries out continuous monitoring of the performance of the quality checks by CACR and their conclusions, controls the work of the Supervisory Committee and assesses its methodology for performing quality controls.</p> <p>The scope of the QA program covers all audits and other assurance engagements. CACR employs staff inspectors to lead the inspections, ensuring adherence to ISQC 1 (ISQMs) and other related standards, and are supported by practitioners who provide technical support. Members of the inspection department receive annual training.</p> <p>Inspections are conducted at least once every six years for audits of non-public interest entities (PIEs). At least once every three years are conducted inspections for audits of PIEs by PAOB that overtook the responsibilities of CACR in relation to PIEs.</p> <p>CACR reports that the QA review system is in line with the requirements of SMO 1 and the Directive on Statutory Audit.</p>					
<i>Revise the Existing Review Program to Ensure It Addresses All SMO 1 Requirements</i>					
1.	1/11/12	To update Review program timely, based on particular issues / difficulties / decisions of Supervisory Committee Recently updated review checklists to reflect changes in legislation.	Continuously / At least annually	Supervisory Committee	All members of Supervisory Committee, Supervision Department CACR
2.	1/11/12	To verify that Review program is being used for all inspections and controls which means approximately 240 times per calendar year. Statistics is prepared in regard of use of Review Program. Furthermore a report from the inspection cannot be submitted without completed review program.	Continuously for all inspections	Supervisory Committee	All members of Supervisory Committee, Supervision Department CACR
3.	1/11/12	To summarize overall successes as well as findings or process issues as a part of (semi-) annual CACR report.	Semi-annually / Annually	Chairman of Supervisory Committee	All members of Supervisory Committee, Supervision Department CACR
<i>Implementation of the Revised Program</i>					

	Start Date	Actions	Completion Date	Responsibility	Resource
4.	1/11/12	To organize ongoing internal trainings and meetings within SD CACR in order to train new controllers and therefore A. to keep high standard know-how in-house, B. exchange knowledge among controllers through specific findings and issues identified during inspections, and C. to share "best practice".	Ongoing (On-demand)	Head of Supervision Department	All members of Supervision Department CACR
<i>Maintaining Ongoing Processes</i>					
5.	Ongoing	Continue to ensure that CACR's review program is operating effectively and continues to be in line with SMO 1 requirements.	Continuously	Chairman of Supervisory Committee	Head of Supervision Department
6.	Ongoing	Perform periodic review of CACR's response to and update sections relevant to SMO 1 as necessary.	Ongoing	Chairman of Supervisory Committee	Head of Supervision Department and CACR staff
7.	1/11/12	To continue ensuring CACR's Review program is operating: A. effectively, and B. in line with SMO 1 requirements. This is performed in a form of A. monthly meetings of Supervisory Committee discussions, B. annual or semi-annual reports (see point 4), and C. annual reviews of this Action Plan.	Ongoing (On-demand)	Chairman of Supervisory Committee	Head of Supervision Department
8.	1/11/12	To supplement Review program with Public Audit Oversight Board's (PAOB) recommendations, to implement any amendments on Act on Auditors (2009) as well as any EU recommendations.	Ongoing (On-demand)	Supervisory Committee	All members of Supervisory Committee.
9.	1/11/12	To strengthen the role of independent controllers rather than using professional auditors-practitioners on-site.	From 19/11/2012	Chairman of Supervisory Committee	All members of Supervisory Committee, Supervision Department CACR
10.	Ongoing 2017- 2021	Conduct training on the most significant and the most frequent issues identified during reviews of auditors and audit firms – the trainings are usually conducted as club nights.	Ongoing	Chairman of Supervisory Committee	Supervisory Committee and Supervision Department
11.	Ongoing 2017 - 2022	Publish regularly the most common shortcomings found during quality control checks in the Auditor magazine.	Continuously	Head of Supervision Department	Supervisory Committee and Supervision Department

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
12.	Ongoing 2015 - 2022	Audit inspection training Continuous training of quality controllers in all areas	Ongoing	Head of Supervision Department	Head of Supervision Department and CACR staff
13.	June 2015	Training on review of municipal finances	Completed 2015 - 16	Head of Supervision Department	Supervisory Committee and Supervision Department
14.	November 2015	Training on Administrative Procedure	Completed 2015 - 16	Chairman of Supervisory Committee	Supervisory Committee and Supervision Department
15.	2012 - 2022	Ongoing updating control documentation (currently about ISQMs)	Continuously	Head of Supervision Department	

*Appendix*

Head of the Supervision department CACR and selected employees developed a tentative long-term plan for reviews of firms auditing public interest entities to ensure three-year review cycle, nevertheless the inspections were transferred to PAOB that prepares its own plan and approves the plan prepared by CACR.

The Supervisory Committee established working group to develop and review program/checklist. The Review program has been developed, discussed, amended and implemented accordingly. Furthermore, the relevant methodology and Review program is regularly updated following the amendments to Act on Auditors, specifically the division of control competencies between PAOB and CACR.

The articles explaining the merits and basics review program has been published. The articles about the main issues identified during reviews of auditors and audit firms in Auditor magazine are published regularly (approx. 2 – 3 articles annually). Furthermore, training modules about the most significant and the most frequent issues identified during reviews of auditors and audit firms are prepared and conducted to ensure that main problems of auditors are addressed directly and timely.

Evidence system of inspections' findings and their causes / reasons were extended and updated so that it contains requirements of EAIG and is therefore compliant with them.

Quality review program and questionnaires were updated and supplemented according to amendments on Act on Auditors (6/2022).

Main Requirements of the SMO 1 – QA Review System	Y	N	Partially	Comments
<b>Scope of the system</b>				
1. At a minimum, mandatory QA reviews are required for all audits of financial statements.	X			
<b>Quality Control Standards and Other Quality Control Guidance</b>				
2. Firms are required to implement a system of quality control in accordance with the quality control standards.	X			
3. Most up to date versions of ISQC 1 and other relevant ISAs are adopted as the quality control standards.	X			ISQMs were also adopted.
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	X			
<b>Review cycle</b>				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	X			
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).	X			
<b>QA Review Team</b>	X			

<b>Main Requirements of the SMO 1 – QA Review System</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
7. Independence of the QA Team is assessed and documented.				
8. QA Team possesses appropriate levels of expertise.	<b>X</b>			
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	<b>X</b>			
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	<b>X</b>			
<b>Corrective and disciplinary actions</b>				
11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	<b>X</b>			
12. QA review system is linked to the Investigation and Discipline system.	<b>X</b>			
<b>Consideration of Public Oversight</b>				
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.	<b>X</b>			
<b>Regular review of implementation and effectiveness</b>				
14. Regular reviews of implementation and effectiveness of the system are performed.	<b>X</b>			

**Action Plan Subject:** SMO 2–International Education Standards for Professional Accountants and Other Pronouncements  
**Action Plan Objective:** Continue to Use Best Endeavours

	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>The initial professional and continuing professional development (IPD and CPD respectively) requirements are established for auditors in the Act on Auditors of 2009 as amended in 2022 and are implemented by CACR under the oversight of the PAOB and local universities.</p> <p>These requirements include obtaining a bachelor's or master's degree recognized in an EU Member State; completing three years' work experience in auditing; and passing the professional exam organized by CACR. While CACR compared the requirements of the revised 2015 IES requirements with its IPD requirements and subsequently incorporated amendments, universities are responsible for the defining the university accounting education curricula. According to the <a href="#">2013 Report on the Observance of Standards and Codes on Accounting and Auditing (ROSC)</a> the curricula follow education requirements in line with earlier versions of the IES.</p> <p>Professional exams organized by CACR to obtain auditor's certificate are as follows:</p> <p>There are 12 written exams that must be completed within a 3-year period of time. Exams cover the following topics: Economics, Taxation, Business combinations and consolidated financial statements, Business finance, Law, ICT, Statistics, Audit, Financial accounting, Management accounting. Some exams previously taken with universities or other professional bodies (such as ACCA) with practically the same content may be acknowledged.</p> <p>The scope of examination is determined by the Act on Auditors and details are specified by CACR. Preparatory courses for each examination are organized by the Audit Examination Committee of CACR that is an auxiliary body to the Executive Committee.</p> <p>All IESs are adopted by CACR. CACR has also adopted revised requirements IES 2, 3, 4 which were issued in 2019 and effective in 2021. CACR from on 1 January 2021, it proceeded to modify the structure and content of the sub-parts of the audit exam. The individual parts of the audit exam were organized into three modules. The first module is focused on general knowledge in the field of financial accounting and reporting, managerial accounting, corporate finance, commercial law and taxation. The second module emphasizes knowledge and professional skills in the field of auditing, information technology and statistics. The third module then assumes the connection of general knowledge with knowledge in the field of audit activity, including the application of independent judgment, professional scepticism and professional judgment.</p> <p>In connection with the above-mentioned changes, the contents and focus of the individual educational courses, which are held before each partial part of the audit exam, have been adjusted.</p>					

	Start Date	Actions	Completion Date	Responsibility	Resource
<p>The last significant change to which the CACR proceeded at the end of 2021 is the gradual transition from a paper-based written exam to a computer-based exam, where the respondent will also have to demonstrate skills in the use of computer technology. The change process in this area should be completed by December 31, 2023.</p> <p>To maintain an auditor's license, auditors must remain members of CACR and adhere to its rules and regulations, which include CPD obligations. As stipulated in the law, statutory auditors are required to complete <i>up to</i> 60 hours per year of CPD and CACR members must complete a minimum of 40 hours of CPD annually.</p> <p>Based on the comparison of CACR internal guidelines for CPD and IES, one difference was identified – while IES recognise soft skills education as part of CPD, CACR internal guidelines did not. As a result, the CPD guidelines of CACR were amended to allow auditors to present also soft skills trainings as part of their CPD in their annual CPD statements. Soft skills trainings in areas such as intellectual skills, interpersonal and communication skills, personality and organizational skills, can be recognised as part of auditors' CPD in the amount up to 5 hours. The amended guideline was approved by the general meeting of CACR in 2016 and applied starting the following calendar year.</p> <p>All CACR members shall complete 40 hours, or its equivalent, of continuing professional development each year. CACR can announce obligatory subject of CPD for each year. Training courses are organized by the Committee for CPD that is an auxiliary body to the Executive Committee.</p> <p>Regarding revised IES 8 - the CA CR CPD guideline requires the minimum required number of hours of annual CPD (40) for engagement partners to develop and maintain professional competence setting the minimum learning outcomes. Starting 2023, Engagement partners are obliged to demonstrate minimum of 8 hours spent on learning outcomes from Audit, Governance and risk management, Business environment, Information and communication technologies and Professional skepticism, professional judgement, Commitment to the public interest and Ethical principles. Learning outcomes are taken from the IES 8 valid until 2020, the listing will be updated based on the revised IES in 2023.</p>					
16.	Ongoing	CACR maintains an ongoing process to monitor new and revised standards and incorporate them into education and examination requirements. CACR will comment drafts of new or revised IESs if it disagrees with a draft strongly.	Ongoing	Chairman of the Committee for the Professional Development	Committee for the Professional Development and CACR Staff
17.	2014	Compare requirements of IESs revised in 2014-15 with current state and suggest resulting amendments (if any) to CACR's policy in areas covered by the revised IESs.	<b>Completed 2016</b>	Chairman of the Committee for the Professional Development and Chairman of the Committee for Auditors Examination	Committee for the Professional Development, Chairman of the Committee for Auditors Examination and CACR Staff

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
18.	Ongoing	Continue to use best endeavours to ensure CACR education requirements continue to incorporate all IES requirements. This includes review of the Action Plan for the future activities when necessary.	Ongoing	Chairman of the Committee for the Professional Development and Chairman of the Committee for Auditors Examination	Committee for the Professional Development, Chairman of the Committee for Auditors Examination and CACR Staff
<i>Review of CACR's Compliance Information</i>					
19.	Ongoing	Perform periodic review and update to SMO 2 as necessary.	Ongoing	Working Group of Supervisory Committee	Committee for the Professional Development, Chairman of the Committee for Auditors Examination and CACR Staff

**Action Plan Subject:** SMO 3—International Standards and Other Pronouncements Issued by the IAASB  
**Action Plan Objective:** Continue to Improve and Maintain Ongoing Process to Adopt and Implement IAASB Pronouncements

	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>Auditors in the Czech Republic have been obliged to provide assurance and related services in compliance with the relevant IAASB Pronouncements since 2006. Translations are provided by the Board for the ISAs Translations that is auxiliary body to the Executive Committee which co-operates with the Auditing Standards Committee. CACR Committee for CPD together with the Auditing Standards Committee organizes trainings in this area. Awareness is built also through the translation of the materials issued by the IFAC and other organizations. Based on the Act on Auditors, all audits must be performed in accordance with international auditing standards adopted by the EU and with auditing standards issued by CACR. According to the Statute of CACR, auditing standards issued by CACR include, among others, all IAASB pronouncements, unless stated otherwise (there is no exception so far). Effective date remains the same as stated by IAASB. Therefore, all IAASB pronouncements become effective as IAASB intends.</p> <p>The Act on Auditors of 2009 as amended in 2022 delegates audit standard-setting authority to CACR under the supervision of PAOB which approves final auditing standards.</p> <p>CACR adopted and published the 2020 Handbook of International Quality Control, Auditing Review, Other Assurance and Related Services Pronouncements on its website in English. Revised standards were translated and published on CACR website accordingly.</p>					
20.	01/2015	Perform a translation of the new and updated standards included in the following Handbooks of International Auditing and Assurance Pronouncements. Made translated standards publicly available through CACR website.	Ongoing (As needed)	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR Office staff	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR Office staff
21.	Ongoing	Issue application clauses to individual ISAs where local legislation requires modification of the approach.	Ongoing	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR staff	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR staff
22.	2018	Issue new application clauses to new and revised ISAs to accommodate local requirements to modified approach.	2018-2019	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR staff	Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR staff
<i>Education and Awareness Building</i>					

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
23.	Ongoing	Organize trainings focused on selected IAASB pronouncements	ongoing	Chairman and Members of Auditing Standards Committee, CACR Committee for the Continuous Professional Development	Chairman and Members of Auditing Standards Committee and Office staff, CACR Committee for the Continuous Professional Development
24.	2018	Organize trainings focused on updated standards and their application.	2018-2019	Chairman and Members of Auditing Standards Committee, CACR Committee for the Continuous Professional Development	Chairman and Members of Auditing Standards Committee, CACR Committee for the Continuous Professional Development
<i>Maintain Ongoing Review Process on New and Revised Standards</i>					
25.	02/18/08	Continue in reviews performed by the CACR Supervisory Commission focused on the compliance with ISAs	Ongoing	Supervisory Commission Members and Office staff	Supervisory Commission Members and Office staff
26.	Ongoing	Continue to support ongoing adoption and implementation of IAASB pronouncements.	Ongoing	Chairman of the Auditing Standards Committee	Chairman and members of the Auditing Standards Committee, CACR Committee for CPD, CACR Office Staff
<i>Review of CACR 's Compliance Information</i>					
27.	Ongoing	Perform review and update to SMO 3 as necessary.	Ongoing	Chairman of the Auditing Standards Committee	Chairman and members of the Auditing Standards Committee, CACR Committee for CPD, CACR Office Staff

*Appendix*

Chairman and members of the Auditing Standards Committee, Members of the Boards for the ISAs Translations and CACR Office staff regularly perform a translation of the new and updated standards included in the Handbook of International Auditing and Assurance Pronouncements. Translated standards are made publicly available through CACR website.

CACR Committee for the Continuous Professional Development, Chairman and Members of Auditing Standards Committee and Office Staff continue in the provision of training focused on the application of ISAs by SMPs. CACR has already developed Guide for the application of ISAs for SMEs audits and also created a training program on the application of this guide. Seminars under this training have been provided by CACR since 2006. The Guide is updated when needed.

Regular trainings, seminars and conferences are organized to cover all updates and changes in ISAs, ISQC 1 and related standards or Framework including preparation of new training in ISQMs. Articles dealing with major changes and critical issues are published both in nationwide press and professional magazines such as Auditor magazine.

Trainings and other materials are provided regularly on other assurance engagements and related services.

Auditors were provided with guides and manuals and accordant trainings in areas of Quality Control of SMP's, Audit of Entrepreneurs, Risk of Fraud Assessment, Group Audits, Tests of Controls, Audit Sampling, Audit Documentation, Audit of Non-for-profit Organizations, Analytical Testing, Substantive Testing etc.

**Action Plan Subject:** SMO 4 – IESBA Code of Ethics for Professional Accountants

**Action Plan Objective:** Continue to Use Best Endeavours to Maintain Ongoing Process to Adopt and Implement of the IESBA Code

	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Background</i>					
<p>CACR has adopted revised IESBA Code of Ethics issued in July 2009 which has become effective on January 1, 2011. Its implementation was supported by series of articles published and trainings provided by experts in this area. All auditors in Czech Republic are subject to the IESBA's Code. The full text of IESBA Code of Ethics was adopted in 2011 and new amendments to the Code (Conflict of Interest and Provision of Non Audit Services to Audit Clients) were adopted in 2015 and 2016.</p> <p>Auditors are subject to ethical requirements as per the Act on Auditors of 2009 as amended in 2022, which are set by the CACR under the supervision of the PAOB which has the final approval of the ethical requirements.</p> <p>CACR maintains an ongoing process to incorporate new and amended standards into national requirements. CACR has translated Revised Code of Ethics 2018 as well as the following updates with effective date since December 2021, the Czech language translation is available on CACR website. The updates with effective date from December 2022 shall be available on CACR website in autumn 2022.</p>					
<i>Continue to Ensure Implementation of the Current Code of Ethics</i>					
<i>Maintaining Ongoing Processes</i>					
28.	9/2009	If feasible the CACR participates in the international standard-setting process by providing comments on exposure drafts and other IESBA pronouncements.	Ongoing	Chairman of the relevant CACR Committee	Technical Staff, Code of Ethics, relevant Committees
29.	9/2009	Monitor the changes made to the IESBA Code of Ethics and adopt the changes following the existing due process. In particular, monitor closely the IESBA work program and proposed revisions to the IESBA Code of Ethics so they can be incorporated into CACR's framework on a timely basis. Monitoring does not necessary include participation in round table discussions organized by IESBA. This includes updating the Action Plan as necessary.	Ongoing	Chairman of the relevant CACR's Committee	Code of Ethics
30.	Ongoing	Continue to 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	Senior Technical Staff	Technical Staff

	Start Date	Actions	Completion Date	Responsibility	Resource
31.	Ongoing	Include the topic of the IESBA Code of Ethics at each regional discussion meeting with Czech auditors. The meetings are organized by CACR at least twice each year in different regions of the Czech Republic." Meetings are recognized as part of the CPD program. Ethical issues were regularly discussed during these meetings. In addition to that Ethics was chosen to be the key topic of monthly professional magazine Auditor in April 2017- 8 articles published – view of profession, clients, POB, Czech National Bank and experienced Body (ICAEW), articles published also in May 2019 and September 2020.	Ongoing,	Chairman of the Committee for the Management Profession	Technical Staff
<i>Review of CACR's Compliance Information</i>					
32.	2014	Perform review of and update of SMO 4. a) The changes approved in period 2012 - 2014 were incorporated into the Czech version of the Code of Ethics and approved by the annual meeting in November 2015 with the immediate validity. b) The changes approved within 2015 Code of Ethics IFAC version are expected to be approved in November 2016 with validity for period beginning 1 July 2017.	a) 2015 - Completed, b) 2016 – 2017 Completed	Senior Technical Staff	Technical Staff
33.	2016	Monitor the proposed changes of the IFAC Code of Ethics and ensure the approved changes are timely translated into the Czech version of the Code of Ethics and approved by CACR annual meeting.	Ongoing	Chairman of the relevant CACR's Committee Senior Technical Staff	Technical Staff
34.	2016	Ensure the changes to the Code are regularly communicated within the professional community., Ethics – key topic in monthly professional magazine in April 2017, May 2019 and September 2020.	Ongoing	Chairman of the relevant CACR's Committee  Senior Technical Staff	Technical Staff
<p><i>Appendix</i> Regular trainings related to Ethics and relevant changes of the Code are organized and articles to accordant topics are published in professional magazine Auditor. Up-to-date translation of Code of Ethics is provided to auditors and relevant professionals via CACR website.</p>					

**Action Plan Subject:** SMO 5 – International Public Sector Accounting Standards and Other Pronouncements Issued by the IPSASB  
**Action Plan Objective:** Continue to Use Best Endeavours to Assist in the Adoption and Implementation of IPSASs in Czech Republic

	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>Ministry of Finance is the body responsible for standard setting of public sector entities financial reporting in the Czech Republic. De-jure adoption of IPSAS in the Czech Republic accounting and financial reporting standardization and legislation doesn't exist. However, the Czech accounting and financial reporting is strictly based on accrual principle and is significantly inspired by IPSAS.</p> <p>A significant number of CACR members provide services to public sector entities. CACR provides technical advice to those auditors and publishes application guides covering various topics of public sector accounting and auditing. CACR has established Public Sector Committee that is auxiliary body to the Executive Committee and provides technical assistance to public sector entities auditors.</p> <p>The translation of relevant IPSAS in the Czech Republic is in responsibility of Supreme Audit Office (SAO) and auditors are trained on relevant updates during scheduled trainings.</p> <p>CACR reports that financial reporting in the Czech Republic is strictly based on accrual-basis accounting and is 'significantly inspired by IPSAS'. The Ministry of Finance does not yet propose a direct implementation of IPSAS in the national accounting legislation.</p>					
35.	02/18/08	Continue in a co-operation with the Supreme Audit Office (SAO). Co-operation is performed primarily through the participation of the SAO deputies in the meetings of the Public Sector Committee and exchange of the information in the area of IPSASs and EPSAS. PSC CACR discusses problems of IPSAS with the Ministry of Finance.	Ongoing	Chairman and members of the Public Sector Committee	Chairman and members of the Public Sector Committee
36.	02/18/08	Provide comments on the changes proposed by the Ministry of Finance to the accounting	Ongoing	Chairman and members of the Public Sector Committee, chairman and members of the CACR Committee for the Legislation and Internal Rules with the support of the CACR Office staff	Chairman and members of the Public Sector Committee, chairman and members of the CACR Committee for the Legislation and Internal Rules with the support of the CACR Office staff
37.	02/18/08	Provide information on the latest developments in the IPSASs through CACR website and magazine Auditor.	Ongoing	Chairman and members of the Public Sector Committee, CACR Office staff	Chairman and members of the Public Sector Committee, CACR Office staff

	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
<i>Maintaining Ongoing Process</i>					
38.	Ongoing	Continue to identify opportunities to further assist in implementation of IPSASs. This includes review of the existing activities and preparation of the Action Plan for future activities where necessary.	Ongoing	Public Sector committee, CACR Office staff (technical department)	Chairman and members of PSC
39.	Ongoing	Continue in co-operation with the Ministry of Finance in implementation of accounting legislation	Ongoing	Chairman and members of the Public Sector Committee, CACR Office staff	Chairman and members of the Public Sector Committee, CACR Office staff
<i>Review of CACR 's Compliance Information</i>					
40.	Ongoing	Perform review and update to SMO 5.	Ongoing	Senior technical staff in charge of PSC	Chairman and members of the Public Sector Committee, CACR Office staff

**Action Plan Subject:** SMO 6 and Investigation and Discipline  
**Action Plan Objective:** Continue to Use Best Endeavours and further improve CACR’s Investigation and Disciplinary System

	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background</i></p> <p>CACR has been running its investigation and disciplinary scheme since its establishment. Supervisory and Disciplinary Commissions whose members are elected by auditors are responsible for the matters in this area. Disciplinary Commission is responsible for independent conduct of proceeding with statutory auditors and audit firms that have violated their obligation to respect relevant ISAs and other duties imposed by national law. Proposals against particular auditors submit Supervisory Commission as a result of her control in auditor’s place of business. Beside the Supervisory Commission, everyone is entitled to complain on auditor - in such a case is Disciplinary Commission obliged to investigate obtained information and eventually start the disciplinary procedure. Disciplinary Commission has the authority to impose disciplinary sanctions pursuant to the law.</p> <p>PAOB has been established in May 2009 to fulfil requirements of the Directive on Statutory Auditors. PAOB is responsible for the oversight of auditors and CACR. Regulator in this area is the Ministry of Finance. On the basis of EC Regulation, No 537/2014 of the European Parliament and of the Council on specific requirements for the statutory audit of public interest entities and repealing Commission Decision 2005/909 / EEC, PAOB has been delegated powers to carry out audits of PIE auditors and to conduct disciplinary proceedings with auditors who have breached the duties during statutory audits of PIE.</p> <p>Under the Act on Auditors of 2009 as amended in 2022, investigation and discipline (I&amp;D) of auditors is performed by CACR, under the oversight of PAOB. The PAOB conducts its own proceedings for auditors of public interest entities (PIEs).</p> <p>In line with CACR's <a href="#">internal regulations</a>, the Supervisory Committee conducts investigations while the Disciplinary Committee conducts disciplinary hearings and may issue sanctions. The Supervisory Committee has eleven (11) members responsible for monitoring the quality of auditors’ work, compliance with relevant legislation, and CACR’s internal regulations. Upon referral from the Supervisory Committee, the Disciplinary Committee hears cases and issues its decisions no later than 30 days from the commencement of the proceeding and may add up to 30 additional days if local inquiries are needed or a case is particularly complex. PAOB acts as the appeals body when an auditor disagrees with a decision.</p> <p>The Board shall:</p> <ul style="list-style-type: none"> <li>(a) Perform public supervision over the performance of audit activities and the activities of CACR within the extent as stipulated in the present Act; and</li> <li>(b) Decide about the rights, legally protected interests, and obligations of both legal entities and natural persons, if so stipulated in the present Act;</li> <li>(c) Act in the capacity of the body of appeals in cases as stipulated in the present act or in any other legislation;</li> <li>(d) Review, together with CACR, any proposed amendments of internal regulations or draft internal regulations of CACR prior to their approval by the Assembly or by the Executive Committee; members of the Board shall be entitled to attend – without the right to vote – the Assembly of CACR or sessions of its bodies;</li> <li>(e) Propose to CACR moves for elimination or amendment of internal regulations of CACR or any parts thereof, if they contradict the present Act or any other legislation; if CACR fails to uphold such move within a term as determined by the Board, the Board may file an action for the elimination of such internal regulation of CACR or any parts thereof by a court of justice;</li> </ul>					

	Start Date	Actions	Completion Date	Responsibility	Resource
<p>(f) Propose to CACR moves for execution of quality controls of auditors;            (g) Supervise the execution of quality controls pursuant to Section 24 via a member authorized to do so by the Board or any other duly authorized person, and            (h) Propose remedial measures;            (i) Act as the appellate administrative body in proceedings concerning appeals against decisions of CACR;            (j) Execute any other activities pursuant to the present Act, which are essential for the due performance of public supervision over audits.</p> <p><b>Performance of public supervision means supervision over:</b>            (a) Checks of observance of the provision of the present Act, Auditing Standards, the Code of Ethics, and internal regulations of CACR by auditors and the bodies of CACR;            (b) Organization, management and operation of the system of quality control of audit activities performed by CACR; representatives of PAOB may be present at selected controls immediately in the seat of auditor or possibly order the extraordinary inspection.            (c) Organization and operation of the system of continuous education of statutory auditors organized by CACR;            (d) Application of disciplinary measures and penalties pursuant to the present Act by CACR in proceedings against auditors, and/or auditors from third countries.            52 cases were heard in 2020 and 33 cases were heard in 2021.</p>					
<i>Ensure proper supervision of investigation and disciplinary proceedings made by CACR</i>					
41.	05/2009	Establish permanent continuous supervision of the system of investigation and disciplinary procedures of CACR	Each year	PAOB President	PAOB
42.	05/2009	Establish system of continuous dealing with appeals to PAOB	As needed	PAOB President	PAOB
43.	05/2009	Continual work on complaints of CACR	As needed	PAOB President	PAOB
<i>Maintain Ongoing Processes</i>					
44.	Ongoing	Continue to use best endeavours to ensure CACR's investigation of external complaints and discipline mechanism continues to address the revised SMO 6 requirements. This includes review of the existing mechanism and updating the Action Plan for future activities where necessary.	Ongoing	Chairman of Disciplinary Commission	Members of Disciplinary Commission and CACR Staff
<i>Review of CACR 's Compliance Information</i>					

	Start Date	Actions	Completion Date	Responsibility	Resource
45.	Ongoing	Perform review and update to SMO 6.	Ongoing	Chairman of Disciplinary Commission	Members of Disciplinary Commission and CACR Staff

Requirements	Y	N	Partially	Comments
<b>Scope of the system</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Y			CACR conducts investigations (Supervisory Committee) and disciplinary hearings (Disciplinary Committee). Appeals are delegated to the Public Audit Oversight Board.
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			All laws are available on CACR website
<b>Initiation of Proceedings</b>				
3. Both a “complaints-based” and an “information-based” approach are adopted.	Y			There are complaints-based proceedings and information-based proceedings (§ 26 of the Act on Auditors)
4. Link with the results of QA reviews has been established.	Y			QA reviews may open a complaints-based proceeding by Disciplinary Committee
<b>Investigative process</b>				
5. A committee or similar body exists for performing investigations.	Y			Supervisory Committee (§ 35, § 24 et seq. of the Act on Auditors)
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			§ 24/4 of the Act on Auditors
<b>Disciplinary process</b>	Y			Disciplinary Committee

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.			P	The Disciplinary Committee is composed of 7 members elected from the statutory auditors. However, the Disciplinary Committee uses support staff in its work, employees who have legal education.
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			§ 5 of the Disciplinary Code („Kárný řád“)
<b>Sanctions</b>				
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.	Y			
<b>Rights of representation and appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			PAOB
<b>Administrative Processes</b>				
12. Timeframe targets for disposal of all cases are set.	Y			The Administrative Code („Správní řád“) as a general law for administrative processes administrated by authorities in the Czech Republic is applied
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			§ 36/3 and § 36/4 of the Act on Auditors Disciplinary Committee refers the information to CACR and PAOB twice a year minimum and refers every 3 months about the penalties to the PAOB

Requirements	Y	N	Partially	Comments
14. Records of investigations and disciplinary processes are established.	Y			There are written files of investigation and disciplinary processes (§ 7 of the Disciplinary Code)
<b>Public Interest Considerations</b>				Information is available on CACR website.
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			There is a journal distributed by CACR (ten times a year) where all news on this field is published.
16. A process for the independent review of complaints on which there was no follow-up is established.	Y			
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			Information is available on the CACR website to the extent permitted by the Act on Auditors and other legislation.
<b>Liaison with Outside Bodies</b>				Liaison with courts, police etc. according to law of Czech Republic
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			
<b>Regular review of implementation and effectiveness</b>				§ 31 of the Act on Auditors
19. Regular review of implementation and effectiveness of the system are performed, and corrective actions are implemented.	Y			

**Action Plan Subject:** SMO 7 – International Financial Reporting Standards and Other Pronouncements issued by the IASB

**Action Plan Objective:** Continue to Use Best Endeavours to Assist in Ongoing Adoption and Implementation of IFRS

*Background*

Continue to assist the National Accountancy Council and Methodology Committee in maintaining and improving a program for ongoing adoption and implementation of IFRSs.

The Ministry of Finance (MoF) is responsible for the adoption and promulgation of accounting standards in the Czech Republic in accordance with the Accounting Act of 1991 as amended in 2022.

All entities in the Czech Republic with their shares or bonds being listed on any European-regulated stock exchange are required to prepare their financial statements (both stand-alone and consolidated) in accordance with IFRS as adopted by the European Union (EU). Other entities have the option to prepare their consolidated financial statements in accordance with IFRS. If other entities decide to do so, all consolidated entities (under IFRS consolidation) can use IFRS as a basis for preparation of their stand-alone financial statements.

Companies are also required to keep accounting records in accordance with Czech GAAP for tax purposes or reconcile their IFRS financial statements to Czech GAAP. Czech GAAP are bookkeeping instructions needed to account for individual transactions. Detailed accounting guidance for other entities is given in the Decrees on Accounting and Czech Accounting Standards, issued by the Ministry of Finance. Banks are required to account for all financial instruments and transactions with financial instruments in accordance with IFRS.

IFRS for Small- and Medium-sized Entities (SMEs) is not adopted and there are no known plans for adoption in the Czech Republic.

46.	Ongoing	Continue in an active participation in the meetings of the National Accountancy Council and Technical Committee of CACR where Union of Accountants deputies take part.	Ongoing	Chairman of the Financial Reporting Committee, CACR President, CACR Office staff	Chairman of the Financial Reporting Committee, CACR President, CACR Office staff
47.	Ongoing	Provide comments on the proposed changes in the accounting legislation.	Ongoing	Chairman and members of the Financial Reporting Committee in co-operation with the members of the CACR Committee for Regulation and Professional Development	Chairman and members of the Financial Reporting Committee in co-operation with the members of the CACR Committee for Regulation and Professional Development
48.	Ongoing	Continue in the providing of information on the latest developments in IFRS through CACR website and magazine Auditor.	Ongoing	CACR Office staff, members of the IFRS and Financial Institutions Committee	CACR Office staff, members of the IFRS and Financial Institutions Committee

49.	Ongoing	Continue in the co-operation with the Ministry of Finance in the preparation of the effect studies on the implementation of particular standards and interpretations for the use in the EU.	As needed	Members of the Financial Reporting Committee and members of CACR Committee for IFRS and Financial Institutions	Members of the Financial Reporting Committee and members of CACR Committee for IFRS and Financial Institutions
50.	Ongoing	Continue in discussion on problematic aspects of the IFRS implementation in the Czech Republic with the Ministry of Finance and support endorsement of voluntary implementation of IFRS in the Czech accounting legislation.	Ongoing	Members of the Financial Reporting Committee and members of CACR Committee for IFRS and Financial Institutions	Members of the Financial Reporting Committee and members of CACR Committee for IFRS na Financial Institutions
51.	Ongoing	Provide trainings on current IFRS issues.	Ongoing	Members of CACR Committee for IFRS and Financial Institutions and members of CPD Committee	Members of the CACR Committee for IFRS and Financial Institutions and members of CPD Committee
<i>Maintaining Ongoing Processes</i>					
52.	Ongoing	Continue to use best endeavours by identifying opportunities to further assist in implementation of IFRS.	Ongoing	Chairman of CACR Committee for IFRS and Financial Institutions	Chairman of the CACR Committee for IFRS and Financial Institutions
53.	Ongoing	To contribute to the Auditor magazine issued by CACR. Prepare articles related to current IFRS issues. And to inform on new development in IFRS area.	Ongoing	Chairman and members of CACR Committee for IFRS and Financial Institutions	Chairman and members of the CACR Committee for IFRS and Financial Institutions
<i>Review of CACR 's Compliance information</i>					
54.	Ongoing	Perform review and update to SMO 7.	Ongoing	Chairman of CACR Committee for IFRS and Financial Institutions	Chairmen of CACR Committee for IFRS and Financial Institutions
<i>Appendix</i>					
<ul style="list-style-type: none"> <li>• CACR Committee for IFRS and Financial Institutions support companies within groups that report their consolidated financial statements under IFRS so they may prepare their separate financial statements also under IFRS.</li> <li>• The Committee works on supporting materials such as guides and trainings that focus on differences between IFRS and local accounting rules. The guidelines concerning audits of financial statements prepared in accordance with IFRS were issued and are still in use.</li> <li>• Regular trainings and club nights are organized and held to discuss new IFRS issued.</li> </ul>					