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Circular 1/2015

concerning information on key audit matters in the audit report to the general meeting of shareholders (Circ. 1/2015)

of 21 December 2015 (status as on 30 June 2019)

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I. Background

- 1 Audit firms under state oversight must comply with auditing and quality assurance standards in providing auditing services. The Federal Audit Oversight Authority (FAOA) determines the applicable nationally or internationally recognised standards. If there are no standards, or are they insufficient, the FAOA may enact its own standards or supplement or modify existing ones (Art. 16a AOA¹).
- 2 The auditors issue a summarised written report on the results of the audit to the general meeting of shareholders (audit report). In particular, this report includes an audit opinion (Art. 728b para. 2 CO²).
- 3 International auditing standards require that the audit report on the entity and consolidated financial statements of stock exchange-listed companies includes information on the key matters assessed as part of the audit (Key Audit Matters³). This applies to the audit of entity and consolidated financial statements for financial years ending on or after 15 December 2016. These requirements have not yet been incorporated within the national auditing standards, Swiss Auditing Standards (SAS). The present circular closes this gap until the SAS relevant to reporting have been aligned again to the International Standard on Auditing (ISA). Further gaps will emerge if the entity and consolidated financial statements of a stock exchange-listed company are audited under other foreign standards (Art. 2 f. OO-FAOA⁴) which do not require any information on the key audit matters in the audit report.

II. Information on key audit matters

- 4 In their audit report to the general meeting of shareholders the auditors of companies with equity securities or bonds listed on a Swiss stock exchange must provide information on the key matters which were assessed as part of the audit (Art. 728b para. 2 no. 1 CO).
 - 5 The presentation of the key audit matters follows the relevant provisions as per ISA 701 in the version applicable at that time.
- ^{5bis} Foreign auditing standards are also deemed to be equivalent with regard to the information on key audit matters (Art. 3 para. 2 OO-FAOA in conjunction with margin note 5 Circ. 1/2008⁵) if they contain corresponding requirements.

¹ Auditor Oversight Act of 16 December 2005 (AOA; SR 221.302).

² Swiss Code of Obligations of 11 March 1911 (CO; SR 220).

³ International Auditing and Assurance Standards Board (IAASB), International Standard on Auditing 701, Communicating Key Audit Matters in the Independent Auditor's Report (ISA 701).

⁴ Ordinance of the FAOA on the Oversight of Audit Firms of 17 March 2008 (OO-FAOA; SR 221.302.33).

⁵ Circular no. 1/2008 of the FAOA of 17 March 2008 on Approval of Auditing Standards (Circ. 1/2008).

III. Enactment

- 6 This circular comes into effect on 21 December 2016⁶ and applies to the audit of entity and consolidated financial statements for financial years ending after this date. Earlier adoption is permitted⁷.

⁶ This circular has been amended as follows:

- Amendment of 26 June 2019 (in effect as of 30 June 2019)

⁷ This also applies to the application of ISA 701 in the audit of entity and consolidated financial statements prepared in accordance with IFRS.