

Report on the 2023 CEAOB Enforcement Questionnaire

Introduction	3
Jurisdiction and name of the competent authority which is responsible for investigations and sanctioning	5
A. Statistics 2022 - Administrative measures and sanctions	7
A.1 Withdrawal of approval	10
A.2 Notice	12
A.3 Public statement	14
A.4 Temporary prohibition from carrying out statutory audits and/or signing audit reports	15
A.5 Declaration that audit report does not meet requirements	15
A.6 Temporary prohibition from exercising functions in audit firms or PIEs	17
A.7 Pecuniary sanctions.....	18
B. Other administrative measures and sanctions	20
C. Level of pecuniary sanctions	22
D. Information about proceedings	28
D.1.1 General information on investigation and sanctioning in 2022.....	28
D.1.2 Investigations started due to inspections findings in 2022	29
D.1.3 Investigations commenced in 2022 by the NCA and any delegated body	30
D.1.4 Investigations closed in 2022 by the NCA and any delegated body	30
D.1.5 Administrative measures and sanctions imposed jointly	31
D.1.6 and D.1.7 Administrative measures and sanctions imposed on auditors and audit firms in 2022.....	32
D.1.8 Separation of investigation from the sanctioning process in jurisdictions	33
D.2 Time limits in separated process of investigation and sanctioning	33
D.2.1. Legal time limit of investigation in jurisdictions	34
D.2.2. Activity or moment that initiates the measurement of the investigation`s time limit.....	35
D.2.3. Possibility for extension of time limits or deadlines of investigation	36
D.2.4. Legal time limit for imposing sanctions in your jurisdiction	36
D.2.5. Activity or moment from which the time limit for imposing administrative measures or sanctions is measured	37
D.2.6. Possibility for extension of time limits or deadlines of sanctioning.....	37
D.3 Time limits in non-separated process of investigation and sanctioning.....	39
D.3.1 Legal time limit for investigation and for imposing sanctions on the audit firm or statutory auditors.....	39
D.3.2. Activity or moment that the time limit of investigation and sanctioning proceedings is measured	40
D.3.3. Possibility for extension of time limits or deadlines of investigation and sanctioning proceedings	41
E. Other information on investigation and sanctioning in 2022	42
E.1 Ethical Standards in sanctioning.....	42
E.2 Conditions in which an audit firm would be sanctioned in the area of the implementation and operation of the internal quality control system	44
Appendix: Enforcement Questionnaire on sanctioning statistics regarding year 2022	45
Appendix: Enforcement Questionnaire on sanctioning statistics regarding year 2022	

The following report is a summary of responses to the CEAOB questionnaire, which addresses investigations and sanctioning by competent authorities and delegated authorities in the calendar year 2022. The responses of the questionnaire are used for public reporting purposes in compliance with the CEAOB’s work plan 2023 and the CEAOB Enforcement sub-group’s work plan 2023. For ease of reference some responses have been edited and redesigned in order to create clarity and comparability.

About the survey

In February 2023, the CEAOB Enforcement sub-group (ENF) launched a survey about statistics of sanctions and administrative measures for the year 2022. The questionnaire was addressed to EU Competent Authorities in Auditor Oversight, based on Article 23 of the EU Audit Regulation 537/2014 and Article 30f (1) EU Audit Directive 2006/43/EC. The questionnaire focused on statistics and additional information concerning proceedings.

Legal ground

This questionnaire is based on Member States duty to cooperate in line with Article 33 of EU Audit Directive 2006/43/EC and CEAOB’s mission to facilitate the exchange of information, expertise and best practices in line with Article 30(7) and 30(11) of the EU Audit Regulation 537/2014.

Statistics

The questionnaire focused on administrative measures and sanctions, which are linked to PIE or non-PIE statutory audits i.e., statutory audit engagements. The respondents were requested to fill in the statistics, which reflect the decisions based on legislation in the jurisdiction by the competent authority in line with the ARD. The responses should also cover the decisions made by a delegated authority or body. The questions and requests for statistics only refers to the calendar year 2022.

The questionnaire was addressed to collect information primarily on the oversight of statutory auditors and audit firms. Respondents were also asked to identify information on the investigation and sanctioning of non-audit services provided by statutory auditors and audit firms and place it in the “Other” section.

Terms and definitions

The terms used in the questionnaire reflect the terms and definitions used in EU Audit Directive (2006/43/EC) of May 2006 and the EU Audit Regulation 537/2014. This questionnaire covers PIE and non-PIE auditors and audit firms respectively.

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts.	EU Audit Directive (AD)
Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities.	EU Audit Regulation (AR)

Audit Regulation and Directive (as described above).	ARD
The authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific aspects thereof.	Competent Authorities
<p>‘Public-interest entities’ means:</p> <p>(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC;</p> <p>(b) credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council (17), other than those referred to in Article 2 of that Directive;</p> <p>(c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC; or</p> <p>(d) entities designated by Member States as public-interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees.</p>	PIEs
Entities, which are not recognized or designated as PIE.	non-PIEs

Responses

29 responses were received - 27 from EU Member States and 2 from an EEA states. The national competent authorities (NCAs) are listed in table below.¹

Notes

The statistics in part A do not comprise of decisions where no action was taken i.e. where the competent authority concluded that sanctioning was not necessary when the case was closed. In part B one authority listed sanctions imposed due to breach of anti-money laundering regulations.

Administrative measures and sanctions

The responses reflect the statistics of decisions on administrative measures and sanctions based on new legislation in the relevant jurisdiction by the competent authority in line with the ARD. Further, the respondents were asked to include the administrative measures and sanctions which a delegated authority or body has imposed in line with the ARD based on delegation of tasks (Art. 24 of the EU Audit Regulation).

¹ Response was not received from EEA jurisdiction – Iceland.

Jurisdiction and name of the competent authority which is responsible for investigations and sanctioning

Jurisdiction	Organisation
 Austria	Abschlussprüferaufsichtsbehörde (APAB); EN. Austrian Audit Oversight Authority (APAB)
 Belgium	College van toezicht op de bedrijfsrevisoren (CTR) Collège de supervision des réviseurs d'entreprises (CSR)/ EN. Belgian Audit Oversight Board (BAOB) / Sanctions committee of the Financial Services and Markets Authority (FSMA)
 Bulgaria	Комисия за публичен надзор над регистрираните одитори/ EN. Commission for public oversight of statutory auditors
 Cyprus	ΑΡΧΗ ΔΗΜΟΣΙΑΣ ΕΠΟΠΤΕΙΑΣ ΕΛΕΓΚΤΙΚΟΥ ΕΠΑΓΓΕΛΜΑΤΟΣ, ΑΔΕΕΛΕπ / EN. Cyprus Public Audit Oversight Board (CyPAOB)
 Croatia	Ministarstvo financija (MF)/ EN. Ministry of Finance (MOF)
 The Czech Republic	Rada pro veřejný dohled nad auditem / EN. Public Audit Oversight Board (PAOB)
 Denmark	Erhvervsstyrelsen (ERST) / EN. Danish Business Authority (DBA)
 Estonia	Auditoritegevuse järelevalve nõukogu (AJN) / EN. Auditing Activities Oversight Board
 Finland	Patentti- ja rekisterihallitus (PRH)/ EN. Finnish Patent and Registration Office (PRH)
 France	Haut Conseil du commissariat aux comptes (H3C) / EN. (High Council for statutory auditors)
 Germany	Abschlussprüferaufsichtsstelle (APAS) beim Bundesamt für Wirtschaft und Ausfuhrkontrolle / EN. Auditor Oversight Body (AOB) at the Federal Office for Economic Affairs and Export Control
 Greece	Επιτροπή Λογιστικής Τυποποίησης και Ελέγχων (Ε.Λ.Τ.Ε.)/ EN. Hellenic Accounting and Auditing Standards Oversight Board (HAASOB)
 Hungary	Könyvvizsgálói Közfelügyeleti Hatóság (KKH)/ EN. Auditors' Public Oversight Authority (APOA)
 Ireland	Irish Auditing and Accounting Supervisory Authority (IAASA)
 Italy	Commissione Nazionale per le Società e la Borsa (CONSOB) e Ministero dell'Economia e delle Finanze (MEF)/ EN. Italian Securities and Exchange Commission (CONSOB) and The Ministry of the Economy and Finance (MEF)
 Latvia	Latvijas Republikas Finanšu ministrija (FM)/ EN. Ministry of Finance of the Republic of Latvia (MoF).
 Liechtenstein	Financial Market Authority (FMA)
 Lithuania	Audito, apskaitos, turto vertinimo ir nemokumo valdymo tarnyba prie Lietuvos Respublikos finansų ministerijos (AVNT); EN. Authority of Audit, Accounting, Property Valuation and Insolvency Management under the Ministry of Finance of the Republic of Lithuania (AVNT)

Luxembourg 	Commission de Surveillance du Secteur Financier (CSSF)
Malta 	Accountancy Board
The Netherlands 	Stichting Autoriteit Financiële Markten / EN. Dutch Authority for the Financial Markets (AFM)
Norway 	Finanstilsynet / EN. Financial Supervisory Authority of Norway (FSA)
Poland 	Polska Agencja Nadzoru Audytowego (PANA)/ EN. Polish Agency for Audit Oversight
Portugal 	Comissão do Mercado de Valores Mobiliários – CMVM/ EN. Portuguese Securities Market Commission
Romania 	Autoritatea pentru Supravegherea Publica a Activitatii de Audit Statutar (ASPAAS)/ EN. Authority for Public Oversight of the Statutory Audit Activity
Slovakia 	Úrad pre dohľad nad výkonom auditu (UDVA)/ EN. Auditing Oversight Authority
Slovenia 	Agencija za javni nadzor nad revidiranjem (ANR)/ EN. Agency for Public Oversight of Auditing (APOA)
Spain 	Instituto de Contabilidad y Auditoría de Cuentas (ICAC)/ EN. Accounting and Auditing Institute
Sweden 	Revisorsinspektionen/ EN. Swedish Inspectorate of Auditors

A. Statistics 2022 - Administrative measures and sanctions

To implement the CEAOB Enforcement subgroup activities planned for 2023, the subgroup collected information on administrative measures and sanctions to inform stakeholders, including EU and EEA policy makers, international standard-setters, academics, company directors, public authorities, and the general public.

The most common type of sanction imposed by competent authorities was notice with a total number of 429 sanctions. The second most common sanctions were pecuniary sanctions totalling 421 sanctions in 19 states.

A declaration that the audit report does not meet requirements is rarely used except by a few states. The rarest type of sanction imposed in 2022 was temporary prohibition from exercising functions in audit firms or PIEs.

The total number of sanctions imposed in 2022 by all 29 states in total was 1300. The highest number of sanctions imposed, was identified in four states: Belgium², Hungary³, Poland⁴ and Spain⁵. In 12 states, the total number of sanctions imposed by the national competent authority is greater than 20 but does not exceed 100 sanctions. Based on an analysis of the responses received from the questionnaire participants, it was found that fewer than 19 sanctions were imposed in 13 states.

Table No 1. The number of all imposed sanctions in 2022

	PIEs	non-PIEs	Others	Total
Austria	5	31		36
Belgium	8	102		110
Bulgaria	39	20		59
Cyprus				
Croatia	11	31	2	44
The Czech Republic	2	54	3	59
Denmark	3	47		50
Estonia		14		14
Finland		24		24
France		21		21
Germany	21	35		56
Greece				
Hungary	32	81	40	153
Ireland		24	18	42
Italy	2	9		11
Latvia		10		10
Liechtenstein				

² Belgium – see in particular considerations (notice) page 12.

³ Hungary - see in particular footnote page 9 (withdrawal of approval), footnote page 11 and considerations page 12 (notice), footnote page 14 (temporary prohibition from carrying out statutory audits and/or signing audit reports), considerations (pecuniary sanctions) page 17.

⁴ Poland - see in particular considerations page 12 (notice), considerations and footnote page 13 (public statement), considerations page 15 (declaration that audit report does not meet requirements), considerations and footnote pages 17 and 18 (pecuniary sanctions).

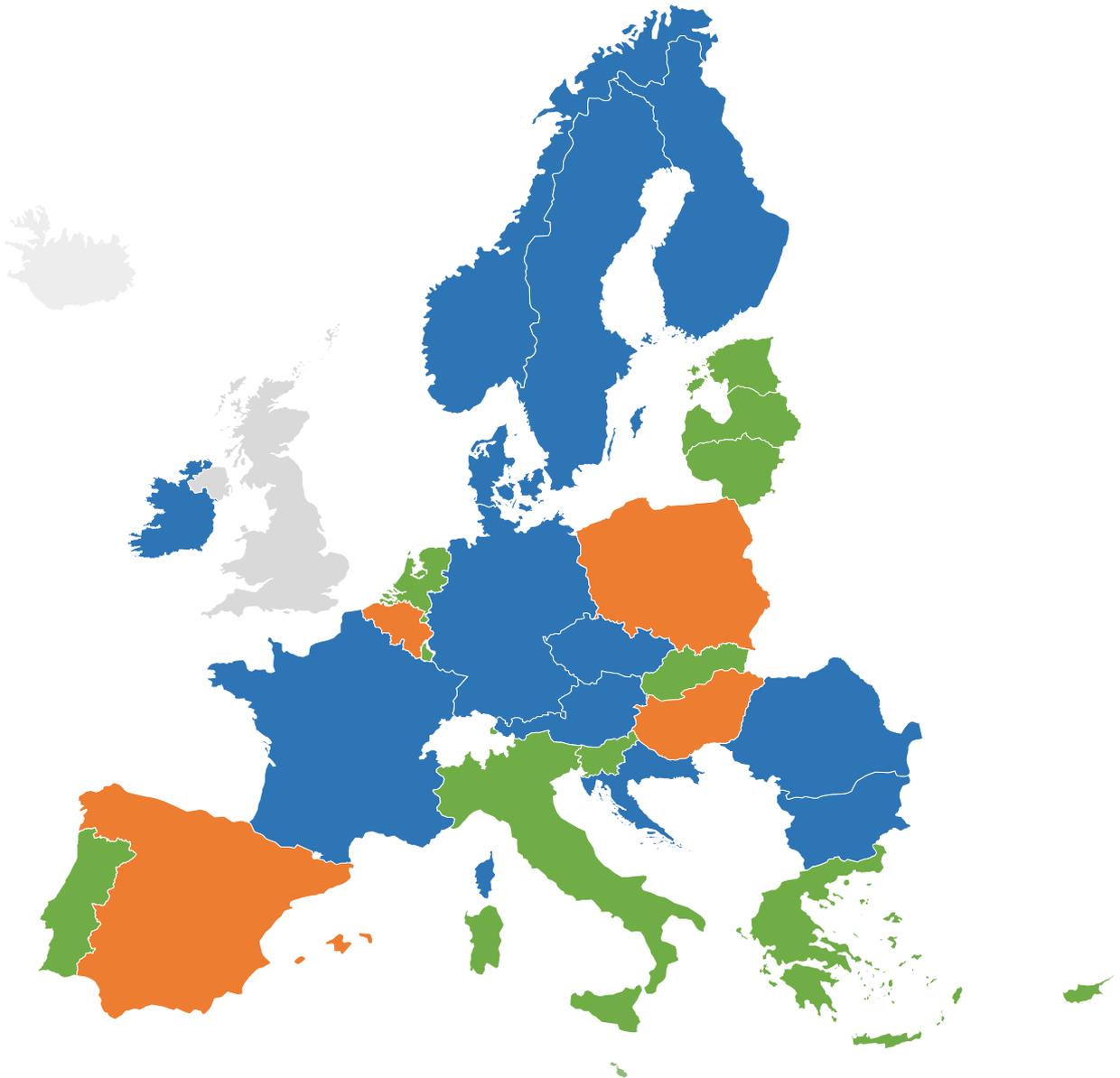
⁵ Spain - see in particular considerations page 13 (public statement), considerations pages 17 and 18 (pecuniary sanctions).

Lithuania	4	3		7
Luxembourg		2		2
Malta	2	6		8
The Netherlands	1	1		2
Norway	3	17		20
Poland	31	168	92	291
Portugal	8	1	2	11
Romania	8		81	89
Slovakia	4	9		13
Slovenia		8	1	9
Spain	6	34	71	111
Sweden	5	43		48

Numbers in the columns “Others” refers to investigation and sanctioning of other engagements, other activities and non-audit services conducted by auditors and audit firms (e.g. sanctions imposed following any negligence for payment of statutory audit fees, failure to provide requested information for oversight purposes, breach of duty of cooperation, violation of educational requirements, failure in non-audit reports etc.).

Graph No 1. Total number of administrative measures and sanctions in states

<i>Total number</i>		<i>States</i>
<i>100 -</i>		Belgium, Hungary, Poland, Spain
<i>20 – 99</i>		Austria, Bulgaria, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Norway, Romania, Sweden
<i>0 - 19</i>		Cyprus, Estonia, Greece, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia



A.1 Withdrawal of approval

Member States included in their laws the possibility of withdrawal of approval of a statutory auditor or an audit firm (Art. 30 (3) of AD). Approval of a statutory auditor or an audit firm shall be withdrawn if the good repute of that person or firm has been seriously compromised (art. 5 (1) of AD).

Table No 2. Withdrawal of approval

2022 ⁶	2021	2020
PIE 3	PIE 1	PIE 4
Non-PIE 50	Non-PIE 37	Non-PIE 20
Others 8	Others 4	Others 15

Considerations:

In 2022 three states (Poland, Hungary, Slovakia) withdrawal of approval was imposed on PIEs. The total number of withdrawals of approval sanctions increased significantly compared to data in 2021 and 2020.

In 2022 this sanction (non-PIEs) was imposed in 13 states: Austria – 7, Belgium – 3, Croatia – 1, Denmark – 1, Estonia – 2, Finland – 1, France – 4, Hungary - 10, Ireland – 5, Italy – 5, Latvia – 1, Norway – 4, Poland – 6. Most of the states that imposed withdrawal of approval sanction for non-PIEs in 2021, also imposed this sanction in 2022. In 2022, three countries (Poland, Hungary and

⁶ **Austria** - 7 audit firms were denied approval in 2022.

Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).

<https://www.fsma.be/en/team#:~:text=The%20Sanctions%20Committee%20is%20an,or%20of%20its%20Management%20Committee>

Cyprus - In 2022 we had 2 Disciplinary Proceeding that were referred to the Disciplinary Committee. For the 1 of the 2 cases hearings before the Disciplinary Committee were enacted but due to pre-trial objections of the defending side the proceeding was withdrawn with the right of re-referring the case to the Disciplinary Committee after remedy action is taken by CyPAOB. So, because the disciplinary proceeding was not complete no administrative measures or sanctions were imposed yet at this stage by the Disciplinary Committee of CyPAOB.

Croatia - Withdrawal of approval relates to one audit firm.

Denmark - "Conditional withdrawal of approval: 4 Non-PIE".

Hungary - "Number (PIE)" - The number of administrative measures and sanctions imposed by the Auditors' Public Oversight Authority in the case of quality assurance. "Number (non-PIE)" - The number of administrative measures and sanctions imposed by the delegated authority in the case of quality assurance. "Number (others)" - The number of administrative measures and sanctions imposed by the delegated authority in the case of disciplinary proceedings and/or the number of administrative measures and sanctions imposed by the Auditors' Public Oversight Authority in the case of investigation. The 1 "PIE" case was withdrawal of special qualifications. All of the 10 "non-PIE" cases were restraint orders from exercising the profession of carrying out statutory audits. We indicated this data in section B4. as well. 1 of the "Other" cases were expulsion from the Chamber, and the other one was suspension of the license for carrying out statutory audits required by law for 3 years".

Italy - The Ministry of Economy and Finance issued 5 decrees withdrawing from the auditor's register n. 3 natural persons (statutory auditors) and n. 2 legal persons (audit firms) due to deficiencies of good repute.

Latvia - Latvian Association of Sworn Auditors (LASA) on 26.10.22 has withdrawn one sworn auditor certificate.

Poland - Sanctions imposed on statutory auditors by delegated authority due to breaches of professional training are indicated in "others". 1 decision / ruling was not final and binding at the end of 2022.

Slovakia - Combination of various breaches in audit of various PIE and non-PIE entities and ISQC.

Ireland) have imposed withdrawal of approval sanction for cases that are presented in the line “Others” in the table above.

A.2 Notice

Notice requiring the natural or legal person responsible for the breach to cease the conduct and to abstain from any repetition of that conduct Art. 30 a (1 a) AD. The various forms of notice include, for example, a warning or a reprimand (public or severe).

Table No 3. Notice

2022 ⁷	2021	2020
PIE 76⁸	PIE 55	PIE 60
Non-PIE 294⁹	Non-PIE 203	Non-PIE 213
Others 59¹⁰	Others 249	Others 80

Considerations:

The summary of PIEs, non-PIEs and the "Others" categories in case of notice sanctions in year 2022 decreased by 15% comparing to 2021. In 2022, 429 sanctions were imposed in 16 states¹¹. Almost half of the sanctions – 209 were imposed in three states (Belgium, Hungary, Poland).

- **76** sanctions for PIEs were imposed by: Austria – 1, Belgium – 8, Bulgaria – 15, Croatia – 6, Denmark – 1, Germany – 13, Hungary – 14, Lithuania – 4, Malta – 1, Poland – 5, Romania – 4, Sweden – 4,

⁷ **Austria** - audit firm.

Belgium - These measures are imposed by the board of the BAOB. These include measures against breaches of following regulations and audit standards: -National audit legislation; -National audit standards; -ISA; -ISQC1.

Cyprus - As already explained above in 2022 we had 2 Disciplinary Proceeding that were referred to the Disciplinary Committee. For the 1 of the 2 cases hearings before the Disciplinary Committee were enacted but due to pre-trial objections of the defending side the proceeding was withdrawn with the right of re-referring the case to the Disciplinary Committee after remedy action is taken by CyPAOB. So because the disciplinary proceeding was not complete no administrative measures or sanctions were imposed yet at this stage by the Disciplinary Committee of CyPAOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Croatia - 6 relates to 3 audit firms and 3 statutory auditors, 15 relates to 6 audit firms and 9 statutory auditors.

Denmark - "3 Notice requiring the natural or legal person responsible for the breach to cease the conduct and to abstain from any repetition of that conduct 11 Reprimands".

Germany - 3 of the PIE decisions and 1 of the non-PIE decisions were appealed and not legally binding in 2022.

Hungary - All of the 14 "PIE" cases were warnings to terminate an existing infringement. All of the 16 "non-PIE" cases were warnings. The "Other" cases were 14 written reprimand and 6 warnings imposed by the delegated authority.

Latvia - "LASA in 2022 has made the following decisions: - a warning was issued to a sworn auditor (1 case); -sworn auditor's certificate was suspended for limited time (2 cases); - sworn auditor's certificate has been withdrawn (1 case). Temporary prohibition and certificate withdrawal were related to the same sworn auditor."

Poland - Sanctions imposed on statutory auditors by delegated authority due to breaches of professional training are indicated in "others". 12 decisions / rulings were not final and binding at the end of 2022.

Romania - "Four inspection reports containing recommendations of the inspection team to improve the auditors' /audit firms' activity, were issued. These reports have been forwarded to the Disciplinary Commission and the Commission's procedure has not been completed so far."

⁸ Including as notice (PIE) – 2 reprimand from Ireland, 3 warning to auditor and 1 warning to audit firm from Lithuania, 4 warning from Sweden.

⁹ Including as notice (non-PIE) - 2 reprimand and 3 severe reprimand from Ireland, 1 warning to auditor from Lithuania, 1 warning from the Netherlands, 13 warning and 28 admonition from Sweden.

¹⁰ Including as notice (Others) - 3 reprimand and 2 severe reprimand from Ireland.

¹¹ Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Latvia, Malta, Poland, Romania

- **294** sanctions for non-PIEs were imposed by: Belgium – 93, Bulgaria – 6, Croatia – 15, the Czech Republic – 22, Denmark - 13, Estonia – 1, Finland - 23, France – 6, Germany – 17, Hungary – 16, Ireland – 6, Latvia – 4, Lithuania – 1, the Netherlands – 1, Malta – 1, Poland – 24, Slovenia – 4, Sweden – 41,
- **59** sanctions for “Others” category were imposed by: Hungary – 20, Ireland – 9, Poland – 29, the Czech Republic - 1.

There is a significant decrease in “Others” category in 2022.

A.3 Public statement

A public statement which indicates the person responsible and the nature of the breach, published on the website of the competent authority (*Art. 30 a (1 b) AD*).

Table No 4. Public statement

2022 ¹²	2021	2020
PIE 20	PIE 16	PIE 10
Non-PIE 88	Non-PIE 79	Non-PIE 34
Others 143	Others 39	Others 37

Considerations:

The total number of public statement sanctions imposed in 2022, at 251, were the highest compared to previous years and almost - tripled compared to 2020. The largest increase in this type of sanction in "Others" category was imposed in Romania and Spain.

In 2022 this type of sanction was imposed in 11 states¹³:

- **20** sanctions for PIEs were imposed by: Croatia – 5, Denmark – 1, Norway – 3, Poland – 6, Romania – 1, Spain – 4.
- **88** sanctions for non-PIEs were imposed by: Croatia – 13, Denmark – 2, Estonia – 2, Ireland – 7, Latvia – 3, Norway – 7, Poland – 26, Slovakia – 2, Slovenia – 3, Spain – 23.
- **143** sanctions for "Others" category were imposed by: Croatia – 2, Ireland – 7, Poland – 10, Romania – 81, Spain – 43.

¹² **Cyprus** - Because the disciplinary proceedings before the Disciplinary Committee were not complete no administrative measures or sanctions were imposed yet by the Disciplinary Committee of CyPAPOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Croatia - 5 relates to 3 audit firms and 2 statutory auditors, 13 relates to 6 audit firms and 7 statutory auditors, 2 is in relation to breach of other administrative duties by audit firms pursuant to the national regulation.

Latvia - On the LASA website www.lzra.lv the information about sworn auditor's certificate suspension and cancelation was posted.

Poland - Sanctions imposed on statutory auditors by delegated authority due to breaches of professional training are indicated in "others". 16 decisions / rulings were not final and binding at the end of 2022.

Romania - "These 81 sanctions represent public warnings for not submitting audit activity reports. Two of these were challenged at the Court, and the Court procedure is not completed. Base on national legislations, all the auditors should complete and send activity audit reports yearly to ASPAAS."

Slovakia - Public statements published on the website of the national competent authority UDVA (Auditing Oversight Authority) were imposed by the delegated body SKAU (Slovak Chamber of Auditors).

¹³ Croatia, Denmark, Estonia, Ireland, Latvia, Norway, Poland, Romania, Slovakia, Slovenia, Spain

A.4 Temporary prohibition from carrying out statutory audits and/or signing audit reports

A temporary prohibition, of up to 3 years' duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/or signing audit reports (Art. 30 a (1 c) AD).

Table No 5. Temporary prohibition

2022 ¹⁴	2021	2020
PIE 4	PIE 15	PIE 3
Non-PIE 30	Non-PIE 35	Non-PIE 15
Others 7	Others 0	Others 13

Considerations:

The number of imposed temporary prohibitions (taking all categories together) changes from year to year.

In 2022 this type of sanction was imposed in 12 states¹⁵:

- **4** sanctions for PIEs were imposed by: Bulgaria – 1, the Netherlands – 1, Poland – 1, Romania 1.
- **30** sanctions for non-PIEs were imposed by: France - 3, Germany – 1, Hungary – 10, Ireland – 4, Latvia – 2, Lithuania – 1, Poland – 8, Slovenia – 1,
- **7** sanctions for “Others” were imposed by: Hungary – 1, Poland – 5, Spain – 1.

A.5 Declaration that audit report does not meet requirements

¹⁴ **Bulgaria** - There has been one temporary prohibition imposed of 3 years duration banning statutory auditor from carrying out statutory audit of public interest entities

Cyprus - Because the disciplinary proceedings before the Disciplinary Committee were not complete no administrative measures or sanctions were imposed yet by the Disciplinary Committee of CyPAPOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Hungary - "All of the 10 “non-PIE” cases were restraint orders from exercising the profession of carrying out statutory audits. The “Other” case was suspension of the license for carrying out statutory audits required by law for 3 years. We indicated this data in section A1. as well."

Latvia - In two cases LASA issued decision of the temporary prohibition of the sworn auditor's certificate.

Lithuania - Auditor's certificate was suspended and auditor was instructed to retake audit qualification exam within 3 years

Poland - Sanctions imposed on statutory auditors by delegated authority due to breaches of professional training are indicated in “others”. 5 decisions / rulings were not final and binding at the end of 2022.

Romania - It is one sanction of temporary prohibition, of 1 year duration, banning the statutory auditor from carrying out statutory audits and/or signing audit reports.

¹⁵ Bulgaria, France, Germany, Hungary, Ireland, Latvia, Lithuania, the Netherlands, Poland, Romania, Slovenia, Spain

A declaration that the audit report does not meet the requirements of Art. 28 of AD, or where applicable Art. 10 of AR (Art. 30 a (1 d) AD).

Table No 6. Declaration that audit report does not meet requirements

2022 ¹⁶	2021	2020
PIE 16	PIE 5	PIE 26
Non-PIE 47	Non-PIE 24	Non-PIE 0
Others 0	Others 0	Others 0

Considerations:

Since 2020 the highest number of declarations that audit report does not meet requirements was imposed in 2022. It appears that in each year one of the states imposed a significant amount of those sanctions in a particular year for example: Hungary in 2019, Romania in 2020, Poland in 2021 and 2022.

In 2022 declaration that audit report does not meet requirements sanction was imposed in 7 states¹⁷.

- **16** sanctions for PIEs were imposed by: Germany – 3, Hungary – 4, Malta – 1, Poland – 8.
- **47** sanctions for non-PIEs were imposed by: Croatia – 2, Germany – 2, Lithuania – 1, Malta – 5, Norway – 4, Poland – 33.

¹⁶ **Cyprus** - Because the disciplinary proceedings before the Disciplinary Committee were not complete no administrative measures or sanctions were imposed yet by the Disciplinary Committee of CyPAPOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Croatia - 2 relates to one audit firm and one statutory auditor.

the Czech Republic - There is no sanction of this kind in the Czech jurisdiction.

Germany - The 3 PIE decisions only became legally binding in 2023.

Hungary - All sanctions of the PIE case were the withdrawal of the audit report.

Malta - declaration against PIE audit firm is subject to appeal before Administrative Review Tribunal.

Poland - 15 decisions / rulings were not final and binding at the end of 2022.

¹⁷ Croatia, Germany, Hungary, Lithuania, Malta, Norway, Poland.

A.6 Temporary prohibition from exercising functions in audit firms or PIEs

A temporary prohibition, for a certain duration, banning a member of an audit firm or a member of an administrative or management body of a PIE-entity from exercising functions in audit firms or public-interest entities (Art. 30 a (1 e) AD).

Table No 7. Temporary prohibition sanctions

2022 ¹⁸	2021	2020
PIE 15	PIE 1	PIE 0
Non-PIE 19	Non-PIE 1	Non-PIE 4
Others 0	Others 0	Others 0

Considerations:

In 2020 and 2021, there were a low number of temporary prohibition sanctions from exercising functions in audit firms or PIEs. In 2021 only 2 states¹⁹ imposed temporary prohibition sanctions. However, in 2022 there is a large increase due to the sanctions imposed by Bulgaria (PIE – 15 and non-PIE – 14). Additional sanctions for non-PIE in 2022 imposed Belgium – 3, Estonia – 1 and Poland – 1.

¹⁸ **Cyprus** - Because the disciplinary proceedings before the Disciplinary Committee were not complete no administrative measures or sanctions were imposed yet by the Disciplinary Committee of CyPAPOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority. Auditor was found to be guilty of a disciplinary offence and was referred to an additional examination. During the time between the official decision and the examination the auditor was suspended from carrying out audits and signing audit reports.

Estonia - Auditor was found to be guilty of a disciplinary offence and was referred to an additional examination. During the time between the official decision and the examination the auditor was suspended from carrying out audits and signing audit reports.

¹⁹ France and Ireland

A.7 Pecuniary sanctions

The imposition of administrative pecuniary sanctions on natural and legal persons (Art. 30 a (1 f) AD).

Table No 8. Pecuniary sanctions

2022 ²⁰	2021	2020
PIE 61	PIE 97	PIE 34
Non-PIE 267	Non-PIE 409	Non-PIE 224
Others 93	Others 49	Others 106

Considerations:

The overall number of sanctions imposed in 2022 (421) shows a decreasing trend compared to 2021. It should be noticed that in 2022, almost half of the pecuniary sanctions were imposed in two member states (Hungary and Poland).

In 2022 sanctions were imposed in 20 states²¹.

- **61** sanctions for PIEs were imposed by: Austria – 4, Bulgaria – 8, the Czech Republic – 2, Denmark – 1, Germany – 5, Hungary – 13, Italy – 2, Poland – 10, Portugal – 8, Romania – 2, Slovakia – 3, Spain – 2, Sweden – 1,
- **267** sanctions for non-PIEs were imposed by: Austria – 24, Belgium – 3, the Czech Republic – 32, Denmark – 31, Estonia – 8, France – 8, Germany – 15, Hungary – 45, Ireland

²⁰ **Austria** - "only natural persons have been fined (Summary - 28 administrative measures and sanctions, 4 PIE auditors and 24 non-PIE auditors were sanctioned)"

Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).

Bulgaria - 8 administrative pecuniary sanctions on natural and legal persons have been imposed regarding financial audit engagements of PIEs

Cyprus - Because the disciplinary proceedings before the Disciplinary Committee were not complete no administrative measures or sanctions were imposed yet by the Disciplinary Committee of CyPAPOB. In the National Legislation of Cyprus the Disciplinary sanctions can be imposed only by the Disciplinary Committee. So since the hearing proceedings have not yet completed for any disciplinary proceeding case the Disciplinary Committee was not in the position yet to impose any sanctions.

Germany - 3 of the PIE decisions and 1 of the non-PIE decisions were appealed and not legally binding in 2022

Italy - Consob imposed 2 pecuniary sanctions for PIEs, 1 on legal person (audit firm) and 1 on natural person (engagement partner). The pecuniary sanctions for non-PIEs were 4, 3 on legal persons (audit firms) and 1 on natural person (engagement partner).

Latvia - No pecuniary sanctions (penalties) were imposed on sworn auditors or commercial companies of sworn auditors in 2022.

Poland - Sanctions imposed on statutory auditors by delegated authority due to breaches of professional training are indicated in "others". Sanctions imposed on audit firms by NCA due to breaches of lack of files transfer because of removal from the list and breaches of audit firm fees, which therefore are not related to PIE / non-PIE. 33 decisions / rulings were not final and binding at the end of 2022.

Portugal - "PIE: 1 reprimand, 1 fine of 150 thousand euros, 3 fines of 25 thousand euros each and 3 fines of 10 thousand euros each
Non-PIE: 1 reprimand Others: 1 reprimand and 1 fine of 25 thousand euros"

Romania - One of the 2 sanctions represent an administrative fine in value of 0.6% of the turnover for 2019. This has been challenged at the Court, and the Court procedure was not completed. The other sanction represents a fine for exercising the statutory audit activity without a visa issued by the competent authority.

Slovakia - Six pecuniary sanctions were imposed by the national competent authority UDVA and four pecuniary sanctions were imposed by the delegated body SKAU (Slovak Chamber of Auditors).

²¹ Austria, Belgium, Bulgaria, the Czech Republic, Denmark, Estonia, France, Germany, Hungary, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

– 2, Italy – 4, Luxembourg – 2, Norway – 2, Poland – 70, Portugal – 1, Slovakia – 7, Spain – 11, Sweden – 2,

- **93** sanctions for ‘others’ category were imposed by: Hungary – 17, Ireland – 1, Poland – 43, Portugal – 2, Slovenia – 1, Spain – 27, the Czech Republic - 2.

B. Other administrative measures and sanctions

Respondents were asked to provide information on any administrative measures or sanctions imposed that are not covered by the AD or AR, and to include details.

Table No 9. Other administrative measures and sanctions²²

	PIEs	non-PIEs	Others
Recommendations²³	82	130	-
Point of Attention	2	13	-
Conditional withdrawal of approval	4	-	-
Ineligibility to the professional bodies for one year	-	1	-
Mandatory participation in advanced training	-	39	-
Administrative measures for non-compliance with AML (anti money laundering) Regulations	38	54	-
Conditions	-	3	2
Assignment to auditor to additionally develop his professional qualifications	9	5	-
Assignment to audit firm to eliminate identified deficiencies	3	1	-
Quality Assurance Follow Up Visit	-	2	-
Quality Assurance Hot File Reviews	-	2	-
Quality Assurance External Audit Compliance Reviews and Cold File Reviews	-	1	-
Instructive conversation on compliance with standards	-	1	-
Prohibition on the individual auditor or the audit firm and the main auditors responsible for the engagement from performing	-	-	13
Order to cease misleading advertising	-	-	1

Considerations:

It should be noted that the most frequently applied other administrative measures and sanctions (not covered by the AR or AD) were recommendations, which were imposed in Belgium. The second

²² Disclaimer – Member States define differently administrative measures and sanctions. In some jurisdictions other administrative measures and sanctions may be qualified as inspection measures (for example recommendations in inspection report).

²³ Belgium - These recommendations are binding and auditors and audit firms are obliged to act according to the recommendation and to provide the BAOB with proof of the adaptations made.

most common applied sanction, which was administrative measures for non-compliance with AML, was also imposed in this state.

Comments:

Belgium – recommendations: 82 PIE and 130 non-PIE, Point of Attention 2 PIE and 13 non-PIE, Administrative measures for non-compliance with AML Regulations: 38 PIE and 54 non-PIE; for these statistics we cannot make a distinction between PIE and non-PIE engagements. The distinction is made between engagements held by firms who hold PIE engagements and firms who only hold non-PIE engagements.

Denmark - Conditional withdrawal of approval: non-PIE – 4.

France - Ineligibility to the professional bodies for one year: non-PIE – 1.

Hungary - Mandatory participation in advanced training (39 non-PIE).

Ireland – Conditions 3 non-PIE and 2 others.

Italy - The MEF in 2022 suspended from the auditors' public register 2.500 statutory auditors and 25 audit firms due to negligence for payments of annual registration fees. The MEF also suspended from the auditors' public register 1 statutory auditor in connection with criminal proceedings. The MEF in 2022 cancelled from the auditors' public register 1.521 statutory auditors and 10 audit firms due to negligence for payments of annual registration fees. CONSOB imposed 2 pecuniary sanctions on statutory auditors (key audit partners), with joint and several liability of the audit firms they belong to, and the temporary prohibition, respectively of 7 months and 11 months' duration, banning these key audit partners from carrying out statutory audits and/or signing audit reports, as a result of the breach of Market Abuse Directive and Regulation. Note that 1 temporary ban (11 months) was suspended by the court during the appeal, so it was partially binding in 2022.

Lithuania - Assignment to auditor to additionally develop his professional qualifications: 9 PIE and 5 non-PIE and assignment to audit firm to eliminate identified deficiencies: 3 PIE and 1 non-PIE.

Malta - Quality Assurance Follow Up Visit: 2 non-PIE, Quality Assurance Hot File Reviews: 2 non-PIE and Quality Assurance External Audit Compliance Reviews and Cold File Reviews: 1 non-PIE.

The Netherlands - instructive conversation on compliance with standards: 1 non-PIE.

Slovenia – 1 Other - Order to cease misleading advertising - The person unjustifiably presented himself as a certified auditor.

Spain - When the imposition of a sanction for a very serious or serious breach is a consequence of an audit engagement with a particular entity, then the sanction shall also entail a prohibition on the individual auditor or the audit firm and the main auditors responsible for the engagement from performing audits on the entity in question corresponding to the first three financial years starting after the date on which the sanction becomes definitive in the administrative jurisdiction - 13 sanctions were imposed.

C. Level of pecuniary sanctions

The lowest and the highest pecuniary sanctions imposed in 2022 on natural or legal persons.

The respondents were asked to indicate the lowest and the highest pecuniary sanctions imposed in 2022 on natural or legal persons in their jurisdiction.

Table No 10. includes the lowest and the highest pecuniary sanctions in Euros (€), imposed by jurisdictions on **auditors** (natural persons), with a breakdown by violations related to the audit of a public interest entity (PIE) and to the audit of non-public interest entity (non-PIE).

Table No 10. Pecuniary sanctions imposed on auditors (natural persons/individuals) in 2022

	Auditors (PIE) - Lowest €	Auditors (PIE) - Highest €	Auditors (non-PIE) - Lowest €	Auditors (non-PIE) - Highest €
Austria	400	400	400	7000
Belgium			5000	12000
Bulgaria	350	2450		
Cyprus				
Croatia				398
The Czech Republic			204	4082
Denmark		20000	2700	60500
Estonia			2000	4000
Finland				
France			5000	12000
Germany	2000	31000	2000	50000
Greece				
Hungary	787	13123	131	3150
Ireland				1500
Italy	20000	20000	50000	50000
Latvia				
Liechtenstein				
Lithuania				
Luxembourg			10000	10000
Malta				
The Netherlands				
Norway				
Poland	746	2559	789	1812
Portugal				
Romania	2021	2021		
Slovakia	4000	4000	100	3000
Slovenia				
Spain	3225	3225	5700	18000
Sweden			2500	6000

Considerations:

From the feedback received from respondents, the highest pecuniary sanction imposed on a statutory auditor was imposed in Germany, in relation to audits provided to PIEs, in the amount of € 31.000. In that investigation, breaches and misconduct related to an incorrect audit opinion as well as significant deficiencies in the performance of the audit (Insufficient audit evidence for the existence of commission revenues, inadequate addressing of obvious indications for misstatements in financial statements).

Denmark imposed the highest pecuniary sanction on a statutory auditor in relation to the audit provided to a non-PIE, in the amount of € 60.500. Denmark stated that the sanction was imposed because of lack of independence when carrying out statutory audits.

In summary, it should be noted that in 2022 in 10 states pecuniary sanctions were imposed on auditors, in relation to PIEs. Meanwhile, 19 states did not impose any pecuniary sanctions on auditors, in relation to PIEs. In 2022, 16 states imposed pecuniary sanctions on auditors (non-PIEs) and in 13 states no pecuniary sanctions were imposed on auditors (non-PIEs).

Table No 11. includes the lowest and the highest pecuniary sanctions in Euros (€), imposed by jurisdictions on **audit firms** (legal persons), with a breakdown by violations related to the audit of PIEs and non-PIEs.

Table No 11. Pecuniary sanctions imposed on audit firms (legal persons) in 2022

	Audit firm (PIEs) - Lowest €	Audit firm (PIEs) - Highest €	Audit firm (non- PIEs) - Lowest €	Audit firm (non- PIEs) - Highest €
Austria				
Belgium				
Bulgaria	1050	4025		
Cyprus				
Croatia	2060	39817		2920
The Czech Republic	816	2449	2449	2449
Denmark			13500	20000
Estonia			2000	4000
Finland				
France			7000	40000
Germany				
Greece				
Hungary	1312	3937	263	787
Ireland			3750	100000
Italy	110000	110000	65000	150000
Latvia				
Liechtenstein				
Lithuania				
Luxembourg				
Malta				
The Netherlands				
Norway			1000	3000
Poland	1400	53305	186	51156
Portugal	10000	150000		
Romania	15390	15390		
Slovakia	5000	10000	3840	5000
Slovenia				
Spain	55190	55190	12000	12000
Sweden	60000	60000		

Considerations:

The highest pecuniary sanctions imposed on the audit firm, was imposed in Portugal, in relation to audits provided to PIEs, in the amount of € 150.000. Reasoning for the sanction was the failure to comply with the duty to adequately document the audit evidence obtained and the conclusions

drawn from that evidence [art. 9 AR; art. 26 (1) AD] and the duty of closure of the audit file archive [art. 24-B (5) AD].

The highest pecuniary sanction in relation to audits provided to non-PIEs, was imposed in Italy, in the amount of € 150.000. The highest pecuniary sanction on non-PIE audit firms was imposed for the violation of the following auditing standards: ISA 315, par. 25 and 26; ISA 330, par. 18 and 27; ISA 500, par. 6; art. 9, c. 2 and 4, D. Lgs. 39/2010 (professional scepticism as transposed following art. 21 of Audit Directive).

In 18 states, no pecuniary sanctions were imposed on audit firms (PIEs). In relation to audit firms (non-PIEs) in 2022 - 12 states imposed pecuniary sanctions on audit firms, and 17 states did not impose pecuniary sanctions.

Comments on breaches where the highest pecuniary sanctions were imposed:

Austria - Fines of € 7.000 were imposed due to non-compliance with the obligation of continuing education. The minimum number of hours of education required by national law is 30 hours per year as well as the required education in the areas of accounting and auditing of 60 hours over a period of three years were not complied with. The fines in the amount of € 400 were imposed due to various reporting breaches.

Belgium - The highest sanction of € 12.000 was imposed for: -not respecting the mandatory continuing education for several years; -deliberately ignoring two requests for information issued by the BAOB; -not respecting the professional ethical standards.

Bulgaria - The first breach is related with ISA 705 and deals with the auditor's responsibility to issue an appropriate report in circumstances when in forming an opinion in accordance with ISA 700-Revised, the auditor should conclude that a modification to the auditor's opinion on the financial statements is necessary, also another breach concerns the lack of quality control performed regarding the audit engagement. The other breach is related with the infringement of independence requirements for auditors.

Croatia - Highest pecuniary sanctions are imposed to audit firm in relation to obligation to notify MoF of the firm's conclusion of the audit contract with PIE in the current business year, in audit report info about the date of the appointment and the period of total uninterrupted engagement including previous renewals and reappointments of the statutory auditors or the audit firms is missing, obligation to notify MoF about refusal to issue and audit opinion on financial statements, an additional report to the audit committee of the audited entity has not been submitted, an engagement quality control review was not performed.

The Czech Republic - The highest sanction was imposed for the breach of ISA. Exchange rate used: 1 € – 24,5 CZK.

Denmark - Lack of independence when carrying out statutory audits.

Estonia - The highest sanctions in 2022 were imposed breaches related to the organisation of the work and insufficient audit evidence and documentation. The highest sanction for the auditor was imposed for failure to participate in required in-service training.

France - Lack of independence, self-review threat.

Germany - PIE: Incorrect audit opinion and insufficient audit performance (Insufficient audit evidence for the existence of commission revenues, inadequate addressing of obvious indications for misstatements in financial statements)

Non-PIE: Insufficient audit performance (Insufficient audit evidence regarding a sale transaction with significant impact on revenues).

Hungary - Amounts above are given in €.

Ireland - Firm acted in breach of the Institute's Code of Ethics for Members (2011): Fundamental Principles: (c) Professional Competence and Due Care and (e) Professional Behaviour in that it breached Audit Regulation 3.10 by failing to comply in certain circumstances with International Standards on Auditing (UK and Ireland) 230 Audit Documentation, 500 Audit Evidence, 620 Using the Work of an Auditor's Expert and 560 Subsequent Events in carrying out the audit of a client company.

Italy - CONSOB imposed 1 pecuniary sanction on a PIE Auditor (engagement partner) and 1 on a PIE audit firm as a result of 1 sanction proceeding. The breaches for which both sanctions were imposed are the violation of the following auditing standards: ISA 330, parr.21 and 27; ISA 500, parr.6 and 9; ISA 540, parr.12,

13 and 18; art.9, c.2, 3 and 4, of D. Lgs. 39/2010 (professional scepticism as transposed following art. 21 of Audit Directive); art.11, par.2, lett. j), Reg. UE 537/2014. CONSOB imposed 1 pecuniary sanction on 1 non-PIE auditor (engagement partner). The breaches for which the sanction was imposed are the violation of the following auditing standards: ISA 315, parr.25 and 26; ISA 330, parr.18 and 27; ISA 500, par.6; art. 9, c.2 and 4, D. Lgs. 39/2010 (professional scepticism as transposed following art. 21 of Audit Directive).

Latvia - No pecuniary sanctions (penalties) were imposed on sworn auditors or commercial companies of sworn auditors in 2022.

Luxembourg - Lack of disclosures in the notes to the accounts of significant commitments.

The Netherlands - The AFM cannot (in general) impose pecuniary sanctions on individual statutory auditors, only on audit firms. The pecuniary sanction can be doubled in case of repetitive non-compliance with the similar obligation within five years of the previous non-compliance. When the financial advantage of the offender is more than €2.000.000, the AFM can impose a pecuniary sanction up to twice the amount of the financial advantage.

Poland - Breaches of ISAs 200, 240, 300, 315, 320, 330, 500, 501, 510, 570(Z) 510, 700(Z), 705(Z), 700(Z) and inter alia, breaches related to the internal quality control system, policies and procedures relating to non-interference with the audit and the relevant knowledge, staff experience and compliance with standards, obligations before accepting or continuing with the audit assignment, remuneration, related to audit files. The average exchange rate PLN to EUR in 2022 - 4,69.

Slovakia - Auditor (PIE) – the lack (also inappropriate, insufficient) of audit evidence and documentation. Audit firm (PIE) – missing EQCR. Auditor (non-PIE) - insufficiently evaluated and not documented audit evidence, not applied professional competence and due care, non-compliance with ISRS 4400. Audit firm (non-PIE) – incorrect audit opinion in audit report.

Portugal - The breaches associated to the highest pecuniary sanction concern the following duties: (i) Duty to adequately document the audit evidence obtained and the conclusions drawn from that evidence [art. 9 EU-AR; art. 26 (1) EU-AD] (ii) Duty of closure of the audit file archive [art. 24-B (5) EU-AD].

Spain - The failure to comply with auditing standards where there is a material effect on the outcome of the work performed and, therefore, on the audit report.

Sweden - For the PIE audit firm the sanction was related to deficiencies in the field of Anti Money Laundering. All amounts above are in euros, with an exchange rate of 10 SEK/1 Euro.

D. Information about proceedings

In this part of the questionnaire the respondents were asked to provide sources of information to identify potential enforcement matters and to provide the number of investigations started, commenced and closed in 2022 by the NCA and any delegated body.

D.1.1 General information on investigation and sanctioning in 2022

The respondents were asked which sources of information they use most often (5) and which one's least often (0) to identify potential enforcement matters (on the scale from 0 to 5).

Table No 12. Sources of information most often used (5) and least often used (0) to identify potential enforcement matters

Sources of information	Average	Median ²⁴
Internal fact-finding and risk analysis by NCA itself or a delegated body/authority	3,11	4
Inspections findings	4,28	5
Review and analysis of public filings by audited entities	1,74	1
Press and media news	2,31	2
Whistleblowers, tips and complaints from 3rd parties	2,81	3
Monitoring of third-party claims (such as private lawsuits)	1,04	1
Referrals from other authorities (national and international)	2,36	2
Other ²⁵	0,58	0

Considerations:

Internal fact-finding and risk analysis by NCA or a delegated body/authority and Inspections findings were the most common sources of information used to identify potential enforcement matters. Third most used source of information was whistleblowers, tips and complaints from third parties.

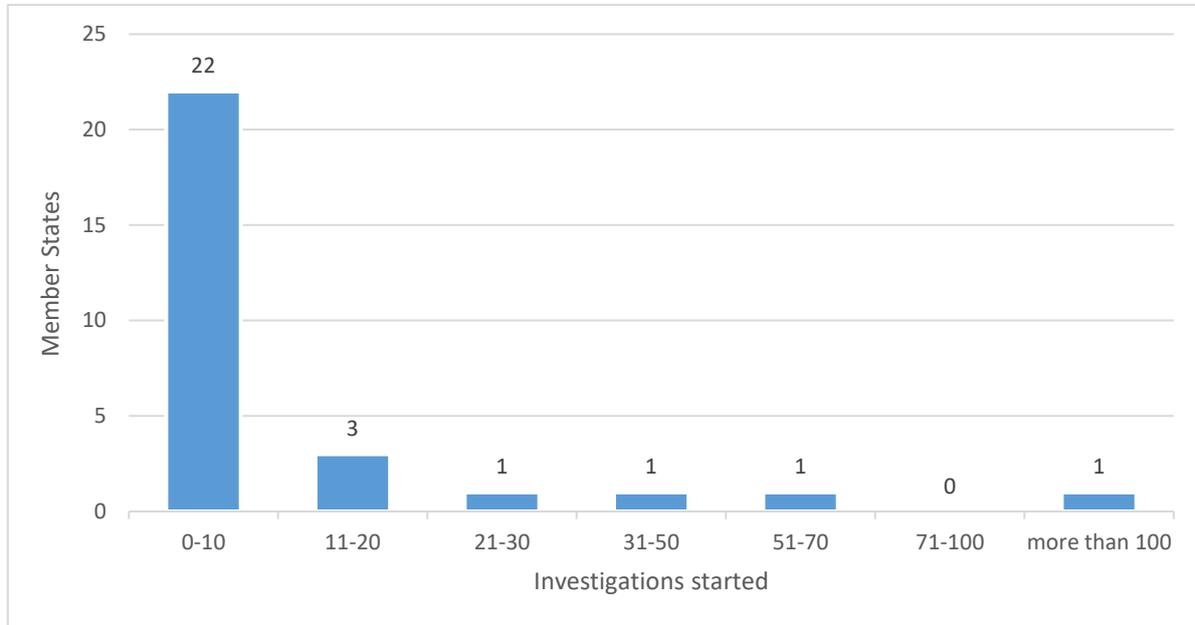
²⁴ The median is the middle number in a sorted, ascending or descending, list of numbers and can be more descriptive of that data set than the average. The median is sometimes used as opposed to the mean when there are outliers in the sequence that might skew the average of the values.

²⁵ Lithuania - D1.1 - Other: Audit quality review, performed by the Chamber of Auditors

D.1.2 Investigations started due to inspections findings in 2022

The respondents were asked about the number of investigations that have started due to inspection findings in their authority.

Graph No. 2 Investigations started due to inspections findings in 2022



Considerations:

In 22 states²⁶, the level of investigations opened as a result of inspection findings was up to 10 investigations. In 7 countries, the number of investigations opened was higher: 11-20 (Croatia, Finland, Luxembourg), 21-30 (Germany), 31-50 (France), 51-70 (Denmark), more than 100 (Poland).

²⁶ Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Malta, the Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

D.1.3 Investigations commenced in 2022 by the NCA and any delegated body

Respondents were asked to indicate how many investigations were initiated in 2022 by the NCA and each delegated authority.

Table No 13. Investigations commenced in 2022 by the NCA and any delegated body related to PIE and non-PIE audit files/audit engagements

Number of investigations commenced in 2022	Statutory auditor (PIE audit files/audit engagements)	Audit firm (PIE audit files/audit engagements)	Statutory auditor (non-PIE audit files/audit engagements)	Audit firm (non-PIE audit files/audit engagements)
0-10	25	25	16	24
11-20	1	3	3	4
21-30		1	2	
31-50	2		3	
51-70	1		3	1
71-100			2	
more than 100				

Considerations:

From the responses provided, it appears that on average the number of investigations commenced in 2022 as a result of a review of audit files is up to 10. In 25 states up to 10 investigations were initiated in relation to PIE audit files/engagements. There were slightly more investigations initiated in cases of statutory auditors auditing non-PIEs audit files/audit engagements - in 13 states there were more than 10 investigations that had commenced in 2022.

D.1.4 Investigations closed in 2022 by the NCA and any delegated body

Respondents were asked how many investigations were closed by the NCA and delegated authority in 2022 related to PIE and non-PIE audit files/audit engagements.

Table No 14. Investigations closed in 2022

Number of investigations closed in 2022	Statutory auditor (PIE audit files/audit engagements)	Audit firm (PIE audit files/audit engagements)	Statutory auditor (non-PIE audit files/audit engagements)	Audit firm (non-PIE audit files/audit engagements)
0-10	27	29	15	23
11-20	1		6	5
21-30			1	
31-50	1		3	1
51-70			4	
71-100				
more than 100				

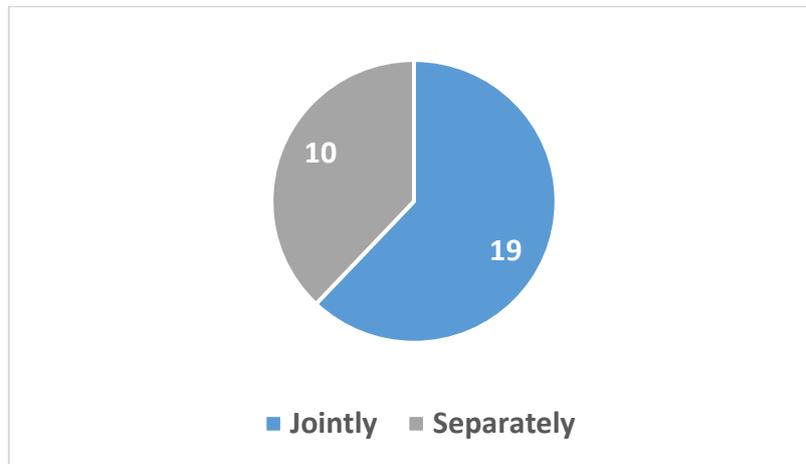
Considerations:

From the answers given, the most common number given is up to 10 closed investigations. This remains in line with the responses to question D.1.3. Considering statutory auditors (non-PIE audit files / audit engagements) numbers are bigger, 14 states closed from 10 to 70 cases.

D.1.5 Administrative measures and sanctions imposed jointly

Respondents were asked whether their jurisdiction imposes administrative measures and sanctions on auditors and audit firms jointly/combined (within the same case).

Graph No 3. Imposing administrative measures and sanctions jointly

**Considerations:**

In 19 states²⁷ it is possible to impose administrative measures and sanctions jointly, and in 10 states²⁸ this is not legally possible.

Please note that the concept "administrative measure" varies significantly and the concept of the term is defined in each member state individually.

²⁷ Austria, Belgium, Bulgaria, Cyprus, Croatia, the Czech Republic, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Liechtenstein, Lithuania, Malta, Portugal, Romania, Spain

²⁸ Denmark, Hungary, Latvia, Luxembourg, the Netherlands, Norway, Poland, Slovakia, Slovenia, Sweden

D.1.6 and D.1.7 Administrative measures and sanctions imposed on auditors (also audit partners/ key audit partners/members of the board of directors of the audit firm, engagement quality control reviewer) and audit firms in 2022

Respondents were asked about administrative measures and sanctions that were imposed on auditors and audit firms in 2022, within the statistic that is reported in part A of the report.

Graph No 4. Administrative measures and sanctions imposed on auditors and audit firms in 2022



Considerations:

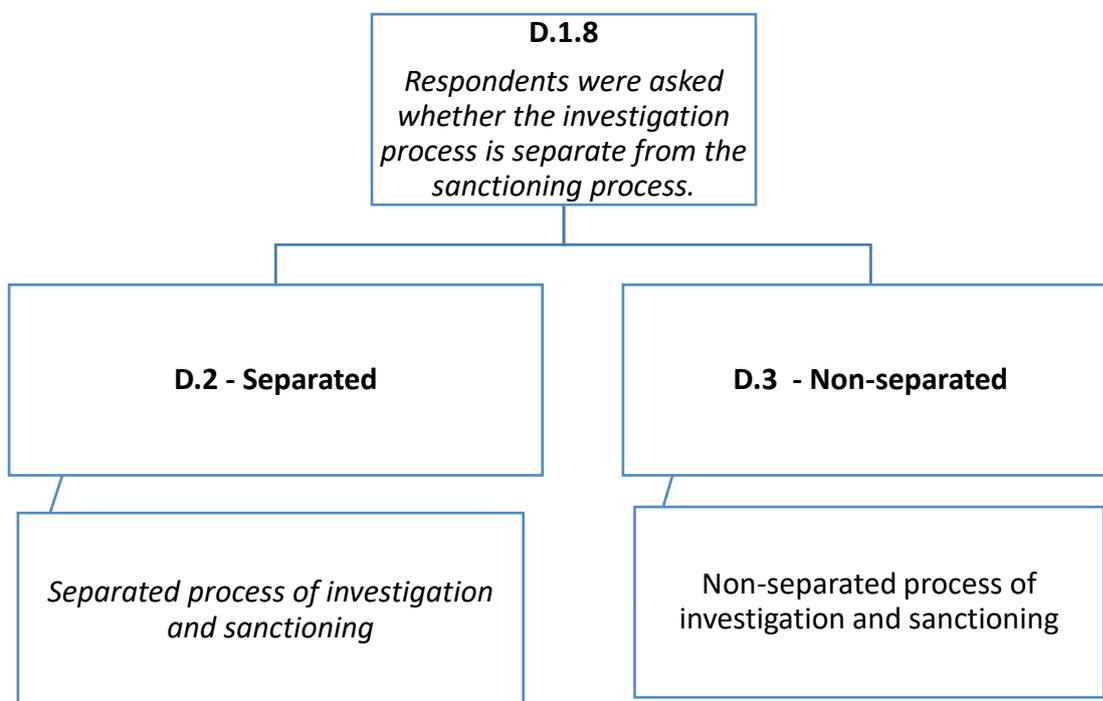
From the responses provided, it can be concluded that the most common number of sanctions imposed on auditors (also audit partners/ key audit partners/members of the board of directors of the audit firm, engagement quality control reviewer) and audit firms in 2022 is up to 10 sanctions. However, it is worth noting that according to the answers given, in some states, these values were higher, even exceeding the 100 sanctions.

D.1.8 Separation of investigation from the sanctioning process in jurisdictions

Respondents were asked whether in their jurisdiction the investigation process is separate from the sanctioning process.

Considerations:

In 15 states²⁹ investigations and sanctioning processes are separated (D2) and in 14 states³⁰ there is no such separation (D3). In the following sections, responses to the more specific questions are considered separately, from states that have separate sanctioning and investigation processes the responses are presented in Section D.2 of the report (page from 33 to 38). In contrast, responses from states with non-separated investigation and sanctioning process are presented in section D.3 (page from 39 to 41).



D.2 Time limits in separated process of investigation and sanctioning

Respondents were asked to provide the legal time limit for the investigation and imposition of sanctions (in separated process of investigation and sanctioning) on the audit firm or auditors in their jurisdiction, after which the imposition of sanctions is not possible (the imposition of sanctions expires).

Time limit of investigation - the term is understood as the time/date in which the NCA or delegated body is obligated to finish, initiated/launched of the investigation. Please note that the concept of "legal time limit" could have different meanings and applications in the various jurisdictions.

²⁹ Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Romania, Spain

³⁰ Austria, Croatia, the Czech Republic, Estonia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Norway, Poland, Slovakia, Slovenia, Sweden

The data below refers to 15 states - Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Romania, Spain.

D.2.1. Legal time limit of investigation in jurisdictions

Table No 15. Legal time limit of investigation by states

Legal time	Jurisdictions
Less than 6 months ³¹	Romania
Between 6-12 months ³²	Cyprus
More than 1 year, up to 2 years	-
More than 2 years, up to 5 years	-
More than 5 years	Finland, France
No time limit ³³	Bulgaria, Denmark, Greece, Luxembourg, Malta, the Netherlands, Portugal, Spain
Other ³⁴	Belgium, Ireland, Italy

Considerations:

In separated processes of investigation and sanctioning, in most of the states there is no legal time limit for the investigation and imposition of sanctions – 8 out of 15 answers given.

³¹ **Romania** - The maximum duration of an investigation is three months, with the possibility of extension up to a maximum of 6 months on motivated request of the investigation team.

³² **Cyprus** - The time taken for every case is different depending on the difficulty of the case, the extensions of time (completion of investigation within 30 days with the right to demand an extension for another 30 days). The legislation specifies as a time limit only the 30 days of the investigation to be completed with no other time limits. So after the completion of the investigation report the investigating officer submits to the General Manager the report and then the report is submitted to the Board by the Director with his/her recommendations for the case. The delays are due to difficulties faced during the investigation in relation to the testimonial procedure and before the Disciplinary Committee. The difficulties and delays we faced were due to the legal issues that arrived during the hearings as well as the legal issues raised by the accused statutory auditor and his/her lawyer.

³³ **Denmark** - No legal time limit for commence and close an investigation, however the audit firm are only obligated to keep the engagement file for five years from the date of the auditor's opinion.

Portugal - In what concerns complaints there is only an internal deadline to conclude the investigation until 4 months since the complaint is received in CMVM. In relation to investigations, other than complaints, no internal time limits are defined. In both cases there are no legal time limits of investigation in our jurisdiction.

³⁴ **Belgium** - There is no precise time limit of investigation, but a reasonable delay has to be respected.

Ireland - "In cases where the Authority has the power to conduct its own investigation into a possible relevant contravention by a specified person who is a member or former member of a prescribed accountancy body, such an investigation can only be undertaken if the Authority is of the opinion that it is appropriate or in the public interest to do so. Further, the Authority may initiate a preliminary investigation into a possible relevant contravention by public interest entity auditors. It would be expected that a complaint which would fall into this category would be made within 6 years from the event being complained about (that is, the alleged relevant contravention) or, if later, three years from when it was known – or ought reasonably to have been known, that there was cause to complain. After this period of time, the Authority may consider a complaint if there is good and sufficient reason for doing so and it is appropriate and proportionate in all the circumstances of the case."

Italy - "The letter of infringements should be notified to the audit firm and to the statutory auditor (engagement partner, Engagement Quality Review Partner, etc.) within 180 days from the ascertainment of the violations of law or auditing standards. The time limit to initiate proceedings is within 5 years from the issuance of Audit opinion."

Spain - There is not a time limit for investigating but actually it makes no sense to initiate an investigation after time for imposition of sanctions expires (see question 4).

D.2.2. Activity or moment that initiates the measurement of the investigation's time limit

Table No 16. Activity or moment from which the period of investigation is measured

Activity or moment	Jurisdictions
After the inspection report has been finalised,	
Input/notice/complaint received by the NCA or delegated body against the audit firm or statutory auditor,	
From notification of the investigation being received by the statutory auditor/audit firm from the NCA or delegated body,	Bulgaria
From the moment when the suspected infringement is established ex officio by other resources/measures,	
From the time of the suspected breach occurred, ³⁵	Finland, France
From the date of the auditor's opinion,	
From the date of the decision of the NCA's or the delegated body to launch an investigation ³⁶	Cyprus, Malta, Romania
Other ³⁷	Belgium, Italy, Luxembourg, the Netherlands, Spain, Denmark, Greece, Ireland, Portugal

Considerations:

In 9 states there was no legal time limit for investigation and sanctioning, or there was no specific point in time from which this was measured. However, 6 states point to a specific moment or activity. In 3 states it is counted from the date of the decision of the NCA's or the delegated body to launch an investigation, in 2 from the time of the suspected breach occurred, and in 1 state from notification of the investigation being received by the statutory auditor/audit firm from the NCA or delegated body.

³⁵ **France** - In case of potential violation of auditing standards, the starting calculation point is the date of the auditor's opinion. In the others cases, the starting calculation point is the date of the facts constituting the violation.

³⁶ **Romania** - The duration of the investigation is calculated from the date of its commencement, which is the date of the ASPAAS' President Decision to set up the investigation team.

³⁷ **Belgium** - Because of the principle of "reasonable delay" there is no generally applicable start or end date of the time limit. The reasonable delay is applied on a case-by-case basis.

Denmark – N/A

Greece – N/A

Ireland – see comment in D.2.1.

Italy - "In our jurisdiction the time limit of the investigation can be measured on a case-by-case basis by one of the following activities/moments: a) After the inspection report has been finalized; b) input/notice/complaint received by the NCA or delegated body against the audit firm or statutory auditor; d) from the moment when the suspected infringement is established ex officio by other resources/measures; f) from the date of the auditor's opinion."

Luxembourg - Not applicable.

The Netherlands - No time limit.

Portugal - Non-applicable as there is no time limit.

Spain - There is no time limit so there is no need to measure it.

D.2.3. Possibility for extension of time limits or deadlines of investigation

Considerations:

It is possible to extend time limit or deadlines in 6 states³⁸ and it is not possible in 2 states³⁹. It should be noted that in 7 states⁴⁰ there is no time limit or it is not applicable.

D.2.4. Legal time limit for imposing sanctions in your jurisdiction

Time limit of sanctioning – this term is understood as a certain limited time period which the NCA or delegated body has to decide whether sanction or not to sanction the audit firm or the statutory auditor (e.g. before the infringement expires).

Table No 17. Legal time limit for states to impose sanctions

Legal time	Jurisdictions
Less than 6 months	-
Between 6-12 months	-
More than 1 year, up to 2 years	-
More than 2 years, up to 5 years ⁴¹	Bulgaria, Denmark, Romania
More than 5 years ⁴²	France
No time limit	Cyprus, Finland, Malta, the Netherlands
Other ⁴³	Belgium, Greece, Ireland, Italy, Luxembourg, Portugal, Spain

Considerations:

4 states indicated that their jurisdiction has specific time guidelines for imposing sanctions. 11 countries have no time limits or did not respond.

³⁸ Bulgaria, Cyprus, Ireland, Italy, Malta, Romania

³⁹ Finland, France

⁴⁰ Belgium, Denmark, Greece, Luxembourg, Portugal, the Netherlands, Spain

⁴¹ Romania - "The administrative-disciplinary sanctions are applied within 3 years from the breach' date.

A disciplinary notification is resolved within one year from the date of its registration, but no later than 3 years from the breach' date."

⁴² France – same comment.

⁴³ Belgium - Sanctions have to be imposed within a reasonable delay.

Greece - The decision is drawn up within twenty (20) days of the end of the auditor's hearing and within six (6) months of the Board's decision to initiate the disciplinary process.

Ireland – see above.

Italy - "The duration of administrative proceedings is within 200 days, starting 30 days after the letter of infringements is notified to auditor/audit firm. A decision on the administrative measure or sanction should be adopted by Consob within this time limit. However, this term could be suspended as explained below. The time limit to initiate proceedings is within 5 years from the issuance of Audit opinion."

Portugal - The legal time limit to initiate an administrative offence proceeding, regarding the activity of auditors and audit firms is 8 years (after the date of the facts) in the case of very serious offences, and 5 years (after the date of the facts) in the case of serious or less serious offences.

Spain - The time depends on the type of breaches, so minor breaches shall be time-barred after one year, serious ones after two years and very serious breaches three years after they were committed.

D.2.5. Activity or moment from which the time limit for imposing administrative measures or sanctions is measured

Table No 18. Activity or moment from which the time limit for imposing administrative measures or sanctions is measured

Activity or moment	Jurisdictions
After the inspection report has been finalised, Input/notice/complaint received by the NCA or delegated body against the audit firm or statutory auditor,	
From notification of the investigation being received by the statutory auditor/audit firm from the NCA or delegated body,	
From the moment when the suspected infringement is established ex officio by other resources/measures,	
From the time of the suspected breach occurred, ⁴⁴	Denmark, France, Portugal, Spain
From the date of the auditor's opinion ⁴⁵ ,	Bulgaria, Portugal, Romania
From the date of the decision of the NCA's or the delegated body to launch an investigation	Malta
Other ⁴⁶	Cyprus, Belgium, Finland, Greece, Ireland, Luxembourg, the Netherlands, Italy

Considerations:

7 states indicated that in their jurisdiction there is specific activity or moment that the time limit of the imposing administrative measures or sanctions is measured.

D.2.6. Possibility for extension of time limits or deadlines of sanctioning

⁴⁴ Denmark - The time of the suspected breach occurred is defined as the date of the auditor's opinion it is regarding a statutory audit.

France – same comment.

Portugal - "From the time of the suspected breach occurred (point e) or from the date of the auditor's opinion (point f). The time limit begins from the time of the suspected breach occurred if it concerns an isolated act or from the date of the auditor's opinion if an infringement is committed in the context of a statutory audit."

Spain - If the infringement is related to an audit work letter e) and f) will coincide.

⁴⁵ Romania - For administrative-disciplinary breaches that result from an audit engagement, the breach' date is the auditor's opinion date.

⁴⁶ Cyprus - The time limit for imposing sanctions or administrative measures is not specified in the National Legislation and the decision for the sanctions is taken by the Disciplinary Committee.

Belgium - Because of the principle of "reasonable delay" there is no generally applicable start or end date of the time limit. The reasonable delay is applied on a case-by-case basis.

Greece – see footnote no. 43.

Ireland - see above.

The Netherlands – no time limit

Italy - The duration of administrative proceedings is within 200 days, starting 30 days after the letter of infringements is notified to auditor/audit firm. A decision on the administrative measure or sanction should be adopted by Consob within this time limit. However, this term could be suspended for specific reasons (e.g. in some instances, the Administrative Sanctions Office may require to the Auditing Oversight Office a technical report on the reply sent by the audit firm via a letter of infringements. This report is sent to the audit firm that has to reply in 30 days. During this period (30 days) the administrative proceeding is suspended) but the total extension of the proceeding cannot be modified.

It is possible to extend time limit or deadlines in 4 states⁴⁷ and it is not possible in 7 states⁴⁸. It should be noted that 3 out of 15 states did not indicate a response.

Comments (D.2):

- Denmark** The time limit for bringing a case before the Disciplinary Board on Auditors are 5 years from the date on which the breach of duty or the omission has ceased, eg. the date of the auditor's opinion. The time limit is suspended on the submission of a complaint to the Disciplinary Board on Auditors or when the Danish Business Authority initiate an investigation.
- Italy** The possibility of extension is not prescribed in our jurisdiction. However, administrative proceeding can be suspended for specific reasons (e.g. in some instances, the Administrative Sanctions Office may require to the Auditing Oversight Office a technical report on the reply sent by the audit firm vis a vis the letter of infringements. This report is sent to the audit firm that has to reply in 30 days. During this period (30 days) the administrative proceeding is suspended) but the total extension of the proceeding cannot be modified.
- Spain** The prescription or time-barring shall be interrupted through the opening, duly notified to the party concerned, of proceedings for the imposition of penalties and the time-bar term shall begin to count again if the proceedings remain suspended for more than six months for reasons not attributable to the auditor or audit firm subject to the said proceedings. Finally, the time to finish the proceedings is one year from its opening.

⁴⁷ Cyprus, Denmark, Ireland, Spain

⁴⁸ Bulgaria, France, Greece, Italy, Malta, Portugal, Romania

D.3 Time limits in non-separated process of investigation and sanctioning

Respondents were asked to provide the legal time limit for the investigation and imposition of sanctions (in non-separated process of investigation and sanctioning) on the audit firm or auditors in their jurisdiction, after which the imposition of sanctions is not possible (the imposition of sanctions expires).

The data below refers to 14 states - Austria, Croatia, Czech Republic, Estonia, Germany, Hungary, Latvia, Liechtenstein, Lithuania, Norway, Poland, Slovakia, Slovenia, Sweden. Please note that the concept of "legal time limit" could have different meanings and applications in the various jurisdictions.

D.3.1 Legal time limit for investigation and for imposing sanctions on the audit firm or statutory auditors

Table No 19. The legal time limit for states to investigate and impose sanctions (as a jointly procedure)

Legal time	Jurisdictions
Less than 6 months	Hungary
Between 6-12 months	
More than 1 year, up to 2 years ⁴⁹	Estonia
More than 2 years, up to 5 years ⁵⁰	the Czech Republic, Croatia, Liechtenstein
More than 5 years ⁵¹	Lithuania, Poland, Slovakia
No time limit ⁵²	Austria, Norway
Other ⁵³	Germany, Latvia, Slovenia, Sweden

⁴⁹ Estonia - "Also response in d §148 of the Auditors Activities Act time limit for imposing sanctions for 1. disciplinary offences of a member of the Board of Auditors are wrongful non-performance or unsatisfactory performance of duties of a member of the Board of Auditors, a failure to comply with or unsatisfactory compliance with other legislation regulating the activities of a member of the Board of Auditors as well as failure to comply with or unsatisfactory performance of the decisions of the Oversight Board is within three years as of the day of becoming aware of the offence but not later than seven years from the date on which the offence was committed."

⁵⁰ The Czech Republic - However, this time limit is interrupted by the delivery of the notice of suspected offence to the auditor.

⁵¹ Lithuania - Sanctions must be imposed within 7 years from the date of the auditor's opinion or from the time of the suspected breach occurred. Investigation might be launched taking into account aforementioned period for setting sanction

⁵² Austria - For proceedings that procedurally constitute administrative criminal proceedings (all APAB proceedings that may lead to the imposition of a fine), the law specifies a time limit for criminal liability of three years from the commission of the offence (completion or ending of the criminal act). However, an act of prosecution must take place within one year from the commission of the offence, otherwise the prosecution of a person is inadmissible. Administrative criminal proceedings can only be brought against natural persons.

Norway - There are no legal time limits for closing an investigation or a process for sanctioning. Although the FSA has internal guidelines for it.

⁵³ Germany - The legal time limit depends on the sanction imposed. Usually, the legal time limit is five years. If the breach of duty justifies a measure pursuant to Art. 30a (1c-e) AD, the time limit is 10 years. If the breach of duty justifies a measure pursuant to Art. 30 (3) AD, the time limit is 20 years.

Latvia - According to Section 381 Paragraph 1 and Sec 382 Paragraph 1 of the Law on Audit Services investigation and sanctioning shall imply procedures laid down by Administrative Procedure Law (APL). According to Section 64 Paragraph 1 of the APL decision should be taken within one month from the day of receipt of the submission. If it is impossible to comply with the time limit for objective reasons, the institution may extend it for a period not exceeding four months from the day of receipt of the submission. According to Sec 64 Paragraph 2 of the APL time limits may be extended by up to year only if lengthy establishment of facts is

D.3.2. Activity or moment that the time limit of investigation and sanctioning proceedings is measured

Table No 20. Activity or moment from which the period of investigation and sanction proceeding is measured

Activity or moment	Jurisdictions
After the inspection report has been finalised, Input/notice/complaint received by the NCA or delegated body against the audit firm or statutory auditor,	
Notification from the NCA or delegated body of the investigation was delivered to the statutory auditor/audit firm	Slovakia
From the moment when the suspected infringement is established ex officio by other resources/measures	
From the time of the suspected breach occurred ⁵⁴	The Czech Republic, Estonia, Liechtenstein
From the date of the auditor's opinion ⁵⁵	Germany, Lithuania, Poland
From the date of the decision of the NCA's or the delegated body to launch an investigation	Hungary, Croatia
Other ⁵⁶	Austria, Sweden, Slovenia, Norway, Latvia

It is worth noting that, for example, in Austria the National law does not specify time limits for sanctions in the line of Art 30a AD, as proceedings in this regard are handled according to the general rules of administrative procedure. Whereas in Sweden, for example, an investigation should start within 5 years of the suspected infringement, there are no legal time limits for the investigation and sanction once the procedure is initiated.

necessary. Maximum legal time for investigation and sanctioning (administrative process) in an institution (e.g. MoF or LASA) is one year. There are no legal time limits for court to hear case.

Slovenia - Since there is no time limit there is no beginning activity or moment.

Sweden - We have to start the investigation within 5 years of the suspected infringement, but when we have initiated an investigation, we do not have any legal time limits for the investigation and the sanctioning.

⁵⁴ The Czech Republic - This is often the same date as the date of auditor's opinion.

⁵⁵ Germany - The legal time limit is measured from the point of time at which the breach of duty was completed. In the case of breaches of duty in connection with an audit, this is usually the date of the auditor's opinion.

Lithuania - Within 7 years from the date of the auditor's opinion or from the time of the suspected breach occurred (answers e) and f)).

⁵⁶ Austria - National law does not specify time limits for sanctions in the line of Art 30a AD, as proceedings in this regard are handled according to the general rules of administrative procedure. Time limits are only to be observed for administrative criminal proceedings, as described above.

Slovenia - Since there is no time limit it is impossible to extend time.

D.3.3. Possibility for extension of time limits or deadlines of investigation and sanctioning proceedings

It is possible to extend time limit or deadlines in 3 states⁵⁷ and it is not possible in 8 states⁵⁸. It should be noted that in 3 states⁵⁹ there is no time limit or it is not applicable.

Comments (D.3):

The Czech Republic - Information in this section is relevant only for the investigation and sanctioning procedure led by NCA – the rules and time limits for the proceedings led by the delegated authority are different.

Germany – The first hearing of the accused person interrupts the legal time limit. After interruption, the time limit period begins again. However, prosecution is time-barred at the latest when twice the statutory limitation period has elapsed since the time of the breach of duty. The imposition of a sanction by the AOB suspends the limitation period.

Poland – If more than 10 years have elapsed since committing breaches, administrative and disciplinary sanctions cannot be imposed. The duration of administrative and disciplinary proceedings may be extended in the course of proceedings with the maximum limit of 10 years since the offence has been committed.

Slovakia - The Committee for Investigation and Sanctions shall issue a decision within three months after the date when the proceedings were initiated and, in extremely complicated cases, not later than within 12 months.

Slovenia - Since there is no time limit it is impossible to extend time.

⁵⁷ Germany, Poland, Slovakia

⁵⁸ Austria, Croatia, the Czech Republic, Estonia, Hungary, Liechtenstein, Lithuania, Sweden

⁵⁹ Norway, Latvia, Slovenia

E. Other information on investigation and sanctioning in 2022

Respondents were asked to provide answers about status of ethical standards (E.1) and conditions in which would an audit firm be sanctioned in the area of the implementation and operation of the internal quality control system (E.2).

E.1 Ethical Standards in sanctioning

In 14 states⁶⁰ IESBA Code (as adopted by IESBA) is of a legally binding nature for auditors. Non-compliance with IESBA Code can be sanctioned.

In 11 states⁶¹ national ethics code/provisions for auditors are of a legally binding nature. Non-compliance with national code/provisions can be sanctioned.

In 2 states⁶² IESBA Code are (only) a good professional practice – given their non-binding nature, non-compliance with good professional practice cannot be enforced nor sanctioned.

In one state⁶³ national ethics code/provisions are (only) good professional practices – non-compliance cannot be sanctioned.

In one state⁶⁴ there is/are no national or international ethical provision(s) in the form of a code or standards to be applied by auditors in addition to legally transposed provisions of the audit directive and audit regulation. Only non-compliance with those legal provisions can be enforced/sanctioned.

Considerations:

As indicated above by 14 of the 29 states, the IESBA Code is legally binding on auditors and non-compliance with it can be sanctioned. It is mean that in those states the IESBA Code entered into force as a Code of Ethics or has been transposed into national professional standards (as adopted by IESBA).

On further analysis, in 10 of the 29 states national ethics code/provisions for auditors are of a legally binding nature, as for example, in Germany and the Netherlands. In the Netherlands national ethics and independence requirements are included in separate provisions which are both legally binding. In general, the AFM can impose sanctions on audit firms. With regard to individual auditors, the AFM can file a case against individual statutory auditors at the independent Disciplinary Court for Auditors, which can impose sanctions on statutory auditors. It should be noted that everyone (including the AFM) can file such a case.

⁶⁰ Bulgaria, Cyprus, Croatia, the Czech Republic, Estonia, Greece, Latvia, Liechtenstein, Lithuania, Luxembourg, Poland, Romania, Slovakia, Slovenia

⁶¹ Austria, Belgium, France, Germany, Hungary, Ireland, Italy, Malta, the Netherlands, Spain, Sweden

⁶² Finland, Norway

⁶³ Portugal

⁶⁴ Denmark

In Germany, national ethics provisions for auditors are codified in the German Public Accountant Act (WPO) and the German Professional Code of Conduct for Auditors (Berufssatzung). They go beyond the legally transposed provisions of the audit directive and audit regulation and are legally binding. Therefore, non-compliance with these national provisions can be sanctioned. It should be noted that the Institute of Public Auditors (IDW) published a Code of Ethics on 9 January 2023. However, as the code only recommends application, non-compliance cannot be enforced or sanctioned.

Some respondents indicated that the ethics rules for statutory audits are codified by law, or example in France (French Commercial Code).

Moreover, it should be noted that there are states, where the IESBA Code is used to interpret the principles of good professional practice and the law, as in Denmark, where, it has not been incorporated into national law.

E.2 Conditions in which an audit firm would be sanctioned in the area of the implementation and operation of the internal quality control system

Most of the respondents point to the sanctioning in the area of the implementation and operation of the internal quality control system in relation to International Standard on Quality Control (ISQC1)⁶⁵, in their states. It is worth remembering that ISQC1 deals with a firm's responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements.

In general, this means that breaches of ISQC1 standards can lead to sanctions by the competent national authority. In some of the states, the competent national authority will impose a compliance deadline on the audit firm. Sanctions will only be imposed in the event that the deadline is not met. Respondents indicated that the issue of sanctioning is also related to inadequate internal quality control procedures, which may have impacted on insufficient audit performance.

The most frequently cited examples where an audit firm would be sanctioned with regard to the implementation and operation of its internal quality control system, were:

- lack and the failure of the engagement quality control review,
- inadequate quality control procedures,
- failure of control functions of the system of quality control,
- discrepancies between rules and procedures prescribed in the Internal control system according to ISQC 1, non-compliance,
- inadequate monitoring of completed engagements and inadequate policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation,
- failure of control functions of the system of quality control,
- not carrying out monitoring procedures.

Some of the respondents indicated that in their jurisdictions sanctioning an audit firm requires a breach of professional duties of the audit firm concerning the performance of statutory audits.

Some respondents indicate that there is no special offence in their jurisdiction for non-compliance with the system of quality control as such, but that an audit firm may be sanctioned if it fails to conduct engagement quality control reviews or ensure that engagement quality control reviews are conducted; or fails to keep records of the results of engagement quality control or fails to keep records for a specified period of time.

Finally, it is worth mentioning that some of the states' national laws do not currently permit the competent authority to sanction for breaches relating to the implementation and operation of the internal quality control system. In these jurisdictions, such breaches are addressed through appropriate actions to eliminate deficiencies.

⁶⁵ Belgium, Bulgaria, Cyprus, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

Appendix: Enforcement Questionnaire on sanctioning statistics regarding year 2022

COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

CEAOB Enforcement sub-group

ENFORCEMENT QUESTIONNAIRE ON SANCTIONING STATISTICS REGARDING YEAR 2022

This questionnaire is addressed to EU Competent Authorities in Auditor Oversight, based on Article 23 of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC and Article 30f (1) of the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

Terms and guidance:

“AD” refers to Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

“AR” refers to Regulation (EU) no 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

“NCA” covers national competent authority under the meaning of Article 2(10) AD. The terms used in this questionnaire reflect the terms and definitions used in the AD and the AR. This questionnaire covers PIE and non-PIE auditors and audit firms respectively.

“PIE” refers to Public-Interest Entities.

“ARD” refers to AD and AR.

Investigation: the procedure to collect evidence or other information to assess whether laws, rules and/or standards governing the inadequate execution of the statutory audit have been violated and whether a proceeding for imposing sanction should be initiated.

Sanctioning: A proceeding carried out by NCA or delegated body designated by law to determine whether an audit firm or statutory auditor has violated laws, rules and/or standards governing the inadequate execution of the statutory audit - and what (if any) administrative measures or sanctions shall be imposed.

Time limit of investigation - the term is understood as the time/date in which the NCA or delegated body is obligated to finish, initiated/lunched of the investigation.

Time limit of sanctioning – this term is understood as a certain limited time period which the NCA or delegated body has to decide whether sanction or not to sanction the audit firm or the statutory auditor (e.g. before the infringement expires).

Investigation and sanctioning proceedings - is understood as a one indivisible process aimed at imposing sanctions or administrative measures.

Legal ground: This questionnaire is based on Member States duty to cooperate in line with Article 33 of the AD and CEAOB's mission to facilitate the exchange of information, expertise and best practices in line with Article 30(7) and 30(11) of the AR. The questionnaire concerns the investigations and sanctioning by competent authorities or delegated authorities in the calendar **year 2022**. **The responses to the questionnaire will be used for public reporting purposes in compliance with the CEAOB's work plan 2023 and the CEAOB Enforcement sub-group's work plan 2023.**

Statistics: Please give statistics which reflect the decisions based on legislation in your jurisdiction in line with the ARD. The reported statistics should be decisions taken by your national competent authority, and (if applicable, combined with) decisions taken by the delegated body/authority, if not otherwise indicated in the specific question. If necessary, please make a note whether or not delegated bodies/authority are included in your response. The questions and requests for statistics only refer to the calendar year 2022.

The purpose of the questionnaire is to collect information primarily on the oversight of statutory audits of annual accounts and consolidated accounts conducted by auditors and audit firms. In your responses distinguish PIE and non-PIE related engagements and related information.

For information on investigations and sanctioning of other engagements, other activities and non-audit services conducted by auditors and audit firms, use the section "Others" in your response (e.g. sanctions imposed following any negligence for payment of statutory audit fees, failure to provide requested information for oversight purposes, breach of duty of cooperation, violation of educational requirements, failure in non-audit reports etc).

Fill in N/A = non applicable, if the information is not available.

Responses: Please provide your responses **by 31 March 2023 at the latest.**

Enquiries: If you have any questions concerning the questionnaire, please contact Ms. Agnieszka Koprowska from the Polish Agency for Audit Oversight: agnieszka.koprowska@pana.gov.pl

General information:

Jurisdiction: _____

Name of the competent authority in original language and in English (with abbreviations in use):

The following responses were filled by: _____ (name and contact information) date _____/_____/_____ 2023

Further information can be given by (contact information):

A. Statistics 2022 - Administrative measures and sanctions

Please fill in the chart below administrative measures and sanctions which your national competent authority or (if applicable) a delegated authority or body has imposed in the course of an enforcement/sanctioning process and in line with the ARD (based on delegation of tasks, see Art. 24 of the AR and Article 32(4) of the AD). Please note that statistics of decisions where it was concluded that sanctioning was not necessary when the case was closed (for instance: discontinued) are not requested in your reporting. In the case of multiple sanctions, where an auditor can receive a fine and a reprimand in the same matter, both sanctions should be listed. An administrative measure or a sanction should only be recorded once in the relevant numbered section below. If there are other parties involved and have been sanctioned in the case (such as former auditors, experts), please distinguish the reporting of the other administrative measures or sanctions in the comments field.

	<p>Mandatory administrative measures and sanctions that the competent authority or the delegated authority/body has taken/imposed. Art. 30 a AD Art. 23 (3) (f) of the AR</p>	<p>How many administrative measures and sanctions did the national competent authority and/or the delegated authority impose in total in 2022?</p> <p>Kindly distinguish the PIE and non-PIE sanctions on the basis of the engagement in question.</p> <p>Note: Where a single case covers several sanctions, please report <u>each sanction</u> separately.</p>	<p>Notes and comments. National add-ons etc.</p>

1	<p>Withdrawal of approval [Art. 30 (3) of AD]</p> <p>Note: Report in this section all administrative measures and sanctions which have the same/similar permanent impact as a withdrawal of approval (such as withdrawal of special qualifications as a statutory auditor, restriction, exclusion from profession etc.) which prevents a person or a firm from performing statutory audits and other services as an auditor. Exclude deregistration which are not the result of any sanction.</p>	<p>Number (PIE): Number (non-PIE): Others:</p>	
2	<p>Notice requiring the natural or legal person responsible for the breach to cease the conduct and to abstain from any repetition of that conduct Art. 30a (1a) AD</p> <p>Note: Report in this section all administrative measures and sanctions, which are based on Art. 30a (1a) AD regardless of the national title of the administrative measure or sanction and regardless of possible minor national add-ons, such as “reprimand”, “severe reprimand”, “public reprimand”, “warning”, “admonition”, “call to order”, “caution” etc. as long as they match with Art. 30a (1a) AD.</p>	<p>Number (PIE): Number (non-PIE): Others:</p>	
3	<p>A public statement which indicates the person responsible and the nature of the breach, published on the website of the competent authority [Art. 30a (1b) AD]</p>	<p>Number (PIE): Number (non-PIE): Others:</p>	
4	<p>A temporary prohibition, of up to 3 years’ duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/or signing audit reports [Art. 30a (1c) AD]</p> <p>Note: Report in this section all administrative measures and sanctions, which are based on Art. 30a (1c) AD regardless of the national title of the administrative measure or sanction and regardless of possible minor national add-ons, such as “suspension”,</p>	<p>Number (PIE): Number (non-PIE): Others:</p>	

	<i>“restriction”, “exclusion” as long as they are limited in time and match the requirements of Art. 30a (1c) AD.</i>		
5	A declaration that the audit report does not meet the requirements of Art. 28 of AD, or where applicable, Art. 10 of AR [Art. 30a (1d) AD]	Number (PIE): Number (non-PIE): Others:	
6	A temporary prohibition, for a certain duration, banning a member of an audit firm or a member of an administrative or management body of a PIE-entity from exercising functions in audit firms or public-interest entities [Art. 30a (1e) AD]	Number (PIE): Number (non-PIE): Others:	
7	The imposition of administrative pecuniary sanctions on natural and legal persons [Art. 30a (1f) AD]	Number (PIE): Number (non-PIE): Others:	

B. Other administrative measures and sanctions (which are not covered by the AR or AD).

Any other administrative measures or sanctions imposed which are not covered by the AD or AR. Please provide details and any relevant statistics	Sanction	How many such administrative measures and sanctions did the competent authority impose in 2022? Distinguish the PIE and non-PIE sanctions on the basis of the engagement in question. <i>Note: Where a single case may cover several sanctions, please report <u>each sanction</u> separately.</i>	Notes and comments: National add-ons etc.

C. Level of pecuniary sanctions

1. Indicate the lowest and the highest pecuniary sanctions imposed in 2022 on audit firms and statutory auditors relating to the audit of a public interest entity (PIEs) in your jurisdiction.

	Lowest €	Highest €
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Auditors (PIEs)		
Audit firms (PIEs)		

2. Indicate the lowest and the highest pecuniary sanctions imposed in 2022 on audit firms and statutory auditors relating to the audit of a non-public interest entity (non-PIEs).

	Lowest €	Highest €
Auditors (non-PIEs)		
Audit firms (non-PIEs)		

Please indicate for which breaches were the highest pecuniary sanctions imposed. Additional comments to questions 1 and 2 ([2000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Comments:

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D. Information about proceedings

D.1 General information on investigation and sanctioning in 2022

1. Indicate which sources of information you use most often (5) and which one's least often (0) to identify potential Enforcement matters (on the scale from 0 to 5)? *If two alternative answers have the same relevance, they can be labelled with the same number from the scale, e.g. '5'.*

- a) (0-5) Internal fact-finding and risk analysis by NCA itself or a delegated body/authority
- b) (0-5) Inspections findings
- c) (0-5) Review and analysis of public filings by audited entities
- d) (0-5) Press and media news
- e) (0-5) Whistleblowers, tips and complaints from 3rd parties
- f) (0-5) Monitoring of third-party claims (such as private lawsuits)
- g) (0-5) Referrals from other authorities (national and international)
- h) (0-5) Other

2. How many investigations (in your authority) started due to inspections findings in 2022?

- a) 0-10
- b) 11-20
- c) 21-30
- d) 31-50
- e) 51-70
- f) 71-100

g) more than 100

3. How many investigations were commenced in 2022 by the NCA and any delegated body? *Please indicate all investigations of audit firms and statutory auditors. If you have any issue with answering the question, please comment below.*

Statutory auditor (PIE audit files/audit engagements)	Audit firm (PIE audit files/audit engagements)	Statutory auditor (non-PIE audit files/audit engagements)	Audit firm (non-PIE audit files/audit engagements)
a) 0-10	a) 0-10	a) 0-10	a) 0-10
b) 11-20	b) 11-20	b) 11-20	b) 11-20
c) 21-30	c) 21-30	c) 21-30	c) 21-30
d) 31-50	d) 31-50	d) 31-50	d) 31-50
e) 51-70	e) 51-70	e) 51-70	e) 51-70
f) 71-100	f) 71-100	f) 71-100	f) 71-100
g) more than 100	g) more than 100	g) more than 100	g) more than 100

Comments: [1000 characters' maximum]

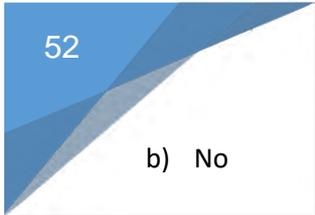
4. How many investigations were closed in 2022 by the NCA and any delegated body? *Please indicate all investigation regarding to audit firm and statutory auditor. Exclude from your response possible appeals and decisions on appeals.*

Statutory auditor (PIE audit files/audit engagements)	Audit firm (PIE audit files/audit engagements)	Statutory auditor (non-PIE audit files/audit engagements)	Audit firm (non-PIE audit files/audit engagements)
a) 0-10	a) 0-10	a) 0-10	a) 0-10
b) 11-20	b) 11-20	b) 11-20	b) 11-20
c) 21-30	c) 21-30	c) 21-30	c) 21-30
d) 31-50	d) 31-50	d) 31-50	d) 31-50
e) 51-70	e) 51-70	e) 51-70	e) 51-70
f) 71-100	f) 71-100	f) 71-100	f) 71-100
g) more than 100	g) more than 100	g) more than 100	g) more than 100

Comments: [1000 characters maximum]

5. Does your jurisdiction impose sanctions and administrative measures on auditors and audit firms jointly/combined (within the same case)?

a) Yes



b) No

6. Please indicate how many administrative measures and sanctions were imposed on auditors (also audit partners/ key audit partners/members of the board of directors of the audit firm, engagement quality control reviewer) in 2022, within the statistics, as reported in Section A of this questionnaire?

- a) 0-10
- b) 11-20
- c) 21-30
- d) 31-50
- e) 51-70
- f) 71-100
- g) more than 100

7. Please indicate how many administrative measures and sanctions were imposed on audit firms in 2022, within the statistics, as reported in Section A of this questionnaire?

- a) 0-10
- b) 11-20
- c) 21-30
- d) 31-50
- e) 51-70
- f) 71-100
- g) more than 100

8. Is your investigation process separate from the sanctioning process in your jurisdiction (for instance other bodies / committees involved or clear separation of stages)?

- a) Yes
- b) No

Comments to questions in part D.1 ([2000] characters' maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

If you answered "YES" go to the questions in D.2, if you answered "NO" go to the questions in D.3.

D.2 Time limits in separated process of investigation and sanctioning

1. Please provide the legal time limit of investigation in your jurisdiction?
- a) Less than 6 months
 - b) Between 6-12 months
 - c) More than 1 year, up to 2 years
 - d) More than 2 years, up to 5 years
 - e) More than 5 years

- f) No time limit
- g) Other (please explain in comment)

Comment on the response under g. [1000 characters' maximum]

2. Please indicate from which activity or moment is the time limit of the investigation measured?

- a) After the inspection report has been finalised,
- b) input/notice/complaint received by the NCA or delegated body against the audit firm or statutory auditor,
- c) from notification of the investigation being received by the statutory auditor/audit firm from the NCA or delegated body,
- d) from the moment when the suspected infringement is established ex officio by other resources/measures,
- e) from the time of the suspected breach occurred,
- f) from the date of the auditor's opinion,
- g) from the date of the decision of the NCA's or the delegated body to launch an investigation,
- h) other (please explain in comment).

Comment on the response under h. [1000 characters' maximum]

3. Is there a possibility for extension of time limits or deadlines of investigation?

- a) Yes
- b) No

4. Please provide the legal date/time for imposing sanctions on the audit firm or statutory auditors in your jurisdiction, after which imposition of sanctions is not possible (the imposition of sanction expires)?

- a) Less than 6 months
- b) Between 6-12 months
- c) More than 1 year, up to 2 years
- d) More than 2 years, up to 5 years
- e) More than 5 years
- f) No time limit
- g) Other (please explain in comment)

Comment on the response under g. [1000 characters' maximum]

5. Please provide from which activity or moment is the time limit of imposing sanctions or administrative measures measured?

- a) after inspection report has been finalised,

- b) input/notice/complaint was received by the NCA or delegated body against the audit firm or statutory auditor,
- c) from notification of the investigation being received by the statutory auditor/audit firm from the NCA or delegated body,
- d) from the moment when the suspected infringement is established ex officio by other resources/measures,
- e) from the time of the suspected breach occurred,
- f) from the date of the auditor's opinion,
- g) from the date of the decision of the NCA's or the delegated body to launch an investigation,
- h) other (please explain in comment).

Comment on the response under h. [1000 characters' maximum]

6. Is there a possibility for extension of time limits or deadlines of sanctioning?

- a) Yes
- b) No

Comments to questions in part D.2 ([2000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

D.3 Time limits in non-separated process of investigation and sanctioning

1. Please provide the legal time limit for investigation and for imposing sanctions on the audit firm or statutory auditors in your jurisdiction, after which imposition of sanctions is not possible (the imposition of sanction expires)?

- a) Less than 6 months
- b) Between 6-12 months
- c) More than 1 year, up to 2 years
- d) More than 2 years, up to 5 years
- e) More than 5 years
- f) No time limit
- g) Other (please explain in comment)

Comment on the response under g. [1000 characters' maximum]

2. Please provide from which activity or moment the time limit of investigation and sanctioning proceedings is measured?

- a) after inspection report has been finalised,

- b) input/notice/complaint was received by the NCA or delegated body against the audit firm or statutory auditor,
- c) notification from the NCA or delegated body of the investigation was delivered to the statutory auditor/audit firm
- d) from the moment when the suspected infringement is established ex officio by other resources/measures
- e) from the time of the suspected breach occurred
- f) from the date of the auditor's opinion
- g) from the date of the decision of the NCA's or the delegated body to launch an investigation
- h) other (please explain in comment)

Comment on the response under h. [1000 characters' maximum]

3. Is there a possibility for extension of time limits or deadlines of investigation and sanctioning proceedings?

- a) Yes
- b) No

Comments to questions in part D.3 ([2000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

E. Other information on investigation and sanctioning in 2022

1. Ethical Standards in sanctioning. Please select the statement which best describes the situation in your country in 2022, hereafter:

- a) IESBA Code (as adopted by IESBA) is of a legally binding nature for auditors. Non compliance with IESBA Code can be sanctioned.
- b) National ethics code/provisions for auditors are of a legally binding nature. Non compliance with national code/provisions can be sanctioned.
- c) IESBA Code are (only) a good professional practice – given their non binding nature, non compliance with good professional practice can not be enforced nor sanctioned.
- d) National ethics code/provisions are (only) good professional practices – non compliance can not be sanctioned.
- e) There is/are no national or international ethical provision(s) in the form of a code or standards to be applied by auditors in addition to legally transposed provisions of the audit directive and audit regulation. Only non compliance with those legal provisions can be enforced/sanctioned.
- f) Non of proposed answers is relevant (please explain below).

Comments: ([2000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

2. Please explain under which conditions would an audit firm be sanctioned in the area of the implementation and operation of the internal quality control system ? (e.g. inadequate quality control procedures, failure of control functions of the system of quality control, such as a failure of Engagement Quality Control Review or consultation of an internal policy department).

Comments: ([2000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

F. Confirmation and consent clause

The respondent recognises that the responses given are used for public reporting by the CEAOB. The CEAOB may decide no to publish certain parts of the aggregated responses or individual responses to this questionnaire. Individual responses can be underlined in the public report if there is general interest about the information, for instance in a jurisdiction there are exceptional details in the statistics.

The respondent confirms that the instructions on the first page are followed in the responding to this questionnaire. Possible deviations are explained in the comment fields.

The responses were filled by: _____ (name and contact information) date _____/_____/2023

Further information can be given by (contact information):
