COMMITTEE OF
EUROPEAN
AUDITING
OVERSIGHT
BODIES

CEAOB

Approved by CEAOB members

Report on the 2024 CEAOB Enforcement Questionnaire

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Appendix: Enforcement Questionnaire on sanctioning statistics regarding year 2023

Introduction

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 2023. The responses to the questionnaire are used for public reporting purposes in compliance with the CEAOB´s work plan 2024 and the CEAOB Enforcement sub-group´s work plan 2024.

About the survey

On 29th of February 2024, the CEAOB Enforcement sub-group (ENF) launched a survey about the statistics of sanctions and administrative measures for the year 2023. 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, as with the previous year, focused on statistics. Additional information concerning pecuniary sanctions was expanded upon to include information on declarations that the audit report does not meet legal requirements, Corporate Sustainability Reporting, and audit framework breaches.

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 (Public Interest Entities) and non-PIE statutory audits. 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 (Audit Regulation and Directive). The responses covered decisions made by a delegated authority or body, where applicable. The questions and requests for statistics only refer to the calendar year 2023[1].

The questionnaire was addressed to collect information primarily on the oversight of statutory auditors and audit firms. Respondents were asked to identify information on investigations and sanctioning connected to breaches of requirements for auditors included in other laws or regulations different from ARD (i.e. non-audit services provided by statutory auditors and audit firms, anti-money laundering regulation, etc.) and place it in the B “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.

[1] The report reflects the sanctions that were imposed by the respective Member States in 2023 regardless of their legal status (legally binding/appealed).

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 including subsequent amendments by EU directives.	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
'Public-interest entities' means: (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; (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; (c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC; or (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.	PIEs
Entities, which are not recognized or designated as PIE.	non-PIEs
Member States	MS

Responses

30 responses were received - 27 from EU Member States and 3 from EEA states[2]. The national competent authorities (NCAs) are listed in the table below.

Notes

The statistics in part A do not comprise decisions where no action was taken i.e. where the competent authority concluded that sanctioning was not necessary when a case was closed.

Administrative measures and sanctions

The responses reflect the statistics of decisions of administrative measures and sanctions imposed in the relevant jurisdictions by the national competent authority in line with the ARD. In addition, the respondents were asked to include administrative measures and sanctions that were imposed by a delegated authority or body in accordance with the ARD based on the delegation of tasks (Art. 24 of the EU Audit Regulation).

[2] Iceland, Liechtenstein, Norway.

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) / Sanctioning Commission of the Financial Services and Markets Authority (FSMA)
Bulgaria	**Комисия за публичен надзор над регистриращите 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)
Czech Republic	**Rada pro veřejný dohled nad auditem** / EN. Public Audit Oversight Board (PAOB)
Denmark	**Erhvervsstyrelsen (ERST)** / EN. Danish Business Authority (DBA)
Estonia	**Audiitortegevuse järelevalve nõukogu (AJN)** / EN. Auditing Activities Oversight Board
Finland	**Patentti- ja rekisterihallitus (PRH)**/ EN. Finnish Patent and Registration Office (PRH)
France	**Haute autorité de l’audit (H2A) /** EN. (High Audit Authority)
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)
Iceland	***Endurskoðendaráð /The Public Auditors’ Oversight Board***
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 2023 - Administrative measures and sanctions

To implement the CEAOB Enforcement subgroup activities planned for 2024, the subgroup collected data on administrative measures and sanctions for the purpose of informing stakeholders, including EU and EEA policy makers, international standard-setters, academics, company directors, public authorities, and the general public.

The data collected for 2023 shows that the most frequently chosen administrative measures and sanctions for non-compliance with ARD obligations (related to the audit of PIE, non-PIE and others) were **pecuniary sanctions**, which were imposed by 24 states, with a total number of **463**. In the second place administrative measures and sanctions were **notices**[3], which were imposed by 14 states, with a total number of **276.**

The total number of administrative measures and sanctions imposed on auditors and audit firms by all 30 states in 2023 was **1109. 195** of all administrative measures and sanctions imposed in 2023 were applicable to public interest entities indicated in ARD. It should be noted at this point that in all jurisdictions, the supervision of the proper audit of public interest entities is carried out only by NCA. The administrative measures and sanctions imposed in relation to auditing the PIEs, were identified in following states: Poland (37), Germany (29), Hungary (26), Croatia (20), Ireland (14), Bulgaria (14), Spain (13), Romania (11), Portugal (5), Czech Republic (3), Denmark (3), Finland (3), France (3), Lithuania (3), Norway (3), Sweden (2), Slovakia (2), Italy (2) and Greece (2).

Table No 1. The number of administrative measures and sanctions imposed on auditors and audit firms in all states

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	195	730	184	**1109**
2022	195	808	307	**1310**
2021	190	788	341	**1319**
2020	137	510	251	**898**
2019	136	945	269	**1350**

Summary: The table above shows that the total number of all sanctions imposed in EU and EEA countries has slightly decreased (approximately 12%). The number of sanctions was slightly lower in 2020, which may be related to the pandemic. There is a trend that can be observed for the number of PIEs overseen. The number of PIE sanctions has increased, with 2023 seeing the highest number of sanctions compared to previous years.

[3] Sanctions indicated in part B (warnings, reprimands, severe reprimands) unlike in previous reports are not indicated in part A and only presented in part B.

A.1 Withdrawal of approval

Member States included in their national legislation 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*

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	10	57	7	**74**
2022	3	50	8	**61**
2021	1	37	4	**42**
2020	4	20	15	**39**
2019	3	50	8	**61**

Summary:

Withdrawal of approval sanctions in 2023 were imposed on PIEs, non-PIEs and "Others" in **13 states**[4], with a total of **74 sanctions.**[5] Only 3 states imposed sanctions relating to PIE audits. There were 10 sanctions in total: Bulgaria – 7, Hungary – 1, and Ireland – 2.
Non-PIE audit sanctions in 2023 were imposed in **13** states: Austria – 1, Belgium – 2, Croatia – 10, Finland – 2, France – 6, Hungary – 6, Ireland – 2, Iceland – 1, Italy – 12, , Norway – 4, Poland – 8, Sweden – 3. These states include those that had imposed the sanction of withdrawal of approval in 2021 and 2022 for the audit of non-PIEs entities (Croatia, Finland, France, Hungary, Ireland, Italy, Norway and Poland).

[4] Austria, Belgium, Bulgaria, Croatia, Finland, France, Hungary, Ireland, Iceland, Italy, Norway, Poland, Sweden.

[5] **Austria** - One auditor was denied approval in 2023.
Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).
Bulgaria - Refusal to cooperate during the inspection, Deficiencies in the audit report, lack of communication with the Audit committee.
Croatia - Withdrawal of approval relates to 3 audit firms and 7 statutory auditors.
Hungary - Number (PIE)" represents in the questionnaire the number of administrative measures and sanctions imposed by the Auditors' Public Oversight Authority in the case of quality assurance. "Number (non-PIE)" represents in the questionnaire the number of administrative measures and sanctions imposed by the delegated authority in the case of quality assurance. "Number (others)" represents in the questionnaire 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 6 "non-PIE" cases were restraint orders from exercising the profession of carrying out statutory audits. We indicated this data in section A4. as well. 2 of the "Other" cases was expulsion from the Chamber of Hungarian Auditors, and the other one was suspension of the license for carrying out statutory PIE audits required by law for 3 years. The last data is indicated in section A4 as well.
Ireland - Number (PIE):1 auditor. A direction that the auditor be prohibited for a period of 12 months from signing statutory audit reports and fined €10,500. In respect of the audit firm a direction that the firm be prohibited for a period of 12 months from conducting statutory audits.
Italy - The Ministry of Economy and Finance issued 8 decrees withdrawing from the auditor's register n. 12 natural persons (statutory auditors) due to deficiencies of good repute.
Poland - Status: 6 sanctions imposed by PANA on non-PIES are final and legally binding. 2 sanctions imposed by PANA on non-PIEs are not final and legally binding due to submitted appeals.

In 2023, three countries (Hungary, Norway, and Poland) 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. Sanctions indicated in part B (warnings, reprimands, severe reprimands) unlike in previous reports are not indicated in part A.2 Notice and only presented in part B.

Table No 3. *Notice*

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	57	188	31	**276**
2022	76	294	59	**429**
2021	55	203	249	**507**
2020	60	213	80	**353**
2019	78	357	118	**553**

Summary:

Notice sanctions in 2023 were imposed on PIEs, non-PIEs and “Others” in **14 states**[6], totalling 276[7]. It can be observed that the total number of these sanctions imposed in 2023 has taken a downward trend compared to 2022 and 2021.

In **8** states:, Bulgaria – 1, Croatia – 9, Finland – 3, Germany – 17, Hungary – 16, Poland – 5, Romania – 4, Sweden – 2, the sanctions imposed were related to the audit of PIEs and the total number of sanctions was **57.**

In 2023 non-PIE audit sanctions were imposed in **10** states: Austria – 2, Croatia – 12, Czech Republic – 10, Denmark - 1, Finland - 27, Germany – 12, Hungary – 53, Iceland – 3, Poland – 28, Slovenia – 8, Sweden – 32, and the total number of imposed sanctioned was **188**.

Only **4** states: Czech Republic – 3, Hungary – 10, Ireland – 1, Poland – 17, imposed notice sanction for the cases presented in the line “Others” in the table above, at total number of **31**.

[6] Austria, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Germany, Hungary, Ireland, Iceland, Poland, Romania, Slovenia, Sweden.

[7] **Austria** - 2 audit firms.
Bulgaria - ISA 402, ISA 540, ISA 230, ISA 701.
Croatia - 9 relates to 6 audit firms and 3 statutory auditors; 12 relates to 3 audit firms and 9 statutory auditors.
Denmark - Reprimands: Number (PIE): 0 Number (non-PIE): 16 Others: 2.
Finland -5 of (non-PIE) sanctions were related to statutory audit of municipalities, which are public sector entities.
Hungary - All of the 16 "PIE" cases were warnings to terminate an existing infringement. All of the 53 "non-PIE" cases were warnings. All of the "Other" cases were warnings imposed by the delegated authority.
Ireland Cases included in the category ’Other’ would relate to any cases involving a member with an Irish audit certificate but where the case type is not specifically audit related.
Poland -Status: 4 sanctions imposed by PANA / common court on PIES are final and legally binding. 2 sanction imposed on PIES (1 by PANA) are not legally binding due to submitted appeals.
Romania - All 4 notifications have been transmitted to audit firms for noncompliance with national requirements issued by Financial Supervisory Authority, representing minor breach.

It can be observed that there is a decrease in the number of sanctions imposed relating to the audit of non-PIEs and in the “Others” category in 2023. Overall, it is noticeable that the total number of all notice sanctions is decreasing since 2021.

A.3 Public statement

A public statement 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*

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	23	64	60	**147**
2022	20	88	143	**251**
2021	16	79	39	**134**
2020	10	34	37	**81**
2019	3	50	47	**100**

Summary:
Considering the information received from respondents, the total number of public statement of sanctions imposed in 2023 has decreased by 40% compared to 2022.

In 2023, public statements were issued in **10** states[8].

PIE audit-related sanctions were imposed by **6** states: Croatia – 5, Ireland – 4, Norway – 3, Poland – 6, Romania – 1, Spain – 4.

Non-PIE audit-related sanctions were imposed by **8** states: Croatia – 6, Czech Republic – 5, Germany – 4, Ireland – 2, Norway – 7, Poland – 24, Romania – 1, Spain – 15.

"Others" presented sanctions were imposed by **7** states: Croatia – 1, Czech Republic – 2, Denmark – 4, Ireland – 5, Poland – 4, Slovakia – 22, Spain – 22.

Nearly all the above-mentioned states issued public statements in 2022.

[8] Croatia, Czech Republic, Denmark, Germany, Ireland, Norway, Poland, Romania, Slovakia, Spain.
Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).
Croatia - 5 relates to 3 audit firms and 2 statutory auditors; 6 relates to 1 audit firm and 5 statutory auditors; 1 under "other" is in relation of breach of other administrative duties by one audit firm pursuant to the national legislation.
Poland - Status: 1 sanction imposed by PANA on PIES is final and legally binding. 5 sanctions imposed by PANA on PIES are not legally binding due to submitted appeals. Reconsideration: 11 sanction imposed by PANA / common court on non-PIES are final and legally binding. 13 sanctions imposed by PANA on non-PIES are not legally binding due to submitted appeal. Others: Sanctions imposed on statutory auditors by Polish Chamber of Statutory Auditors (delegated authority) due to breaches of professional training are indicated in "others".
Romania - Violation of paragraph A129 of ISA 315 (revised), ISA 230 and ISA 300 by not identifying and not assessing the risks of significant misstatement at the level of creditors, debtors and cash.
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). 20 related to non-fulfilment continuing education condition and 2 related to non-payment of the membership fee.

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*

	PIEs	Non-PIEs	Others	Total
2023	10	33	7	**50**
2022	4	30	7	**41**
2021	15	35	0	**50**
2020	3	15	13	**30**
2019	3	20	10	**33**

Summary:

The number of imposed temporary prohibitions (taking all categories into account) has varied slightly from year to year.

In 2023 this type of sanction was imposed in **14** states[9]. PIE audit-related sanctions were imposed by **7** states: France – 1, Germany – 1, Greece – 1, Ireland – 2, Lithuania – 2, Poland – 2, Romania – 1.

Non-PIEs audit-related sanctions were imposed by **10** states: Austria – 3, Czech Republic – 3, Denmark – 1, Estonia – 1, Finland – 1, France – 10, Hungary – 6, Iceland - 1 Lithuania – 1, Poland – 6.

"Others" presented sanctions were imposed by **3** states: Hungary – 1, Ireland – 1, Poland – 5.

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[9] Austria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Lithuania, Poland, Romania
Austria- Temporary prohibition for signing audit reports of 12 month.
Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).
Denmark - Temporary prohibition of 2 years.
Estonia - According to Auditor's Activities Act § 88 (2) 4 the Oversight Board may suspend an activity license if a sworn auditor related to an audit firm is referred to an additional professional examination.
Germany - The breaches of duty sanctioned include the issuance of substantively incorrect audit opinions and insufficient audit reports, as well as seriously insufficient audit performance regarding several material audit matters over several consecutive years.
Greece - Recognition of Intangible Assets; Recognition of Deferred Tax Asset; Presentation of short-term loans as long-term; Incorrect use of the material uncertainty section in the auditors' report; Banning the statutory auditor from carrying out (or signing) PIE audits for 12 months.
Hungary - All of the 6 "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 PIE audits for 3 years. We indicated these data in section A1. as well.
Lithuania - In all these cases auditor's certificate was suspended and auditor was instructed to retake audit qualification exam within 3 years.
Poland - Status: 2 sanction imposed by PANA on PIES are not legally binding due to submitted appeal. 4 sanctions imposed by PANA on non-PIES are final and legally binding. 2 sanction imposed on non-PIES (1 by PANA and 1 after PANA consideration of PIBR decision) are not legally binding due to submitted appeals. Reconsideration: Including that PANA issued 2 decisions non-PIEs and 1 PIE after reconsideration of decision imposing a temporary prohibition. Others: 5 Sanctions imposed on statutory auditors by Polish Chamber of Statutory Auditors (delegated authority) due to breaches of professional training are indicated in "others".
Romania - Violation of ISA 500 by the lack of audit evidence; Violation of national requirements by not complying with the conditions regarding the appointment of the financial auditor or the audit firm; Violation of Regulation (EU) no. 537/2014 provisions (art. 10 para. (2) lit. a) and b) by not complying with the requirements for the preparation of the Audit Report, provisions of art. 11 and art. 13 regarding the obligation to present the additional Report addressed to the audit committee and to publish the Transparency Report.

A.5 Declaration that audit report does not meet requirements

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*

	PIEs	Non-PIEs	Others	Total
2023	16	66	13	**95**
2022	16	47	0	**63**
2021	5	24	0	**29**
2020	26	0	0	**26**
2019	20	92	0	**112**

Summary:

Considering the data received from respondents, there has been an increase in the total number of declarations that the audit report does not meet requirements since 2020. It appears that the number of these sanctions imposed in connection with the audit of PIEs remains at the same level as last year. Germany and Poland are among the states that imposed this sanction in connection with PIE audits each year since 2021.

In 2023 declaration that audit report does not meet requirements sanction was imposed in **8** states.[10]
PIEs audit-related sanctions were imposed by **5** states: Croatia – 2, Germany – 1, Lithuania – 1; Poland – 9, Spain - 3.
Non-PIE[11] audit-related sanctions were imposed by **7** states: Austria – 4, Croatia – 6, Germany – 2, Lithuania – 1, Norway – 3, Poland – 42, Spain – 8.
Only Hungary[12] imposed sanctions presented as "Others".

[10] Austria, Croatia, Germany, Hungary, Lithuania, Norway, Poland, Spain.
Austria- relates to 2 statutory auditors and 2 audit firms.
Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).
Croatia - 2 relates to 1 audit firm and 1 statutory auditor; 6 relates to 4 audit firms and 2 statutory auditors.
Czech Republic - This type of sanction/administrative measure does not exist under the Czech jurisdiction.
Norway - In our public reports, we have criticized 3 audit firm, in three respective non PIE-audits, for not complying with the ISA standards in the 700-series. These 3 are comprised by the amounts reported under point 3, above.
Poland - Status: 5 sanctions imposed by PANA / common court on PIES are final and legally binding. 4 sanctions imposed by PANA on PIES are not legally binding due to submitted appeals. 31 sanctions imposed by PANA / common court on non-PIES are final and legally binding. 11 sanction imposed by PANA / common court on non-PIES are not legally binding due to submitted appeal.

[11] **Norway** - In our public reports, we have criticized 3 audit firm, in three respective non PIE-audits, for not complying with the ISA standards in the 700-series. These 3 are comprised by the amounts reported under A3.

[12] **Hungary** - All sanctions of the "Other" case were withdrawal of the audit report and were imposed by the Auditors' Public Oversight Authority in the case of investigation (in 4 cases concerning PIEs and in 9 cases concerning non-PIEs, in the context of investigations against 3 auditors in total).

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 PIEs (Art. 30 a (1 e) AD).

Table No 7. *Temporary prohibition sanctions*

	PIEs	Non-PIEs	Others	Total
2023	2	2	0	**4**
2022	15	19	0	**34**
2021	1	1	0	**1**
2020	0	4	0	**4**
2019	0	53	0	**70**

Summary:

In 2023[13], as in 2021 and 2020[14], the number of states that imposed the sanction of temporary prohibition from exercising functions in audit firms or PIEs was similar. The total number of all sanctions imposed in this category was less than 5 in all states. In 2023 this sanction relating to the audit of PIEs was imposed by Ireland. France and Norway imposed these sanctions in relation to the audit of non-PIEs.

[13] Ireland, France, Norway.
[14] Total imposed sanctions 4 (all related to audit of non-PIE).

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*

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	77	320	66	**463**
2022	61	267	93	**421**
2021	97	409	49	**555**
2020	34	224	106	**364**
2019	29	323	59	**411**

Summary:

In 2023[15], the number of pecuniary sanctions imposed in connection with the audit of PIEs has increased by approximately 16% compared to 2022.

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[15] **Austria -** Only natural persons have been fined.
Belgium - This measure is imposed by an independent sanctioning body, the sanctions committee of the Financial Services and Markets Authority (FSMA).
Bulgaria – Failed to provide an inspection team during an on-site inspection with audit evidence of:
a) document compliance with legal requirements for independence and objectivity of the registered auditor;
b) the presence or absence of threats to the independence of the registered auditor and what safeguards have been implemented to reduce these threats;
c) competent employees, time and resources available for the purposes of fulfilling the aforementioned audit engagements;
d) for the fees received for each financial year from each audited enterprise for a financial audit performed, as well as for all other services provided to this enterprise,
which is in violation of the provisions of Art. 56, para. 6 and para. 7, item 3 IFAA.
According to Art. 56, para. 6 IFAA, the registered auditor is obliged to create an audit file for each performed mandatory financial audit, being obliged to document the data under Art. 53 - Independent Financial Audit Act IFAA and when applicable - under Art. 6 - 8 of Regulation (EU) No. 537/2014.
According to Art. 53 ZNFO, the registered auditor, when undertaking and continuing a commitment for a mandatory financial audit, is obliged to assess and document in writing whether:
1. the requirements for independence and objectivity under Art. 54 (the registered auditor, as well as any natural person who is able to directly or indirectly influence the result of the mandatory financial audit, must be independent from the audited enterprise and not participate in the decision-making process in it);
2. there are threats to his independence and what safeguards have been implemented to reduce these threats;
3. has competent employees, time and resources necessary to carry out the financial audit.
Croatia - Magistrates Court impose pecuniary sanctions upon indictment made by MoF due to misdemeanor being committed.
Czech Republic - Regarding non-PIE engagements and Others, the numbers correspond to the decisions that became final and definitive in 2023, in case of PIE engagements two decisions became final and definitive in 2023, one at the beginning of 2024.
Estonia - According to Auditor's Activities Act § 42 relating to the obligation of sworn auditor to undergo in-service training and § 143 relating to disciplinary proceedings, the International Code of Ethics for Professional Accountants (including International Independence Standards) 210.5.
Greece - Recognition of Intangible Assets, Recognition of Deferred Tax Asset, Presentation of short-term loans as long-term, Incorrect use of the material uncertainty section in the auditors' report.
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 2, 1 on legal person (audit firm) and 1 on natural person (engagement partner).
Poland - Status: 7 sanctions imposed by PANA on PIEs are final and legally binding. 8 sanctions imposed on PIEs (7 by PANA and 1 by PIBR). 68 sanctions imposed on non-PIES (63 by PANA and 3 by PIBR) are final and legally binding. 15 sanction imposed on non-PIEs (14 by PANA and 1 by PIBR) Reconsideration: Including that PANA issued 8 decisions non-PIEs and 3 PIE after reconsideration of decision imposing a pecuniary sanction. PANA also considered 3 appeals against the delegated authority decisions imposing a pecuniary sanction. Delegated authority imposed 4 decisions (one of them was reconsidered by PANA) – 3 of them are final and

In 2023 pecuniary sanctions were imposed in **24 states.**[16]

PIEs audit–related sanctions were imposed by **15** states: Bulgaria – 6, Croatia – 4, Czech Republic – 3, Denmark – 3, France – 2, Germany – 10, Greece – 1, Hungary – 9, Ireland – 4, Italy – 2, Poland – 15, Portugal – 5, Romania – 5, Slovakia – 2, Spain – 6.

Non-PIEs audit-related sanctions were imposed by **18** states: Austria – 37, Bulgaria – 1, Czech Republic – 28, Denmark – 29, Estonia – 7, France – 21, Germany – 8, Hungary – 75, Iceland – 1, Ireland – 3, Italy – 2, Luxembourg – 1, Norway – 1, Poland – 83, Portugal – 5, Romania – 1, Spain - 15, Sweden – 2**.**

"Others" presented sanctions were imposed by **8** states: Czech Republic – 2, Belgium – 2[17], Hungary – 1, Lithuania – 2, Poland – 19, Slovakia – 8, Slovenia – 1, Spain – 31.

legally binding. Others: 19 Sanctions imposed on statutory auditors by Polish Chamber of Statutory Auditors (delegated authority) due to breaches of professional training are indicated in "others" - these 19 sanctions are final and legally binding.

Portugal - PIE: 1 fine of 60 thousand euros, 1 fine of 50 thousand euros, 1 fine of 40 thousand euros, 1 fine of 25 thousand euros and 1 fine of 20 thousand euros.

Non-PIE: 1 reprimand, 1 fine of 75 thousand euros, 1 fine of 25 thousand euros, 1 fine of 15 thousand euros and 1 fine of 5 thousand euros.

Romania - Violations of Auditing Standards as well as national legislation leading to: lack of audit evidence to support the conclusions on the basis of which the audit opinions were issued, lack of audit evidence leading to non-detection of fraud.

Violation of Code of Ethics Section 540 as no measures of the auditor were identified to reduce the threat to independence as a result of the long-term duration of audit.

Violation of the Code of Ethics Section 410.4 as no measures of the auditor were identified to reduce the threat to independence as a result of exceeding the audit fee by 15% of the auditor's turnover.

Violation of the Code of Ethics section 120.6 regarding possible threats to independence either by familiarity or intimidation, or self-interest.

Slovakia - Two pecuniary sanctions were imposed by the national competent authority UDVA and eight pecuniary sanctions were imposed by the delegated body SKAU (Slovak Chamber of Auditors). UDVA sanctions related to the breaches of ISAs. SKAU sanctions were of administrative nature, eg. non-fulfillment continuing education condition, not submitted annual declaration.

Spain - Both audit firm and key audit partner are responsible of breaches committed in relation to a specific audit engagement, so two sanctions are imposed, one for audit firm and other for key audit partner. 6 breaches of independence requirements. 15 breaches of auditing standards. 17 breaches of information requirement for purposes of oversight. 14 breaches of continuing education.

[16] Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Lithuania, Luxembourg, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

[17] **Belgium** - those sanctions considered breaches to meet professional training standards and thus are not related to "the audit of an entity". The two sanctions consisted of a €2.000 fine.

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 sanctions[18]

	PIEs	non-PIEs	Others
Ordering to eliminate an illegality and/or irregularity	1		
Legal counsel on how to refrain from future infringements instead of imposition of fines acc. to Art. 33a Austrian Administrative Penal Act		7[19]	
Conditional withdrawal of approval		2	
Mandatory participation in advanced training		48	
Anti-Money Laundering sanctions			8[20]
Assignment to auditor to additionally develop his professional qualifications	4	4	
Assignment to audit firm to eliminate identified deficiencies	4	4	
Close follow-up		2	
External audit compliance reviews	1		
External cold file review	1		
Prohibition to carry out audits of the audited entity in relation to which the infringement has been committed for a period or 3 years starting when the sanction is final in administrative proceedings	6	15	
Instructive letter/conversation on compliance with standards		11	
Conditional withdrawal of approval		2	
Warnings	37 (also termination of the case as a minor case)	1	

[18] Disclaimer – Member States differently define administrative measures and sanctions. In some jurisdictions other administrative measures and sanctions may be qualified as inspection measures (for example recommendations in inspection report).
[19] Austria – 7 statutory auditors.
[20] In **Italy** CONSOB (Anti-Money Laundering Inspections Office) adopted 8 pecuniary sanctions (6 on natural persons (members of the board of directors and the supervisory body of an audit firm) and 2 on legal persons (audit firms).

Warning to auditor[21]	2	1	
Reprimands[22]	4	18	5
Severe reprimands		22	4

Summary:

The most frequently applied other administrative measure/sanction (not covered by the AR or AD) was mandatory participation in advanced training imposed by Hungary. Italy stated that there were sanctions imposed due to breaches of anti-money laundering regulations.

The total number of other administrative measures and sanctions imposed in 2023 has decreased by more than 70% compared to 2022[23].

***Table no 10**. Summary of other administrative measures and sanctions*

	PIEs	*Non-PIEs*	*Others*	*Total*
2023	17	93	8	**118**
2022	138	252	16	**406**
2021	15	190	1	**206**
2020	9	83	20	**112**
2019	16	172	3	**191**

[21] **Lithuania -** Warning to audit firm - Number (PIE): 3.
[22] **Ireland -** Conditions imposed in 2 cases (Other).
[23] **Italy** - The MEF in 2023 suspended from the auditors' public register 3.451 statutory auditors and 17 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 2023 cancelled from the auditors' public register 1.073 statutory auditors and 5 audit firms due to negligence for payments of annual registration fees. In 2023, the Ministry of Economy and Finance imposed nineteen (19) pecuniary sanctions due to the violation of Article 7 of Legislative Decree No. 39 of 27 January 2010, following failure to provide requested information for oversight purposes and, in particular: against two (2) auditors due to the violation of Article 7, paragraph 1, letter d-bis of Legislative Decree No. 39 of 27 January 2010, due to their failure to provide a certified electronic mail address as required by art. 7; against seventeen (17) auditors due to failure to disclose and/or update information on their audit engagements.

C. Level of pecuniary sanctions

The lowest and the highest pecuniary sanctions imposed in 2023 on natural or legal persons.

The respondents were asked to indicate the lowest and the highest pecuniary sanctions imposed in 2023 on natural or legal persons in their jurisdiction.

Table No 11. Sets out the lowest and the highest pecuniary sanctions (Euros (€)), imposed by jurisdictions on **auditors** (natural persons) and **audit firms** (legal persons) in relation to PIE audits.

Table No 11. *Pecuniary sanctions imposed in relation to audit of PIEs in 2023*

Jurisdictions	Auditors (PIE) - Lowest €	Auditors (PIE) - Highest €	Audit firm (PIEs) - Lowest €	Audit firm (PIEs) - Highest €
Bulgaria	1.000	6.000	-	-
Croatia	0	0	2.650	8.630
Czech Republic	0	0	1.600	10.000
Denmark	10.000	20.000	-	-
France	5.000	5.000	50.000	50.000
Germany	2.000	44.000	500.000	500.000
Greece	20.000	20.000	-	-
Hungary	2.610	5.230	1.300	6.530
Ireland	10.500	10.500	-	-
Italy	65.000	65.000	330.000	330.000
Poland	440	3.300	1.540	3.583.040
Portugal	-	-	20.000	60.000
Romania	1.380	1.380	420	73.900
Slovakia	-	-	10.000	200.000
Spain	7.500	9.300	61.150	2.561.120

Note that not all pecuniary sanctions were imposed in euros, so in the case of sanctions imposed in another currency, the exchange rate was taken into account and the figures were rounded.

Summary:

From the feedback received from respondents, pecuniary sanctions for breaches related to the audit of PIE were imposed on auditors in 11 states and on audit firms in 12 states in 2023.

The highest pecuniary sanction in 2023 on a statutory auditor related to audit of PIEs was imposed by the NCA in Italy (65.000 €). The indicated pecuniary sanctions for PIE engagements in Italy were imposed for breaches of ISAs 230, 260, 330, 450, 500, 540, 560, 620 and for violation of the Article 9 of Legislative Decree no. 39 of 2010, which transposes in Italy article 21 of the AD in relation to professional scepticism[24].

[24] Note that there was only one sanction per auditor/audit firm for PIE audit engagements and only 1 sanction per auditor/audit firm for non-PIE audit engagements. Consequently, the lowest and the highest pecuniary sanction coincide.

The analysis of the data received from respondents shows that the second highest pecuniary sanction on a statutory auditor related to audit of PIEs among the 11 states was imposed by the NCA from Germany (44.000 €). The indicated pecuniary sanction was related to a breach of the duty to object to material accounting errors and an insufficient audit performance.

The third highest amount of pecuniary sanction on a statutory auditors was imposed by Denmark (20.000 €) and by Greece (20.000 €). The sanctions indicated by Denmark were related to breach of ISA 220, 230, 240, 300, 315, 330, 500, 530, 540, 550, 570, ISAE 3000, executive order on auditing financial undertakers etc. as well as financial groups, Financial Business Act and Executive Order on Approved Auditors' Reports when carrying out statutory audit. The sanction amount indicated by Greece was imposed for breaches related to the recognition of intangible asset, recognition of deferred tax asset, presentation of short-term loans as long-term and incorrect use of the material uncertainty section in the auditors' report.

The highest pecuniary sanction imposed on an audit firm in 2023, was imposed by the NCA in Poland (3.583.040€) for breaches related to: statement on fulfilment of independence requirements, organisational arrangements to prevent threats to independence, limitation of audit fees, timely closure of audit files, preparation of documentation for inspection in polish (official language), professional scepticism, content of the audit report and its preparation based on the files (Article 182 §1 point 1, 3, 6, 11, 12, 21 of Act of 11 May 2017 on statutory auditors, audit firms and public supervision).

The second highest pecuniary sanctions on an audit firm was imposed by the NCA in Spain (2.561.120 €). The pecuniary sanctions imposed by Spain on PIE-auditors and PIE-audit firms related to a breaches of auditing standards.

The third highest pecuniary sanctions on an audit firm, that it was imposed by the NCA in Germany (500.000 €), for breaches relating to the issuance of substantively incorrect audit opinions and insufficient audit reports, as well as seriously insufficient audit performance regarding several material audit matters over several consecutive years.

Table No 12. Includes the lowest and the highest pecuniary sanctions in Euros (€), imposed by jurisdictions on **audit firms** (legal persons) and auditors (natural person), with a breakdown by violations related to the audit of non-PIEs.

Table No 12. *Pecuniary sanctions imposed in relation to audit of non-PIEs in 2023*

Jurisdiction	Auditors (non-PIE) - Lowest €	Auditors (non-PIE) - Highest €	Audit firm (non-PIEs) - Lowest €	Audit firm (non-PIEs) - Highest €
Austria	400	40.000		
Czech Republic	600	8.000	1. 200	1. 600
Denmark	3.300	33.500	-	13.500
Estonia	200	500	3.000	15.000
France	1.000	20.000	2.000	30.000
Germany	2.000	18.000	-	-
Hungary	390	1.570	390	1.570
Iceland	3.350	3.350	-	-
Ireland	7.500	19.500	1.500	15.000
Italy	40.000	40.000	80.000	80.000
Luxembourg	22.000	22.000	-	-
Norway	-	-	17.400	17.400
Poland	440	3.080	45	103.520
Portugal	-	-	5.000	75.000
Romania	1.400	1.400	-	-
Spain	4.500	24.000	12.000	24.000
Sweden	6.000	6.000	-	-

Note that not all pecuniary sanctions were imposed in euros, so in the case of sanctions imposed in another currency, the exchange rate was taken into account and the figures were rounded.

Summary:

Referring to the pecuniary sanctions imposed on auditors in relation to the audit of non-PIEs, the highest sanctions were imposed by the NCA in Austria and in Italy (40.000 €). The pecuniary sanction imposed by Italy was related to breaches of ISAs 240, 500 and 540. The second highest sanction was imposed on an auditor by the NCA in Denmark (33.500 €) and third highest sanction was imposed by the NCA in Spain (24.000 €). Sanctions imposed by Denmark imposed for breaches ISA 230, 250, 300, 315, 330, 500, 540 and 600 and the Executive Order on Approved Auditors' Reports when carrying out statutory audit. In Spain the highest pecuniary sanctions were imposed for breaches of independence requirements. Luxembourg, Ireland and France are also among the states that imposed the highest pecuniary sanctions in relation to audit of non-PIEs on auditors. Luxembourg indicated that the sanction imposed was related to non-identification of a material misstatement in the notes to the accounts.

With reference to pecuniary sanctions imposed in relation to the audit of non-PIEs, 11 states imposed sanctions on auditors and 15 states on audit firms. The highest pecuniary sanction on an audit firm, was imposed in Poland (103.520 €). This sanction was imposed for a breach of auditing standards and provisions of national law. The second highest sanction on audit firm was imposed in Italy (80.000 €) and third highest in Portugal (75.000 €).

D. Declaration that the audit report does not meet the requirements indicated in article 30a (1d) AD (article 28 AD or, where applicable, Article 10 AR)

In this part of the questionnaire the respondents were asked to explain how the article 30a (1d) AD have been implemented in their jurisdiction.

a) When imposing sanctions, is your NCA obliged to assess whether the audit report does not meet the legal requirements?

26 respondents stated that they are obliged to assess whether the audit report does not meet the legal requirements.[25] Some respondents reported that this sanction/administrative measure has not yet been imposed,[26] whilst others stated that the declaration that the audit report does not meet the requirements is used only together with other sanctions/administrative measures.[27] In Latvia, it is the Ministry of Finance instead of the NCA, which is responsible for assessing whether the audit report meets the legal requirements; in Liechtenstein, it is within the responsibility of the Financial Market Authority (FMA).

b) Is the NCA obliged to publish information that the audit report does not meet legal requirements?

More than half of the jurisdictions are obliged to publish information that the audit report does not meet legal requirements. In four member states, the decision on publication is at the discretion of the respective NCA.[28] Two respondents have not reported whether their NCA is obliged to publish this information[29].

c) What is the scope of the information published? Is the name of the audited entity, the name of the audit firm, the date the audited financial statements published?

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[25] Hungary has implemented Article 30a (1d) AD as the following sanction: ordering the statutory re-audit, or ordering to have the audit report withdrawn. In Estonia, the assessment whether the audit report meets the legal requirements is part of the Quality Control Procedure.
The Netherlands: "Article 30a (1d) AD has been implemented into Dutch law via a two-part approach:
A. Article 19a Audit Firms Supervision Act: Obligation for an audit firm to take the necessary actions when an audit opinion or parts thereof does not comply with the requirements set by the implementation of Article 28 AD or Article 10 AR; B. Article 52 Audit Firms Supervision Act: The AFM has the enforcement power to order an audit firm to act in a specific way to ensure compliance with laws or regulations."
[26] Belgium, France, Ireland, Italy, Portugal, Slovakia.
[27] Italy, Lithuania, Poland, Spain. It is worth noting that in Spain, the declaration is only imposed as a supplementary sanction in addition to a pecuniary sanction in cases of serious and very serious breaches committed in relation to an audit engagement.
[28] Austria, Denmark, Portugal, the Netherlands.
[29] France, Greece.

The majority of respondents, who publish information that the audit report does not meet legal requirements, publish the nature of the breach as well as name of auditor and/or audit firm. A few jurisdictions publish the full scope of information, i.e. the nature of the breach, the name of auditor and/or audit firm, the name of the audited entity and the date of the audited financial statements[30]. Some respondents indicated that the information is published anonymously[31]. Three[32] respondents have not provided any details on the scope of information published. One respondent referred that the information to be published was at the discretion of the NCA[33].

d) Is the declaration in question understood as a sanction and/or administrative measure in your jurisdiction? Can the declaration compensate a sanction and/or an administrative measure?)

In 19 jurisdictions, the declaration in question is understood as a sanction and/or administrative measure. Finland stated that the declaration is addressed in the Finnish Auditing Act, but legally is not a sanction. Latvia and Norway pointed out, that the declaration in question is not understood as a sanction and/or administrative measure. The Netherlands has the enforcement power to order compliance. Just two respondents stated that the declaration could compensate a sanction and/or an administrative measure.[34]

Summary:
The declaration that the audit report does not meet the requirements indicated in article 30a (1d) AD (article 28 AD or, where applicable, Article 10 AR) has been implemented in most of the states as a sanction and/or administrative measure which has to be published. The implementation varies among the jurisdictions in particular with regard to the scope of information published.

Some respondents pointed out that the assessment whether the audit report meets the legal requirements is inherently included in the reasoning of a sanction decision and therefore only one aspect of the sanctioning process. Some respondents also stated that the declaration is usually combined or can be combined with other sanctions and that – in this case – the declaration in question is published together with other sanctions.[35]

[30] Croatia, Denmark, Italy, Ireland, Lithuania, Luxembourg, Malta, Spain.
[31] Austria, Poland, Slovakia. In Finland, the information is published anonymously until the sanction and/or administrative measure is legally binding.
[32] Belgium, France, Greece.
[33] Portugal
[34] Cyprus, Romania.
[35] Austria, Belgium, Germany, Spain, Lithuania, Poland.

E. Corporate Sustainability Reporting

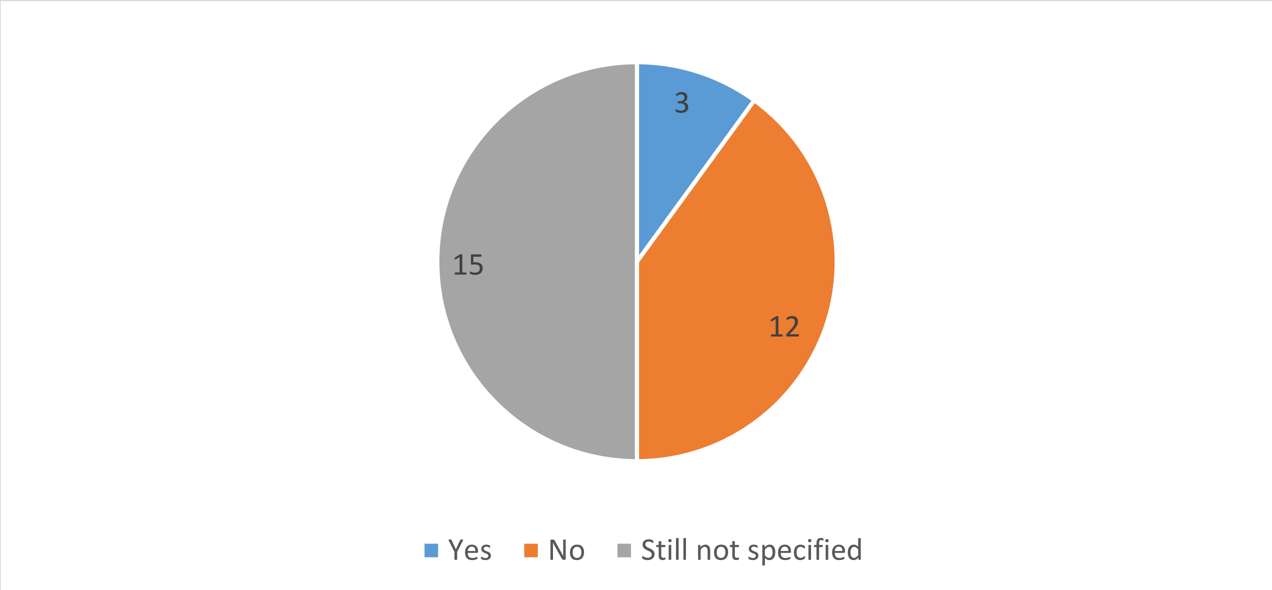
Respondents were asked to provide answers about Corporate Sustainability Reporting. The data includes information available in the first quarter of 2024.

E.1 Opening the market to independent assurance service providers

Respondents were asked whether Independent Assurance Service Providers[36] (IASP) would be allowed to provide assurance on sustainability reporting as per the CSRD requirements. There was no distinction between natural and legal persons.

The chart below shows the answers received from 30 countries.

Graph no. 1 – *Independent Assurance Service Providers*



Summary:

Responses received show that only a limited number of member states (3 countries[37]) had already decided to open the market for assurance of sustainability reporting to Independent Assurance Service Providers. Twelve countries[38] have decided not to open up the market and in the remaining fifteen countries[39] the decision has not been taken at the end of the first quarter of 2024.

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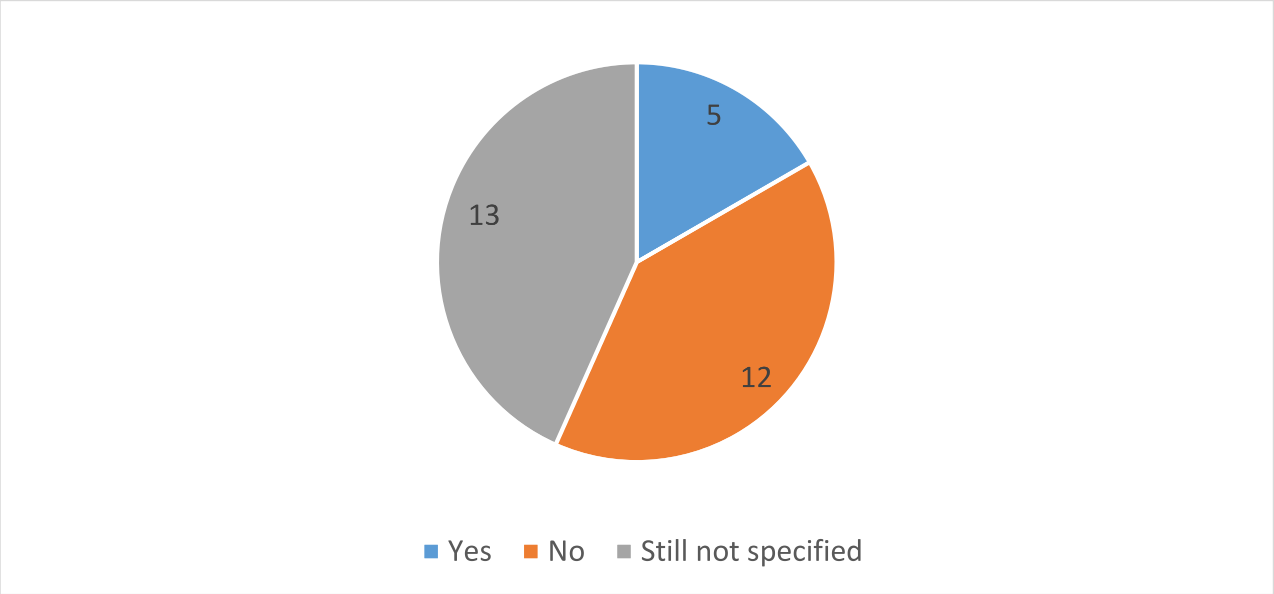
[36] "Independent Assurance Services Provider" means a conformity assessment body accredited in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council for the specific conformity assessment activity referred to in point (aa) of the second subparagraph of Article 34(1) of Directive 2013/34/EU.
[37] France, Norway and Spain.
[38] Croatia, Cyprus, Czech Republic, Finland, Hungary, Ireland, Latvia, Liechtenstein, Luxembourg, Slovakia, Slovenia, Sweden.
[39] Austria, Belgium, Bulgaria, Denmark, Estonia, Germany, Greece, Iceland, Italy, Lithuania, Malta, Poland, Portugal, Romania, The Netherland *(between submission of the survey and the finalization of the ENF report, the Ministry of Finance has decided not to allow IASPs in the Netherlands for sustainability assurance- for now).*

E.2 Oversight of sustainability reporting by NCA

Respondents were asked to provide information on the involvement of their respective NCA[40] in the oversight of sustainability reporting.

The chart below shows the answers received from 30 countries.

Graph no. 2 – *Oversight of sustainability reporting*



Summary:

Responses show that in 5 countries[41] the NCAs will oversee sustainability reporting. In 12 countries[42] the NCAs will not oversee the sustainability reporting and in the remaining 13 countries[43] the decision has not yet been taken.

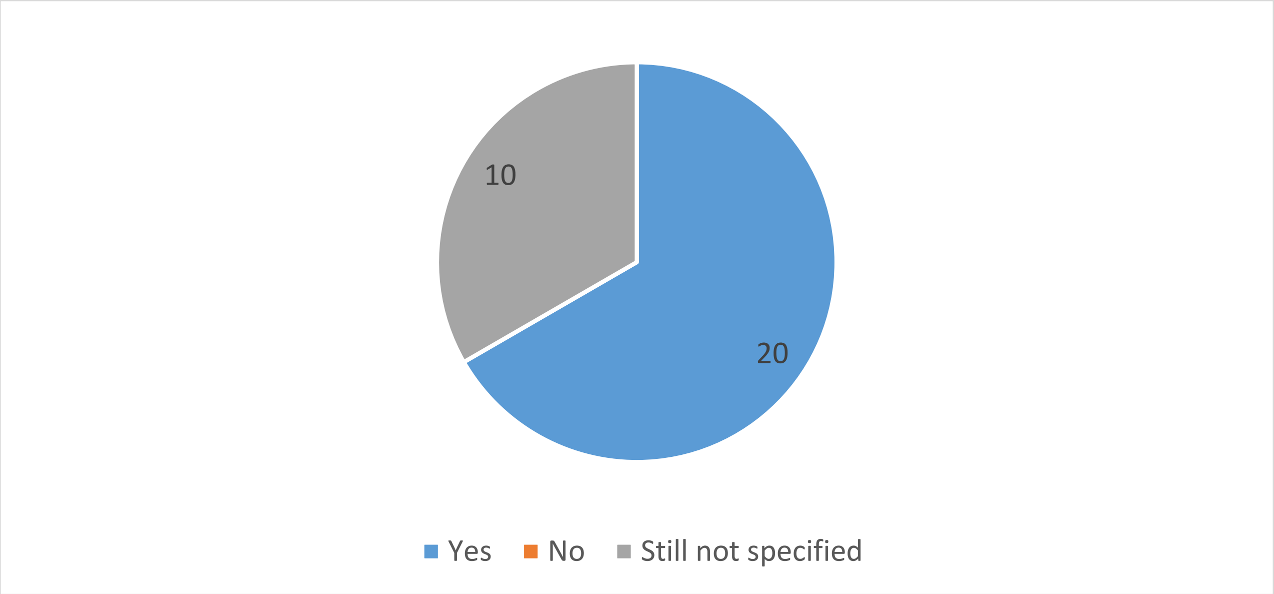
[40] National Competent Authorities (NCAs) are understood to be the Audit Oversight Bodies identified on pages 5-6 of the report.
[41] Denmark, Ireland, Italy, the Netherlands, Norway.
[42] Bulgaria, Croatia, Czech Republic, Finland, France, Hungary, Latvia, Liechtenstein, Slovakia, Slovenia, Spain, Sweden.
[43] Austria, Belgium, Cyprus, Estonia, Germany, Greece, Iceland, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania.

E.3 Oversight of assurance of sustainability reporting by NCA

Respondents were asked to provide information on the involvement of the National Competent Authority (NCA) in the oversight of assurance of sustainability reporting.

The chart below shows the answers received from 30 countries.

***Graph no. 3 –** Oversight of assurance of sustainability reporting by NCA*



Summary:

Responses show that in 20 countries[44] the NCAs will oversee assurance of sustainability reporting. In the remaining 10 countries[45] the decision had not been taken.

E.4 Professionals involved in the assurance of sustainability reporting in the scope of the CSRD

Respondents were asked to indicate what group of professionals (statutory auditors/audit firms and/or Independent Assurance Service Providers) involved in assurance of sustainability reporting will be within the oversight competence of their NCA. (There was a choice of responses as illustrated in the graph.)

The chart below shows the answers received from 27 countries.

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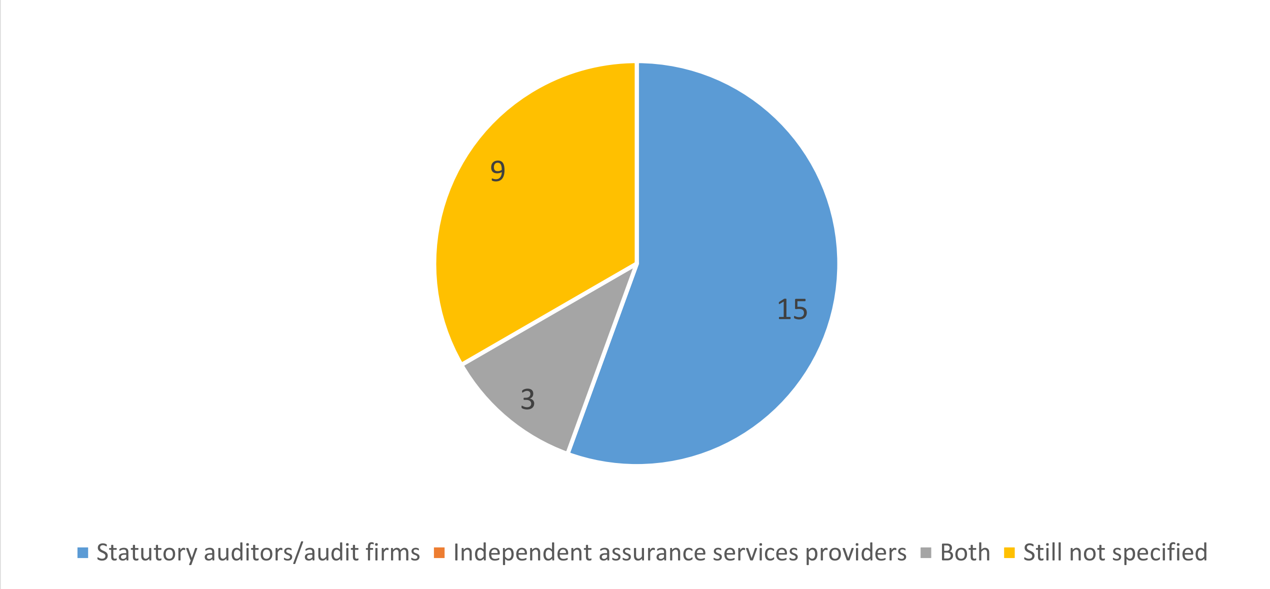
[44] Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Hungary, Ireland, Italy, Latvia, Liechtenstein, Luxembourg, The Netherlands, Norway, Slovakia, Slovenia, Spain, Sweden.

[45] Belgium, Estonia, Germany, Greece, Iceland, Lithuania, Malta, Poland, Portugal, Romania.

Graph no. 4 *– Professionals involved in the assurance in the scope of CSRD*



Summary:

Responses show that in 15 countries[46] indicated that the NCA will oversee the statutory auditors/audit firms involved in the assurance of sustainability reporting. In 3 countries[47] the NCA will oversee both statutory auditors/audit firms and Independent Assurance Service Providers, and in the remaining 9 countries[48] the decision had not yet been taken.

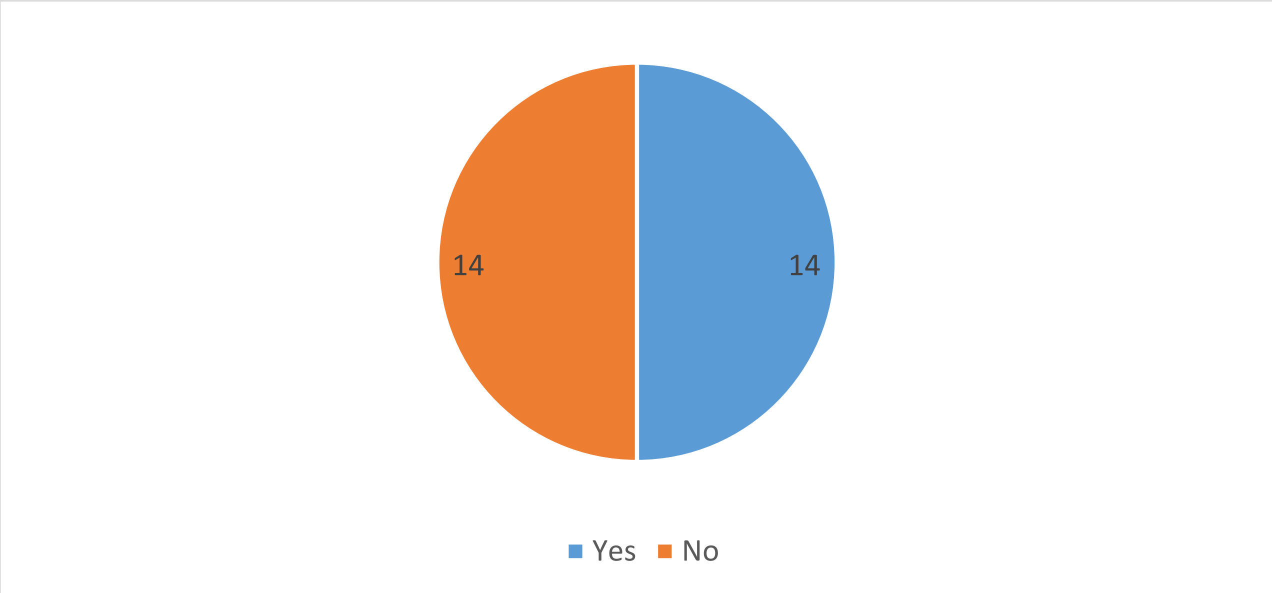
E.5 The recruitment of new staff in connection/relation to the supervision of assurance of sustainability reporting

Respondents were asked to indicate if their Authority plans to recruit new staff in connection/relation to the supervision of assurance of sustainability reporting.

The chart below shows the answers received from 28 countries.

[46] Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, Hungary, Ireland, Italy, Latvia, Liechtenstein, Luxembourg, Slovakia, Slovenia, Sweden.
[47] France, Norway, Spain.
[48] Austria, Estonia, Germany, Iceland, Lithuania, Malta, the Netherlands, Poland, Romania.

***Graph no. 5 –** Recruitment of new staff in r relation*



Summary:

Responses show that the NCAs of 14 countries[49] plan to recruit new staff in connection to the supervision of assurance of sustainability reporting, while the NCAs of 14 countries[50] do not.

A few countries observed that the first sustainability reports for 2024 are expected to be issued in 2025 and relevant inspections/investigations may be carried out subsequently, therefore relevant sanctions may be imposed in the following years. Given these circumstances, it is expected that the need to recruit new staff in relation to the additional tasks envisaged by the CSRD will be reassessed in the near future by some NCAs.

E.6 The role of NCA enforcement function in relation to sustainability reporting and its assurance in the near future

Respondents were asked to describe the role of their NCA enforcement function in relation to sustainability reporting and its assurance in the near future. In this respect, 28 countries provided considerations.

Summary:

The majority of respondents emphasized that the process for implementing the CSRD was still ongoing at the date of their response , therefore at that moment it was not possible to describe the role in the near future of their enforcement function, considering that information available are

[49] Austria, Croatia, Cyprus, Denmark, France, Germany, Ireland, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain.
[50] Bulgaria, Czech Republic, Estonia, Finland, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Slovenia, Sweden.

partial and subject to amendments in the next months. For most of them, the final transposition is expected before summer 2024.

Based on the information received, some NCAs are/will be entrusted with the supervision of sustainability assurance activities (i.e. quality controls, investigations and sanctioning) performed by statutory auditors and audit firms (and in 3 cases, also by IASP). One NCA indicated that it will be entitled to impose the same sanctions as for auditors/audit firms performing statutory audits.

One NCA[51] emphasized the importance in the first phase of application of CSRD of the enforcement of a) the independence requirements, to create a high credibility on the assurance reports, b) the continuing education, in order to obtain the necessary knowledge on sustainability reporting and its assurance, and c) the information provided to the Authority by the IASP for oversight purposes.

It is interesting to point out that in a few states[52], the NCA will also be entrusted with the supervision of sustainability reporting.

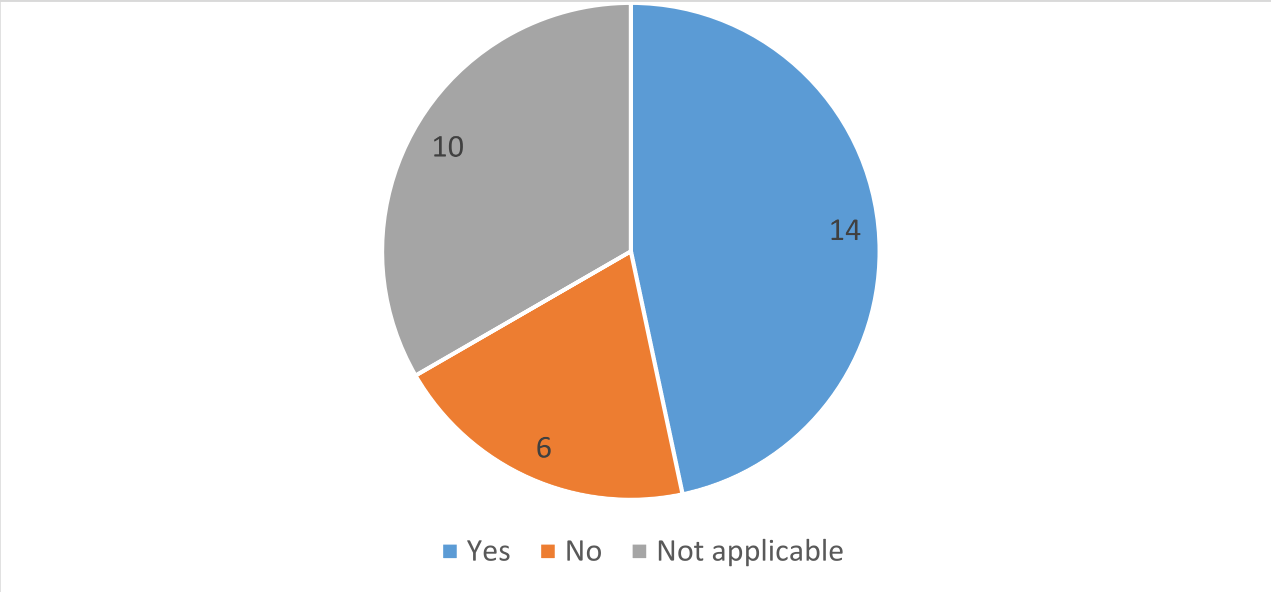
[51] Spain.
[52] Denmark, Ireland, Italy, the Netherlands, Norway.

F. Audit framework breaches

Respondents were asked to provide answers about applying ISA[53] or national auditing standards in sanctioning.

F.1 The administrative measures or sanctions imposed due to the breach of international auditing standards (ISA).

Graph no. 6 – *Number of countries which imposed sanctions due to the breach of ISAs*



Summary:

14 states[54] imposed administrative measures or sanctions due to the breach of ISAs and **6** states[55] did not. In **10** states sanctions due to the breach of ISAs are not applicable[56]. In clear majority of EU/EEA countries breaches against ISAs are relevant as a reason for sanctioning.

The respondents were asked which common standards have been breached most frequently (indicate ISA number of top 3 breaches in 2023). Note: Some respondents mentioned more than 3 ISAs.

Summary: The respondents[57] indicated the following most frequently breached ISAs, which were: ISA 230 (Audit documentation), ISA 330 (The Auditor's Responses to Assessed Risks), ISA 500 (Audit Evidence), and ISA 315 (Identifying and Assessing the Risks of Material Misstatement).

[53] International Standard on Auditing are professional standards for auditing of financial information issued by the International Auditing and Assurance Standards Board (IAASB)
[54] Bulgaria, Croatia, Czech Republic, Estonia, Greece, Lithuania, Luxembourg, Malta, Norway, Portugal, Romania, Slovakia, Slovenia, Sweden.
[55] Belgium, Cyprus, Iceland, Latvia, Liechtenstein, Poland.
[56] Austria, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Spain.
[57]**Czech Republic**: There was a great variety of ISA breaches within the decisions issued in 2023. As far as PIE audit engagements are concerned, the following ISA have been breached repeatedly: ISA 240, ISA 330 and ISA 600.

***Table no 14** - Most frequent ISA breaches, mentioned by the following jurisdictions*

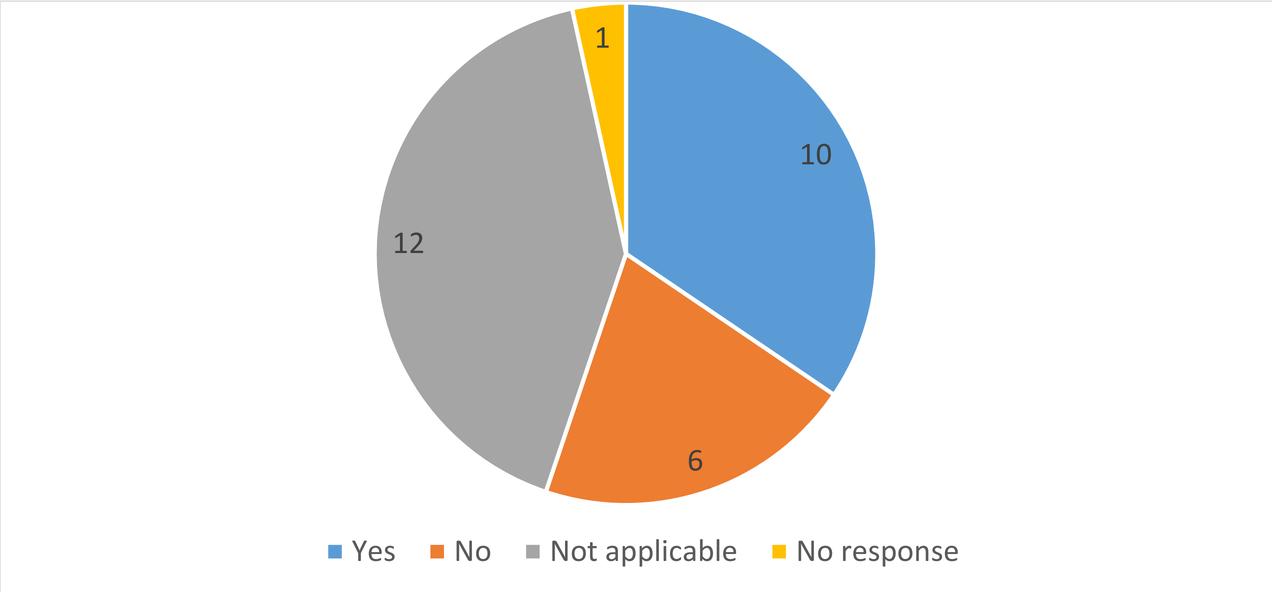
ISA standard	Top 3 - most frequently breached ISAs, indicated by the jurisdictions	Total number of states:
ISA 220	Norway, Portugal	2
ISA 230	Bulgaria, Estonia, Lithuania, Malta, Portugal, Romania, Sweden	7
ISA 240	Czech Republic, Croatia, Portugal, Slovenia	4
ISA 315	Croatia, Lithuania, Norway, Romania, Slovenia	5
ISA 330	Czech Republic, Lithuania, Luxembourg, Romania, Slovakia, Slovenia	6
ISA 402	Bulgaria	1
ISA 500	Estonia, Malta, Norway, Romania, Slovenia, Sweden	6
ISA 540	Bulgaria, Croatia	2
ISA 560	Slovakia	1
ISA 570	Greece	1
ISA 600	Czech Republic, Sweden	2
ISA 700	Malta, Slovakia	2

Estonia: The most common breaches were related to the organization of the work and insufficient audit evidence and documentation, which were present in the majority of instances of conducted investigations. (Read: ISA 230 and ISA 500).
Slovakia: ISA 700R par. 13 b) and par. 18, ISA 560 par. 6 and 8, ISA 330 par. 24.

F.2 The administrative measures or sanctions imposed due to the breach of national auditing standards (instead of ISA)

The respondents were asked if the NCA imposed administrative measures or sanction due to the breach of national auditing standards (instead of ISAs)

Graph no. 7 – *Number of countries which imposed sanctions due to the breach of national auditing standards (instead of ISA)*



Summary:

10 states[58] imposed administrative measures or sanctions due to the breach of national auditing standards (instead of ISA) and **6** states[59] did not. In **12** states[60] sanctions due to the breach of national auditing standards are not applicable. The clear majority of EU/EEA countries breaches against national auditing standards are relevant for sanctioning.

If yes, which (3) common standards have been breached most frequently (indicate the number of the ISAs "corresponding" to the national standards most frequently breached in 2023, if any):

The respondents[61] indicated most frequently breached national auditing standards, which were ISA 315 (Identifying and Assessing the Risks of Material Misstatement), ISA 330 (The Auditor's Responses to Assessed Risks) and ISA 500 (Audit Evidence).

[58] Denmark, France, Germany, Hungary, Ireland, Italy, the Netherlands, Poland, Spain, Sweden.
[59] Austria, Belgium, Finland, Greece, Iceland, Luxembourg.
[60] Croatia, Cyprus, Czech Republic, Estonia, Latvia, Liechtenstein, Lithuania, Malta, Portugal, Romania, Slovakia, Slovenia.
[61] **Denmark**: Lack (also inappropriate, insufficient) of audit evidence and documentation
Ireland: IAASA adopts auditing standards for use in Ireland under license from the Financial Reporting Council in the United Kingdom. ISA 315 (Ireland) - Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment.
Italy: ISA (Italy) 240, 330, 500, 540 and Article 9 of Legislative Decree no. 39 of 2010 which transposes in Italy Article 21 of the AD in relation to professional scepticism.
Sweden: These have been breaches of national standards to which there aren't any corresponding ISAs. They mostly concern the auditors work performed on the governance of the company.

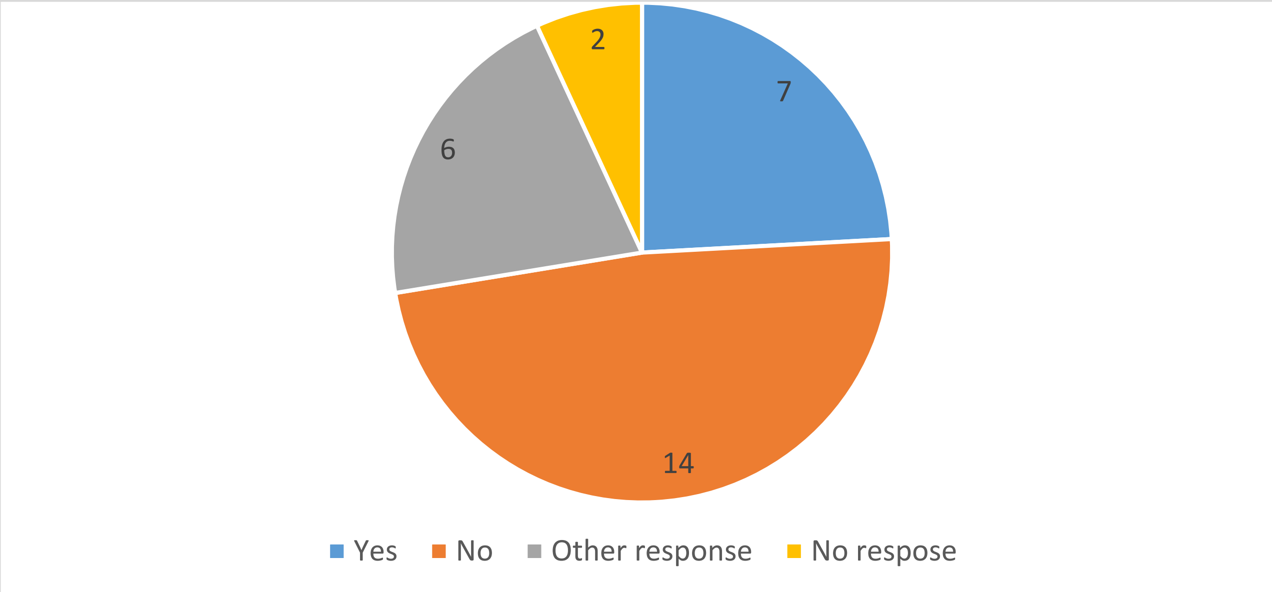
Table no 15 *- Most frequent breaches of national auditing standards (equivalent to ISAs)*

ISA standard correspondence	Top 3 - most frequently breached national auditing standards (equivalent to ISAs), indicated by the jurisdictions	Total number of states:
National standards with no ISA equivalent	France (Joint audit), Sweden (auditors work performed on the "governance" of the company)	2
ISA 200	Poland, Spain	2
ISA 230	Poland	1
ISA 240	Hungary, Italy, the Netherlands	3
ISA 315	Germany, Ireland, the Netherlands, Poland	4
ISA 320	Poland	1
ISA 330	France, Hungary, Italy, the Netherlands, Poland, Spain	6
ISA 500	Germany, Italy, Poland, Spain	4
ISA 540	Germany, Italy, Poland	3
ISA 600	Hungary	1
ISA 700	France, Germany	2

F.3 The administrative measures or sanctions imposed due to the breach of international quality management standards (ISQC1 or ISQM1)

The respondents were asked whether their NCA imposed in 2023 administrative measures or sanctions due to the breach of international quality management standards (ISQC1 or ISQM1).

Graph no. 8 – *Administrative measures or sanctions imposed due to the breach of international quality management standards*



Summary: Most of the respondents (**14** states), indicated that they did not impose administrative measures or sanctions due to the breach of international quality management standards[62]. **7** states imposed administrative measures or sanctions due to the breach of international quality management standards[63]. In **6** states there was another response[64].

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[62] Bulgaria, Cyprus, Czech Republic, Germany, Greece, Italy (comment: In 2023 CONSOB did not impose any sanctions due to the breach of international quality management standards ISQC1 or ISQM1), Liechtenstein, Luxembourg, Iceland, Portugal, Romania, Slovakia, Spain, Sweden

[63] Austria, Denmark, Hungary, Ireland, Malta, Norway, Poland

Austria: Yes. However, sanctions are only imposed in individual cases and in the event of serious and persistent violations of international quality management standards.

Denmark: Yes. The audit firm's system of quality management has failed to meet the requirements of consistent performance of engagements, as well as it failed to meet the requirements for monitoring and remediation process.

Hungary: Yes. The audit firms most frequently breached the ISQC1 requirements. The most frequent deficiencies were in the areas of archiving and engagement execution (audit documentation). Quality controls under ISQM1 will start in 2025.

Ireland: A firm was sanctioned for a number of matters including a breach of ISQC1 – a sanction was imposed that the firm be prohibited for a period of 12 months from conducting statutory audits.

Malta: Yes, External cold file reviews and external audit compliance reviews were imposed during 2023.

Norway: In 2023, the FSA withdrew 2 personal licenses for firm leaders, where the firms noncompliance with ISQC 1 / ISQM 1 was part of our basis for conclusion.

Poland: Yes, in most decisions imposing administrative sanctions in 2023 (after PANA inspection). In administrative decisions imposing most serious sanctions most common breaches of ISQM1 were breaches related to § 11, 12, 25, 35 (in general Designing and Performing Monitoring Activities), 45, 48.

[64] Croatia, Finland, France, Latvia, Lithuania, The Netherlands

Croatia: MoF imposed administrative measures due to the breach of international quality management standards and they mostly relate to inadequate monitoring procedures and deficiencies in audit methodology.

Two states did not respond[65].

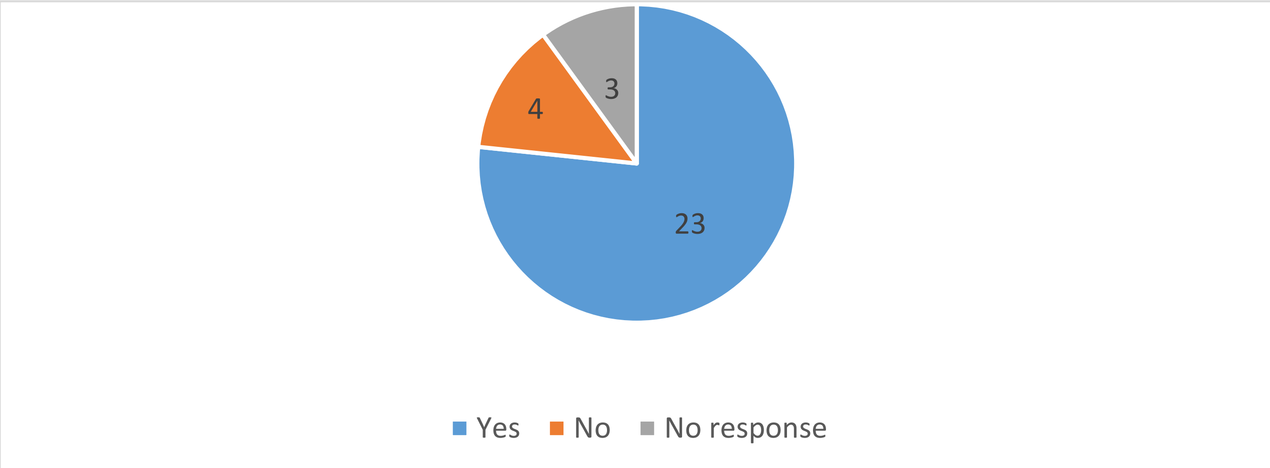
Finland: The standards are not legally nor directly binding. Nevertheless the ISQC1 and ISQM1 standards are used as measurement tools in inspections of the audit firms. Thus the standards are applied in practice in inspections.
France: To date, these standards are not implemented in France (no compulsory provision).
Latvia: Only minor deficiencies in quality control checks at 8 auditor practices in 2023 were identified. All abovementioned auditor practices submitted to the LASA plans and schedules to address these deficiencies.
Lithuania: The most breaches of the ISQC 1 and therefore administrative measures/ sanctions were related to monitoring, ton at the top, documentation of the quality control system, topics. As the ISQM 1 come in to the force only from 15-12-2022, administrative measures/ sanctions were not imposed in 2023.
The Netherlands: Article 21 of the Dutch Audit Firm Supervision Act (requirements for the Audit Firm's system of quality control)

[65] Belgium, Estonia.

F.4 Implementation of auditing standards (ISAs or national standards) by audit firms due to the imposition of administrative measures or sanctions

The respondents were asked whether administrative measures or sanctions due to the breach of an auditing standard (ISA or national standard) did drive a better implementation of this or other standards by audit firms.

Graph no. 9 – *Drive of better implementation of an auditing standard due to the administrative measures or sanctions imposed*



Summary[66]: Many respondents commented that there are no concrete indicators to measure the improvement of compliance with the standards. However, the majority of respondents envisage that sanctions can improve future compliance with the standards.

[66] **Austria**: Individual breaches of auditing standards are currently not sanctioned. In the case of serious breaches of international auditing standards (several ISA standards affected), which extend to the majority of the audit engagements reviewed, the period for approval in the course of the quality assurance review within the meaning of Art 29 AD is set at less than 6 years. In serious cases, approval will no longer be granted at all.

Croatia: Sanctions improve audit quality in practice. Audit firms and statutory auditors are aware that MoF can impose a supervisory measure of annulling the decision by which an audit firm or a statutory auditor has been granted the approval for work if they do not act upon other supervisory measures issued by the MoF in previous supervision.

Estonia: Auditors whose work was not up to standard have decided to stop their practice therefore improving the overall audit quality of the market.

Finland: There isn´t any objective measurement tool to assess the impact of sanctions. Note that even if the ISA-standards are not legally binding in Finland, they play a significant role in interpreting the concept of good auditing practice. According to law (Auditing Act) all auditors and audit firms must comply with good auditing practice. Thus violation of an ISA standard is usually interpreted as a violation against good auditing practice. Also according to case law auditors and audit firms must comply with the general principles of International Auditing Standards (ISAs).

France: Sanctions seem to be taken into account by the top management of audit firms, especially by the Big (see inspection reports).

Germany: The AOB assumes that the sanctions imposed will contribute to a better implementation of auditing standards in general. Nevertheless, there are no concrete indicators to measure this improvement clearly.

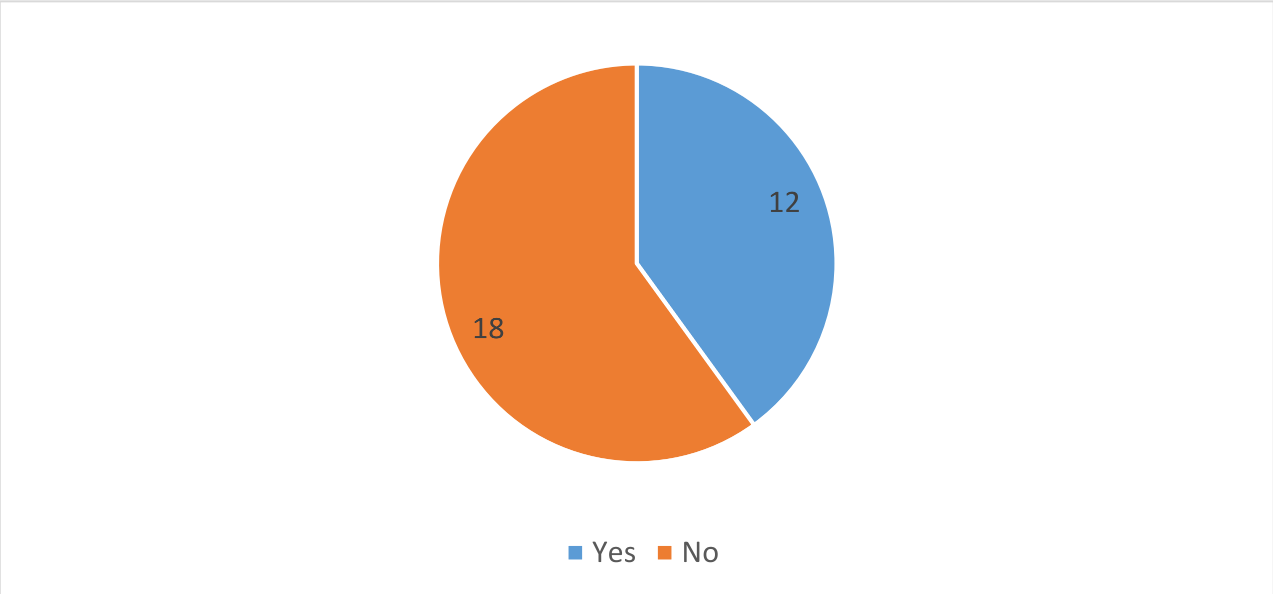
Greece: Yes, for the sanctioned firm and it's auditors, but the impact to the rest audit firms cannot be estimated because the sanctions are not publicly announced.

Hungary: If the findings are not corrected, an action plan is not drawn up, or the previously identified findings reoccur, a more severe sanction (e.g. a higher pecuniary sanctions, or withdrawal of special qualification or prohibition) is imposed, following the principle of gradualism.

F.5 Administrative measures or sanctions imposed due to non-compliance with an International Code of Ethics or equivalent in 2023

The respondents were asked whether their NCA imposed any sanctions based on non-compliance with an International Code of Ethics[67] or equivalent in 2023.

Graph no. 9 *–Administrative measures and sanctions imposed due to non-compliance with an International Code of Ethics*



Ireland: It is difficult to say definitively although the sanctions imposed have made firms more aware of the consequences of inadequate audit work.

Italy: Based on the results of quality controls on audit firms, we noticed that after a sanction, usually the audit firm carries out a Root Cause Analysis to investigate the main reasons of the audit failure and to prevent the recurrence of similar breaches in the future.

The Netherlands: Reporting on findings and/or administrative measures and sanctions relating to ISA's or national standard, clarify the AFM's view on/interpretation of those requirements.

Norway: The audit firms improve the audit procedures.

Poland: In the course of administrator proceedings and dialogue with NCA, audit firms point out on internal analyses and changes in internal procedures related to the application of standards and application of internal quality control system. This is a result of findings inspections audits and ongoing proceedings. Further administrative proceedings are being conducted against some audit firms for breaches found in inspection and further disciplinary proceedings are being conducted against some statutory auditors - but any sanctions have not been imposed at the moment.

Portugal: Sanctions imposed by CMVM have the capacity to guide conduct for the future and improve the quality of the audit work. The fact that CMVM has issued decisions on topics such as independence and documentation duties allow the audit market to know the standard of conduct that the CMVM intends for its supervised entities to adopt and act accordingly.

Romania: Because ASPAAS (NCA of Romania) was recently established (2018), we have not yet carried out consecutive inspections to be able to verify the impact that ASPAAS inspections had on the quality of the statutory audit. However, we could say that has been noticed a slight improvement from year to another.

Slovakia: Generally yes, but in case of smaller audit firms improvements are needed.

[67] International Code of Ethics for Professional Accountants (including International Independence Standards) released by International Federation of Accountants.

Summary: Most of the respondents (18 states[68]) indicated that they did not impose administrative measures or sanctions due to non-compliance with an International Code of Ethics or equivalent in 2023. 12 states[69] imposed administrative measures or sanctions due to the breach of an International Code of Ethics or equivalent.

The respondents were also asked how they assess the impact of the sanctions imposed on ethics related matters on the implementation of an International Code of Ethics or equivalent in 2023, by statutory auditors or audit firms (high, moderate, low).[70]

Summary: In general, it can be concluded from the responses received that there is no specific measurement of the impact of sanctions in ethics related matters. Some of the respondents[71] see

[68] Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, Greece, Iceland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, The Netherlands, Portugal, Slovakia, Slovenia.

[69] Belgium, Estonia, France, Germany, Hungary, Ireland, Malta, Norway, Poland, Romania, Spain, Sweden.

[70] **Belgium:** Compliance with ethical standards and actions the sanctions committee have a high impact on the actions of the auditors or the firm. After all, essential principles such as independence are at stake.
Estonia: Auditors whose work was not up to standard have decided to stop their practice therefore improving the overall audit quality of the market.
Finland: There isn´t any objective measurement tool to assess the impact of sanctions.
France: Moderate impact.
Germany: The AOB assumes that the sanctions imposed will contribute to a better implementation of ethical standards in general. Nevertheless, there are no concrete indicators to measure this improvement clearly.
Greece: The impact cannot be estimated because the sanctions are not publicly announced.
Hungary: The impact of sanctions imposed in 2023 will be monitored in 2024.
Ireland: High.
Italy: Not Applicable. In 2023 CONSOB did not impose any sanctions on ethics related matters.
Liechtenstein: The impact will presumably be high.
The Netherlands: No sanctions imposed on ethic related matters in 2023.
Malta: Moderate. (Malta impose only administrative measures).
Norway: Moderate: The audit firm must take necessary measures.
Poland: In case of administrative proceedings against audit firms the breaches of Code of Ethics (basic principles) are indicated as a way of interpreting a legal provision. In case of disciplinary breaches against statutory auditors the indicated breaches are related to in general to Professional Competence and Due Care and Professional Behaviour. Therefore the impact of imposed sanctions on the implementation of an International Code of Ethics is considered high.
Romania: Because ASPAAS (NCA of Romania) was recently established (2018), we have not yet carried out consecutive inspections to be able to verify the impact that ASPAAS inspections had on the quality of the statutory audit. However, we could say that has been noticed a slight improvement from year to another.
Sweden: Moderate.
Other comments on Part F
Denmark: NCA does not practice subsequent measurements.
Finland: The cases are different from each other. Thus assessing the impact of sanctions is not accurate.
France: The national code of ethics is enforceable in France, not the IESBA code.
Italy: Please note that in Italy the law establishes that the national auditing standards are developed, taking into account the ISAs, by the profession jointly with the MEF and CONSOB. To this end, a permanent technical working group has been established with the participation of representatives of the audit supervisory authorities (CONSOB and the MEF) and of the professional bodies. The working group issues the auditing standards ISAs Italy, coming from ISAs issued by the IAASB, translated into Italian as well as adapted and integrated with national laws and specific considerations aimed at supporting their application in the Italian legislative system. At the end of the drafting process, these principles are adopted with a decision of the MEF, having heard the opinion of Consob.
Norway: The Auditors Act regulates independence. The Act has incorporated and is stricter than the International Code of Ethics.
Spain: Spanish auditing standards is basically NIAS with some adaptation to Spanish law and are called NIAS-ES.

[71] France, Malta, Norway, Sweden

the impact as moderate. A few respondents[72] indicated that they observed a strong impact through sanctions.

Comparison of administrative measures or sanctions imposed due to the breach of ISAs, national auditing standards (instead of ISA), international quality management standards and International Code of Ethics or equivalent to previous ENF questionnaires

The 2019[73], 2022[74] and 2023[75] ENF reports provide useful information to compare the answers given in 2024. Some of the conclusions that are comparable.

The 3 most commonly breached ISAs were basically the same in year 2023 and 2018, i.e. ISA 500, ISA 330 and ISA 230.

[72] Ireland, Liechtenstein, Poland
[73] Report on the 2019 CEAOB enforcement questionnaire (europa.eu)
[74] Report on the 2022 CEAOB enforcement questionnaire (europa.eu)
[75] Report on the 2023 CEAOB Enforcement Questionnaire (europa.eu)

Appendix: Enforcement Questionnaire on sanctioning statistics regarding year 2023

Committee of European Auditing Oversight Bodies

CEAOB Enforcement sub-group

ENFORCEMENT QUESTIONNAIRE ON SANCTIONING STATISTICS REGARDING YEAR 2023

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*. This questionnaire is also addressed the supervisory authorities in EEA countries.

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.

CSRD - refers to Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

Sustainability reporting - refers to article 2 (18) of Directive 2013/34/EU as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022

Investigation - the procedure to collect evidence or other information to assess whether laws, rules and/or standards governing the adequate 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 adequate execution of the statutory audit - and what (if any) administrative meassures or sanctions shall be imposed.

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 2023**. **The responses to the questionnaire will be used for public reporting purposes in compliance with the CEAOB´s work plan 2024 and the CEAOB Enforcement sub-group´s work plan 2024.**

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 2023.

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, failures 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 2024 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__________/__________2024
Further information can be given by (contact information):
____

A. Statistics 2023 - Administrative measures and sanctions

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). 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 received 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), distinguish the reporting of the other administrative measures or sanctions in the comments field; the same principle should be applied in case if two or more sanctions are imposed on two or more audit firms or statutory auditor.

	Mandatory administrative measures and sanctions that the competent authority or the delegated authority/body has taken/imposed. **Art. 30a AD** **Art. 23 (3) (f) of the AR**	**How many administrative measures and sanctions did the national competent authority and/or the delegated authority impose in total in 2023?** **Distinguish between sanctions on the basis of PIE and non-PIE audit engagement.** **Note: Where a single case covers several sanctions, please report <u>each sanction</u> separately.**	**Notes and comments (in particular please indicate breaches sanctioned e.g. ISA).National add-ons etc.**
1	Withdrawal of approval [Art. 30 (3) of AD] ***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.*	Number (PIE): Number (non-PIE): Others:	
2	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 ***Note:** Report in this section all administrative measures and sanctions,*	Number (PIE): Number (non-PIE): Others:	

	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.		
3	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]*	Number (PIE): Number (non-PIE): Others:	
4	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]* ***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", "restriction", "exclusion" as long as they are limited in time and match the requirements of Art. 30a (1c) AD.*	Number (PIE): Number (non-PIE): Others:	
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. **Provide details and any relevant statistics**	**Sanction**	**How many such administrative measures and sanctions did the competent authority impose in 2023?** **Distinguish between sanctions on the basis of PIE and non-PIE audit engagements.** ***Note: Where a single case may cover several sanctions,*** ***report each sanction separately.***	**Notes and comments: National add-ons etc.**

C. Level of pecuniary sanctions

1. Indicate the lowest and the highest pecuniary sanctions imposed in 2023 on audit firms and statutory auditors relating to the audit of a public interest entity (PIEs) in your jurisdiction.

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

2. Indicate the lowest and the highest pecuniary sanctions imposed in 2023 on audit firms and statutory auditors relating to the audit of a non-public interest entity (non-PIEs) in your jurisdiction.

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

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 to Part C:

D. Declaration that the audit report does not meet the requirements indicated in article 30a (1d) AD (article 28 AD or, where applicable, Article 10 AR)

1. Explain how the article 30a (1d) AD have been implemented in your jurisdiction?

(Guidance: When answering the question, consider the following points:
a) When imposing sanctions, is your NCA obliged to assess whether the audit report does not meet the legal requirements?
b) Is the NCA obliged to publish information that the audit report does not meet legal requirements?
c) What is the scope of the information published? Is the name of the audited entity, the name of the audit firm, the date of audited financial statements published?
d) Is the declaration in question understood as a sanction and/or administrative measure in your jurisdiction? Can the declaration compensate a sanction and/or an administrative measure?)

Comment:

E. Corporate Sustainability Reporting

1. Will your jurisdiction open the market for independent assurance services providers?
   a) Yes
   b) No
   c) Still not specified in our jurisdiction

2. Will your NCA oversee sustainability reporting?
   a) Yes
   b) No
   c) Still not specified in our jurisdiction

3. Will your NCA oversee assurance of sustainability reporting?
   a) Yes
   b) No
   c) Still not specified in our jurisdiction

4. If yes, will your NCA oversee assurance of sustainability reporting in the scope of the CSRD by:
   a) Statutory auditors/audit firms
   b) Independent assurance services providers
   c) Both
   d) Still not specified in our jurisdiction

5. Does your NCA plan to recruit new staff in connection/relation to the supervision of assurance of sustainability reporting?

a) Yes
b) No

6. Explain the role of your NCA enforcement function in relation to sustainability reporting and its assurance in the near future.

Comments to part E:

F. Audit framework breaches

If ISA are directly obligatory in your jurisdiction please respond to question 1. If national auditing standards are directly obligatory in your jurisdiction, please respond to question 2.

1. Did your NCA in 2023 impose administrative measures or sanctions due to the breach of international auditing standards (ISA)?
   a) Yes
   b) No
   c) Not applicable – ISA are not obligatory in our jurisdiction

If yes, which (3) common standards have been breached most frequently (indicate ISA number of top 3 breaches in 2023):

2. Did your NCA in 2023 impose administrative measures or sanctions due to the breach of national auditing standards (instead of ISA)?
   a) Yes
   b) No
   c) Not applicable – national auditing standards are not applicable in our jurisdiction

If yes, which (3) common standards have been breached most frequently (indicate the number of the ISAs "corresponding" to the national standards most frequently breached in 2023, if any):

3. Did your NCA in 2023 impose administrative measures or sanctions due to the breach of international quality management standards (ISQC1 or ISQM1)?

Explain:

4. Did administrative measures or sanctions due to the breach of an auditing standard (ISA or national standard) drive a better implementation of this or other standards by audit firms?

   a) Yes

b) No

Provide your comments, if any, on the impact of sanctions imposed by your NCA for non-compliance with auditing standards (both ISA or national)

5. Did your NCA impose any sanctions based on non-compliance with an International Code of Ethics or equivalent in 2023?

a) Yes
b) No

How do you assess the impact of the sanctions imposed on ethics related matters on the implementation of an International Code of Ethics or equivalent in 2023, by statutory auditors or audit firms (high, moderate, low)

Comments to Part F:

G. Confirmation and consent clause

The respondent recognises that the responses given are used for public reporting by the CEAOB. The CEAOB may decide not 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___________/___________2024

Further information can be given by (contact information):
____