



Report on the 2022 CEAOB Enforcement Questionnaire

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Appendix 1: Comments given by the respondents to the indicated parts of the Enforcement Questionnaire on Sanctioning Statistics regarding year 2021.

Appendix 2: CEAOB Enforcement Questionnaire

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 2021. The responses of the questionnaire are used for public reporting purposes in compliance with the CEAOB's work plan 2022 and the CEAOB Enforcement sub-group's work plan 2022. For ease of reference the responses have been edited and in the statistics section (B) some responses have been redesigned in order to create clarity and comparability.

About the survey

In March 2022, the CEAOB Enforcement sub-group (ENF) launched a survey about statistics of sanctions and administrative measures for the year 2021. 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/survey was focused on statistics and additional information concerning additional powers, proceedings, employees and framework.

Legal ground

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

Statistics

The questionnaire focused on administrative measures and sanctions, which are linked to PIE or non-PIE statutory audits i.e. statutory audit engagements. The respondents were requested to fill in the statistics, which reflect the decisions based on legislation in the jurisdiction by the competent authority in line with the ARD. The responses should also cover the decisions made by a delegated authority or body. The questions and requests for statistics refer to calendar year 2021 only.

The questionnaire was addressed to collect information primarily on the oversight of statutory audit and statutory auditors and audit firms. The respondents were asked to exclude investigation and

sanctioning of non-audit services of auditors and audit firms. However, some respondents reported administrative measures and sanctions, which are linked with non-audit services in the field “Number (Others)”. In this survey administrative measures imposed on auditors vis-à-vis audit firms were not distinguished.

Terms and definitions

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

Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts.	EU Audit Directive (EU-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 (EU-AR)
Audit Regulation and Directive (as described above).	ARD
The authorities designated by law that are in charge of the regulation and/or oversight of statutory auditors and audit firms or of specific aspects thereof.	Competent Authorities
<p>‘Public-interest entities’ means:</p> <p>(a) entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC;</p> <p>(b) credit institutions as defined in point 1 of Article 3(1) of Directive 2013/36/EU of the European Parliament and of the Council (17), other than those referred to in Article 2 of that Directive;</p> <p>(c) insurance undertakings within the meaning of Article 2(1) of Directive 91/674/EEC; or</p> <p>(d) entities designated by Member States as public-interest entities, for instance undertakings that are of significant public relevance because of the nature of their business, their size or the number of their employees.</p>	PIEs
Entities, which are not recognized or designated as PIE.	non-PIEs

Responses

29 responses were received - 27 from EU Member States and 2 from an EEA state. The national competent authorities (NCAs) are listed in part A of the report.¹

¹ Response was not received from EEA jurisdiction – Liechtenstein.

Notes

The statistics do not comprise of decisions where no action was taken i.e. where the competent authority concluded that sanctioning was not necessary when the case was closed. Since the criteria and nature of the sanctions are defined in national legislation rather than in the EU Audit Directive, it is difficult in practice to make a clear distinction between the sanctions listed in B2 and B3 and it is therefore recommended that they be considered as a whole, as shown in the combined statistics.

Administrative measures and sanctions

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

A. General information

A.1 Jurisdiction and name of the competent authority which is responsible for investigations and sanctioning.

The respondents were asked to provide information about jurisdiction and name of the competent authority which is responsible for delegating or conducting investigations / 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) ²
 Bulgaria	Комисия за публичен надзор над регистрираните одитори/ EN. Commission for public oversight of statutory auditors. ³
 Cyprus	ΑΡΧΗ ΔΗΜΟΣΙΑΣ ΕΠΟΠΤΕΙΑΣ ΕΛΕΓΚΤΙΚΟΥ ΕΠΑΓΓΕΛΜΑΤΟΣ, ΑΔΕΕΛΕπ / EN. Cyprus Public Audit Oversight Board
 Croatia	Ministarstvo financija (MF)/ EN. Ministry of Finance (MOF)
 The Czech Republic	Rada pro veřejný dohled nad auditem / EN. Public Audit Oversight Board (PAOB)
 Denmark	Erhvervsstyrelsen (ERST) / EN. Danish Business Authority (DBA)
 Estonia	Auditiortevuse järelevalve nõukogu (AJN) / EN. Auditing Activities Oversight Board
 Finland	Patentti- ja rekisterihallitus (PRH)/ EN. Finnish Patent and Registration Office (PRH) ⁴
 France	Haut Conseil du commissariat aux comptes / EN. H3C (High Council for statutory auditors) ⁵
 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/ EN. Public Auditors' Oversight Board

² The competent supervising authority in Belgium is the Belgian Audit Oversight Board (BAOB). The competent authority which is responsible for sanctioning is the Sanctioning Commission of the Financial Services and Markets Authority.

³ The competent authority which is responsible for delegating or conducting is Комисия за публичен надзор над регистрираните одитори/ Commission for public oversight of statutory auditors (EN). The competent authority which is responsible for delegating or sanctioning: Directorate named "Inspections and investigations".

⁴ The competent authority which is responsible for delegating or sanctioning: Audit Board within the PRH.

⁵ The competent authority which is responsible for delegating or conducting: Rapporteur général of H3C (Head of enforcement and investigations). The competent authority which is responsible for delegating or sanctioning: Disciplinary panel of H3C.

 Ireland	Irish Auditing and Accounting Supervisory Authority (IAASA)⁶.
 Italy	Commissione Nazionale per le Società e la Borsa (CONSOB⁷) e Ministero dell'Economia e delle Finanze (MEF⁸)/ 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).
 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), (No English name - Free translation is Financial Sector Supervision Commission)
 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

⁶ Irish Auditing and Accounting Supervisory Authority (IAASA) is the competent authority which is responsible for delegating or conducting Investigations. The competent authority has the power to delegate investigations and/or sanctioning to ACCA, ICAI, and CPA (for non PIE audits).

⁷ The competent authority which is responsible for delegating or conducting investigations in Italy is CONSOB for all statutory audit activities carried out by statutory auditors and audit firms that perform at least one PIE audit engagement or one Entities Under Intermediate Regime (ESRI) audit engagement. ESRI are identified at national level: financial intermediaries, asset management companies, UCITS, regulated market management companies, electronic money and payment institutions, clearing systems managers, central securities depositories and other intermediaries. The competent authority which is responsible for delegating or sanctioning is CONSOB for PIE/ESRI statutory auditors and audit firms.

⁸ The competent authority which is responsible for delegating or conducting investigations in Italy is MEF for all statutory audit activities carried out by statutory auditors and audit firms that perform audit engagements outside the remit of CONSOB. The competent authority which is responsible for delegating or sanctioning is MEF for statutory auditors and audit firms outside the remit of CONSOB.

A.2 National legal basis for investigation and sanctioning

The respondents were asked to provide information about national legal basis for investigation / sanctioning (Publication place of legal act: – e.g. Journal of Laws and date of entry into force).

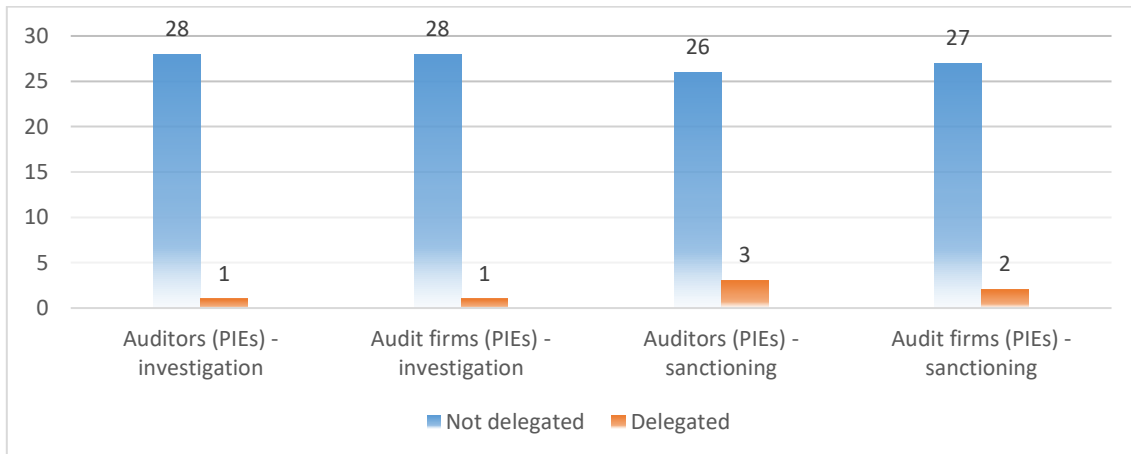
	National legal basis for investigation and sanctioning	Date of entry into force
Austria	Federal Audit Oversight Act (Bundesgesetz über die Aufsicht über Abschlussprüfer und Prüfungsgesellschaften (Abschlussprüfer-Aufsichtsgesetz – APAG); BGBl. I Nr. 83/2016)	1 October 2016
Belgium	Law of 7 December 2016 on the organization of the profession and the public supervision of auditors. Publication in the Belgian Official Gazette	31 December 2016
Bulgaria	Independent Financial Audit Act	29 November 2016
Cyprus	The Auditors Law of 2017 (L. 53(I)/2017)	2 June 2017
Croatia	Audit Act adopted by the Croatian Parliament and published in the Official Gazette, No. 127/17	1 January 2018
The Czech Republic	Act no. 93/2009 Coll., on auditors (amended significantly by Act no. 299/2016 Coll.)	14 April 2009, amendment no. 299/2016 Coll. came into force on 1 October 2016
Denmark	The Danish Act on Approved Auditors and Audit Firms (the Auditor Act)	1 July 2008 Implementation of the Directive 2014/56/EU went into force on 17 June 2016
Estonia	Auditors Activities Act	8 March 2010
Finland	Auditing Act (1141/2015)	1 January 2016
France	Ordonnance no. 2016-315 of 17 March 2016 relating to statutory audit included in the French Commercial Code Legislative Section Book VIII, Title II, Chapter IV	17 June 2016
Germany	Abschlussprüferaufsichtsreformgesetz (APAReG), BGBl 2016 Part 1 Nr. 14, p. 518 Public Accountant Act (WPO), BGBl 1975 Part 1, p. 2803	17 June 2016 Last amended 10 August 2021
Greece	LAW 4449/2017	24 January 2017
Hungary	Act LXXV of 2007 on the Chamber of Hungarian Auditors, the Activities of Auditors, and on the Public Oversight of Auditors, publication place: magyarkozlony.hu	1 July 2013
Iceland	Act No. 94/2019 on auditors	1 January 2020
Ireland	Company Law Act 2014 (as amended) with various amendments in subsequent years	2014

Italy	<u>Investigations:</u> Legislative Decree no. 39 of 27 January 2010 Implementing Directive 2006/43/EC (published in Ordinary Supplement no. 58/L of Official Gazette no. 68 of 23.3.2010), subsequent amendments (published in Official Gazette no. 169 of 21.7.2016) and implementing regulations	7 April 2010 Amendments Entry into force: 5 August 2016
Latvia	Law on Audit Services (LAS)	1 January 2002
Lithuania	The Law of the Republic of Lithuania on the audit of the financial statements	1 March 2017
Luxembourg	Law of 23 July 2016 concerning the audit profession	23 July 2016
Malta	Accountancy Profession Act (Cap 281 Of the Laws of Malta)	14 August 2008
The Netherlands	Audit Firms Supervision Act (Wet Toezicht Accountantsorganisaties)	1 October 2006
Norway	Lov om revisjon og revisorer of 20 November 2020 no. 128 (The audit and auditors act). Published in Norsk Lovtidend, Lovdata (Norwegian Law Gazette)	1 January 2021
Poland	Ustawa z dnia 11 maja 2017 r. o biegłych rewidentach, firmach audytorskich oraz nadzorze publicznym (PL) - Act of May 11, 2017 on auditors, audit firms and public supervision (EN)	21 June 2017 with amendments
Portugal	Number 4.a) and 4.d) of article 4.º of “Regime Jurídico da Supervisão de Auditoria” (Audit Oversight Legal Regime) approved by the Law No 148/2015	9 September 2015
Romania	Law no. 162/2017 on statutory audits of annual accounts and consolidated accounts and amending certain enactments, as amended	July 15, 2017
Slovakia	Act No 423/2015 Coll. on Statutory Audit and on amendments and supplements to the Act No 431/2002 Coll. on Accounting, as amended Published in Collection of Laws (zbierke zákonov)	17 June 2016
Slovenia	Auditing Act	15 July 2008 Last amended 31 July 2021
Spain	1) Law 22/2015, of 20th July, on Auditing 2) Regulation that develops the Law on Auditing, approved by the Royal Decree 2/2021, of 12th January	1) 17 June 2016 2) 31 January 2021
Sweden	Revisorslagen (2001:883)	1 January 2002

A.3.1 / A.3.2 / A.4.1 / A.4.2 Information on delegated tasks to another body / authority

Respondents were asked to provide information on whether the jurisdiction or authority has delegated investigation or sanctioning tasks to another body/authority with a distinction between auditors/audit firms auditing PIEs and non-PIEs, if applicable.

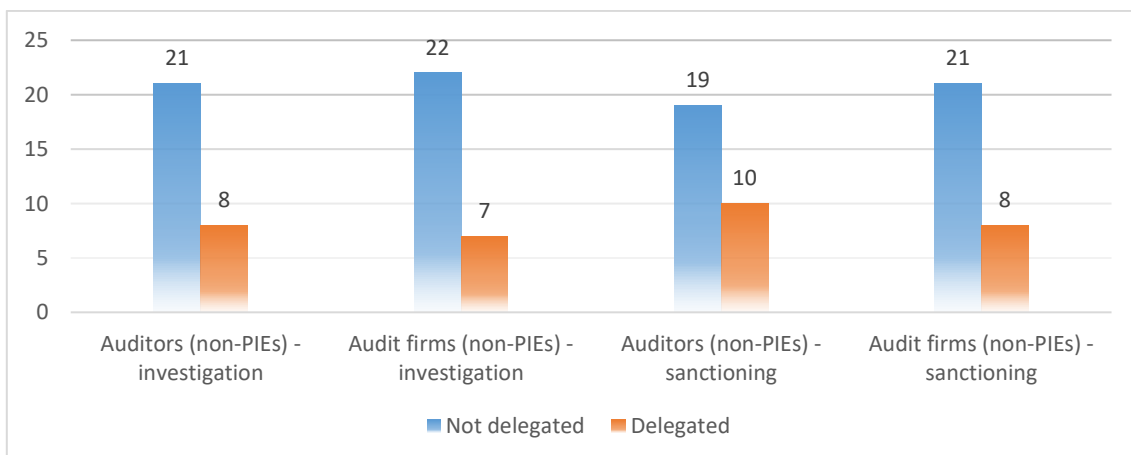
Graph No 1. Jurisdiction - information on delegation of investigations and sanctioning tasks to another body/authority auditing PIEs



Considerations:

Most of the states have not delegated investigation and sanctioning tasks of PIEs to another body. The answers showed that in Finland the investigation tasks, regarding audit firms (PIEs), have been delegated to another body. It was noted that also in the case of investigating auditors (PIEs) the task was shared/delegated in Finland. In Finland, the scope of sharing/delegating was limited to the cooperation with Financial Supervisory Authority. It is also worth noting that in some of the states another body may sanction auditors regarding PIEs: Belgium, Denmark and the Netherlands, or audit firms regarding PIEs: Belgium and Denmark. Only Denmark delegated respectively both sanctioning and investigations.

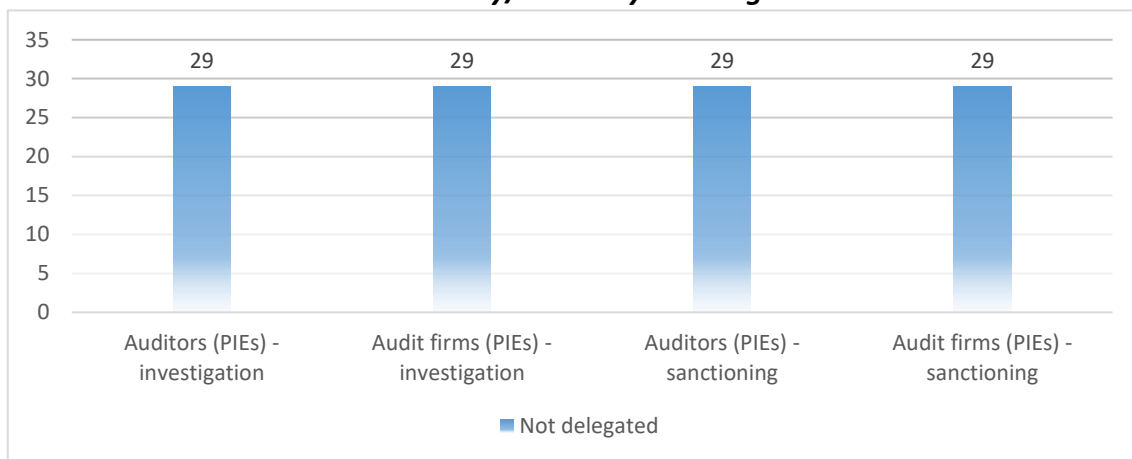
Graph No 2. Jurisdiction - information on delegation of investigations and sanctioning tasks to another body/authority auditing non-PIEs



Considerations:

It can be concluded that there is more flexibility in delegating investigation and sanctioning tasks to another body in the case of audit firms and auditors auditing non-PIEs. The investigation and sanctioning both of auditors and audit firms tasks were delegated to another body in six states: the Czech Republic⁹, Germany¹⁰, Hungary¹¹, Ireland, Latvia¹², Slovakia¹³. In Bulgaria¹⁴ and Poland¹⁵ investigation of auditors were delegated to another body. In the Netherlands and Poland sanctioning of auditors was delegated to another body. However, in Belgium and Denmark the sanctioning of audit firms and auditors were delegated to another body.

Graph No 3. Authority - information on delegation of investigations and sanctioning tasks to another body/authority auditing PIEs

**Considerations:**

It is worth noting that from the answers received none of the authorities have delegated the investigation and sanctioning tasks of PIEs to another body.

⁹ The Czech Republic - Audit firms(non-PIEs) and Auditors(non-PIEs) – "It was delegated to the Chamber of Auditors. The delegation is generally for the cases not connected with statutory PIE's audits (irrespective whether the particular auditor performs statutory audits of other PIE's clients)."

¹⁰ Germany - Audit firms (non-PIEs) and Auditors (non-PIEs) – "To the chamber of public accountants (WPK)."

¹¹ Hungary - Audit firms (non-PIEs) and Auditors (non-PIEs) – "Chamber of Hungarian Auditors."

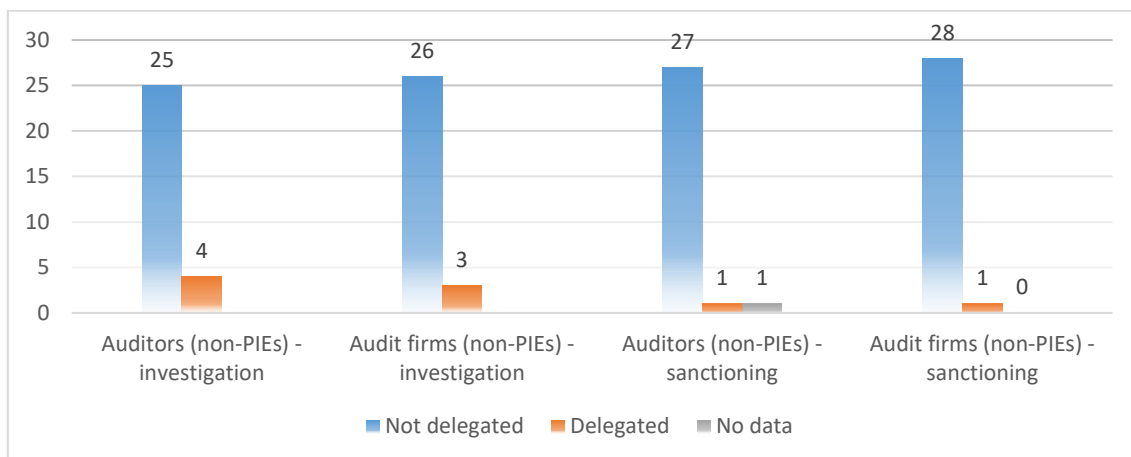
¹² Latvia - Audit firms (non-PIEs) and Auditors (non-PIEs) – "Delegated by the Law on Audit Services to Latvian Association of Sworn Auditors."

¹³ Slovakia - Audit firms(non-PIEs) and Auditors (non-PIEs) – "Delegated by the law to the Slovak Chamber of Auditors (SKAU)."

¹⁴ Bulgaria – only Investigation tasks have been delegated to another body only regarding non-PIE auditors and audit firms, thus the professional organization (delegated body) cannot perform sanctioning tasks.

¹⁵ Poland – Auditors (PIEs and non-PIEs) - investigations and sanctions regarding the fulfilment of the obligation of continuing professional development have been delegated by law to the Polish Chamber of Statutory Auditors (PIBR).

Graph No 4. Authority - information on delegation of investigations and sanctioning tasks to another body/authority auditing non-PIEs



Considerations:

In Bulgaria, Greece and Ireland the authority delegated investigation of audit firms and auditors (non-PIEs) to another body. In the Netherlands until December 2021 the investigation of non-PIE auditors at non-PIE audit firms was delegated by authority to another body, although the AFM could always decide to exercise its own supervisory (including investigative) powers.¹⁶ On the basis of the replies to the questionnaire, it was established that only in one state the authority has delegated sanctioning tasks to another body (Ireland).

A.5 Powers of the competent authority

The respondents were asked to describe the competent authority's additional powers other than its supervisory and investigatory powers imposed by Article 23 (3) of the EU-AR.

In accordance with the Article 23 of the EU-AR the member states shall ensure that the competent authorities have all the supervisory and investigatory powers that are necessary for the exercise of their functions¹⁷. Most of the respondents applied Article 23 (3) of the EU-AR in their jurisdiction. From the responses received, it appears that in most cases the competent authority has no additional powers.

¹⁶ The Netherlands - Auditors (non-PIEs) – "Until December 2021 for non-PIE auditors at non-PIE audit firms: 1) Dutch Institute of Chartered Accountants (NBA), 2) Samenwerkende Registeraccountants en Accountants Administratieconsulenten (SRA). Since January 2022, the AFM is solely responsible for all inspections of PIE- and Non-PIE audit firms and their statutory audits."

¹⁷ *The supervisory and investigatory powers that are necessary for the exercise of their functions under this Regulation in accordance with the provisions of Chapter VII of Directive 2006/43/EC include, at least, the power to: (a) access data related to the statutory audit or other documents held by statutory auditors or audit firms in any form relevant to the carrying out of their tasks and to receive or take a copy thereof; (b) obtain information related to the statutory audit from any person; (c) carry out on-site inspections of statutory auditors or audit firms; (d) refer matters for criminal prosecution; (e) request experts to carry out verifications or investigations; (f) take the administrative measures, and impose the sanctions referred to in Article 30a of Directive 2006/43/EC.*

A.6 The way the competent authority exercises its supervisory and investigatory powers

The respondents were asked to describe the way the competent authority exercises its supervisory and investigatory powers (Article 23(4) of the EU-AR) by marking “Yes” or “No” – “Directly”, “In collaboration with the professional body”, “In collaboration with other independent national authorities”, “By application to the competent judicial authorities”.

⊗ - NO

✓ - YES

Table No 1. Execution of supervisory and investigatory powers

	Directly	In collaboration with the professional body	In collaboration with other independent national authorities	By application to the competent judicial authorities
Austria	✓	⊗	⊗	⊗
Belgium¹⁸	✓	⊗	⊗	✓
Bulgaria	✓	✓	⊗	⊗
Cyprus¹⁹	✓	✓	⊗	⊗
Croatia	✓	⊗	⊗	⊗
The Czech Republic²⁰	✓	✓	⊗	⊗
Denmark	✓	⊗	⊗	⊗
Estonia²¹	✓	⊗	⊗	⊗
Finland	✓	⊗	✓	⊗
France²²	✓	⊗	✓	✓
Germany²³	✓	✓	⊗	⊗
Greece²⁴	✓	✓	⊗	✓
Hungary²⁵	✓	✓	⊗	⊗

¹⁸ Belgium - in collaboration with the professional body and other independent national authorities – “There is no legal framework to conduct joint investigations.”

¹⁹ Cyprus - In collaboration with the professional body – “Inspection function: CyPAOB collaborates with the professional body as regards its supervisory powers and have delegated to the Professional body ICPAC the inspection/supervision of the quality assurance systems for statutory auditors and statutory audit firms who perform statutory audit of non-PIES. The professional body is subject to the oversight of CyPAOB as regards to the inspections of auditors/audit firms of non-PIES performed by ICPAC inspectors. As regards the inspection and oversight of PIE statutory auditors/audit form this is performed directly by the CyPAOB inspectors.”

²⁰ The Czech Republic - In collaboration with the professional body – “Breaches not connected with PIE’s statutory audits are delegated to the Chamber of Auditors”; In collaboration with other independent national authorities – “There is a general duty to pass the case to another competent body (police, the Czech National Bank etc.) if the matter is not within PAOB’s competences.”; By application to the competent judicial authorities – “Auditors are free to submit a claim to the court against final and binding PAOB’s decision.”

²¹ Estonia – Directly - „ The ways the Board of Oversight exercises its supervisory and investigatory powers are established in § 121 (4)1, (4)2 and 124 of Auditors Activities Act.”; By application to the competent judicial authorities – “According to § 121 (7) of Auditors Activities Act, the Board of Oversight may, upon becoming aware of elements of a punishable act provided by law, make a proposal to the Prosecutor’s Office to commence criminal proceedings.”

²² France - In collaboration with the professional body – “The professional bodies (national and local) can report concerning serious breach or infringement in legal framework committed by auditor our audit firm”; In collaboration with other independent national authorities – “Financial markets authority, Prudential Supervisory Authority, etc.”; By application to the competent judicial authorities – “During an investigation, in case of discovery of potential criminal offense committed by an individual auditor or audit firm, we report immediately the facts to the prosecutor.”

²³ Germany - In collaboration with the professional body – “Breaches not connected with PIE’s statutory audits are delegated to the Chamber of Public Accountants while the ultimate responsibility and decision making power remains with the competent authority.”

²⁴ Greece – In collaboration with the professional body - „Delegation of tasks.”

²⁵ Hungary - In collaboration with the professional body – “In collaboration with the Chamber of Hungarian Auditors.”

Iceland	✓	⊖	⊖	⊖
Ireland	✓	✓	⊖	⊖
Italy²⁶	✓	⊖	✓	✓
Latvia²⁷	✓	✓	✓	⊖
Lithuania²⁸	✓	See comments	See comments	See comments
Luxembourg	✓	⊖	⊖	⊖
Malta²⁹	✓	⊖	✓	✓
The Netherlands³⁰	✓	✓	⊖	⊖
Norway³¹	✓	⊖	⊖	⊖
Poland³²	✓	⊖	⊖	✓
Portugal	✓	⊖	⊖	⊖
Romania³³	✓	✓	✓	✓
Slovakia	✓	⊖	⊖	⊖
Slovenia	✓	⊖	⊖	⊖
Spain	✓	✓	✓	✓

²⁶ Italy - In collaboration with other independent national authorities – “CONSOB is the Authority for the Italian financial markets and is in charge of investors protection, efficiency, transparency and development of the financial markets. It has a general duty to cooperate with authorities in charge of banking, insurance and asset management supervision. In this respect CONSOB exchanges information with these authorities relevant for the purpose of audit supervision, as established by art. 25 EU-AR.”; By application to the competent judicial authorities – “If during its activity Consob identifies circumstances that can be considered as criminal offence It must refer matters for criminal prosecution to the competent judicial authorities.”

²⁷ Latvia – Directly – „MoF exercises its powers directly over sworn auditors and commercial companies of sworn auditors which provide audit services to PIEs. Latvian Association of Sworn Auditors (LASA) exercises its powers directly over sworn auditors and commercial companies of sworn auditors which provide audit services to non-PIEs. MoF supervises LASA.”; In collaboration with the professional body – „According to the Law on Audit Services MoF and LASA collaborate with each other by providing information. LASA is an independent professional association of sworn auditors and commercial companies of sworn auditors.”; In collaboration with other independent national authorities – “According to the Section 29 Paragraph 3¹ and 3³ of the Law on Audit Services MoF in collaboration with Financial and Capital Market Commission (which supervises PIEs in Latvia) supervises those sworn auditors and commercial companies of sworn auditors providing audit services to PIEs which unilaterally derogate from the audit services contract. The Financial and Capital Market Commission shall inform MoF within 10 days about termination of the audit services contract before the expiry thereof.”; By application to the competent judicial authorities – “According to the Section 38² Paragraph 7 of the Law on Audit Services MoF does not apply the sanctions and supervisory measures, if criminal proceedings or disciplinary proceedings have been initiated for the same violation. LASA does not apply disciplinary sanctions (according to LASA regulation), if administrative or criminal sanction have been applied to the same violation.”

²⁸ Lithuania - See comments in appendix concerning “Investigation department/unit/section.”

²⁹ Malta - In collaboration with other independent national authorities and by application to the competent judicial authorities – “As necessary.”

³⁰ The Netherlands – Directly “For PIE audit firms”; In collaboration with the professional body – “ For non-PIE audit firms up to 1 January 2022.”

³¹ Norway - In collaboration with the professional body – “ FSA collaborates with the professional body in regard to supervision of non-PIE auditors.”

³² Poland - Directly – „ PANA is the competent authority that supervises the statutory auditors, the activities of audit firms (including third country entities) and the statutory auditors’ professional self-government. The Polish Financial Supervisory Authority oversees the PIEs in terms of Title III of the EU-AR, performs the tasks of Article 16(3)(f) and Article 17(6) of the EU-AR, monitors compliance with provisions related to the audit committees. The National Disciplinary Ombudsman shall conduct disciplinary investigations of breaches other than that arising in the performance of assurance and other related services in accordance with professional national standards.”; In collaboration with the professional body – „ The statutory auditors’ self-government may adopt a resolution to delete off the statutory auditor from the statutory auditors’ register (natural person) at his/her request after asking PANA whether there is an ongoing disciplinary proceedings for disciplinary breach committed in connection with the performance of assurance services or other related services conducted in accordance with professional national standards.”; By application to the competent judicial authorities – “The common court shall rule upon the completion of disciplinary proceedings by the PANA and shall hear appeals against decisions of the disciplinary court of the statutory auditors’ professional self-government. PANA may act as an additional entity in disciplinary proceedings before a disciplinary court of the disciplinary court of the statutory auditors’ professional self-government.”

³³ Romania – Directly – “ASPAAS has the legal competence to oversight and investigate the financial auditors and audit firms who carries out statutory audit activities.”

Sweden³⁴**Considerations:**

All respondents exercise their supervisory and investigatory powers directly. In 12 states, it was indicated that they collaborated with professional bodies (Bulgaria³⁵, Cyprus, the Czech Republic, Germany, Greece, Hungary, Ireland, Latvia, the Netherlands, Romania, Spain, Sweden), 7 respondents (Finland, France, Italy, Latvia, Malta, Romania, Spain) collaborated with other independent national authorities and 8 respondents (Belgium, France, Greece, Italy, Malta, Poland, Romania, Spain) exercised their supervisory and investigatory powers by application to the competent judicial authorities. In 2 states: Romania and Spain all four ways of exercising the above mentioned powers were being used.

³⁴ Sweden - In collaboration with the professional body –“ The NCB does some of the inspections of non-pie auditors. But no part of the enforcement process is done in collaboration.”

³⁵ Bulgaria - in collaboration with the professional body only regarding non-PIE auditors and audit firms.

A.7 Information about proceedings

The respondents were asked about details of conducted proceedings concerning time frame, stages and responsible delegated authority or the competent authority.

Table No 2. Terms of investigation

	Yes	No
<i>Specified legal time limit to initiate proceedings - Statute of limitations</i>	16 jurisdictions ³⁶	2 jurisdictions ³⁷
<i>Specified time limit to finish proceeding</i>	12 jurisdictions ³⁸	3 jurisdictions ³⁹
<i>Possible extension of time limits or deadlines</i>	8 jurisdictions ⁴⁰	3 jurisdictions ⁴¹

Considerations:

On the basis of the responses received, it is possible to deduce a differentiation in the functioning of proceedings in the various states.

Most of respondents indicated that they have specified legal time to initiate proceedings (Bulgaria, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Italy, Lithuania, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden). Almost half of the respondents pointed out that they have specified time limit to finish proceedings (Belgium, the Czech Republic, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Romania, Slovakia, Spain, Slovenia). However, in some of the states, it is possible to extend the time limits for the completion of the proceedings or deadlines (Austria, Belgium, Germany (legal hearing), Latvia, Lithuania, Poland, Romania, Spain).

From the responses received it can be concluded that the form of an entity responsible for sanctioning takes various forms such as: department, directorate, commission, committee, board, enforcement panel.

There is a distinction in some states where the investigation phase and sanction phase are separated. In the proceedings various tasks are undertaken for example: drafting preliminary reports, drafting recommendations, summarizing evidence, initiating initial investigations, reviewing performance of direct supervision, submission of findings from inspection, carrying out quality inspection, drafting charging letter, notification of intention, assessing, reviewing by an independent assessor.

³⁶ Bulgaria (5 years), the Czech Republic (3 years), Denmark (5 years), Estonia , Finland (6 years), France (6 years), Germany (5 years), Italy (5 years), Lithuania (7 years), Norway (5 years), Poland (amended extended to 8-10 years), Portugal (5-8 years), Romania (3 years), Slovakia (3-5 years), Spain (1-3 years), Sweden (5 years).

³⁷ Belgium, Greece.

³⁸ Belgium (reasonable timeframe), the Czech Republic (1-2 months), Greece (6 months), Hungary (2 months).

Italy (200+30 days), Latvia (1 year), Lithuania (12 months), Poland (1-2 months), Romania (3-9 months), Slovakia (3-12 months), Spain (1 year), Slovenia (15 to 30+90+30 days).

³⁹ Bulgaria, Finland, France.

⁴⁰ Austria , Belgium, Germany (legal hearing), Latvia, Lithuania, Poland, Romania, Spain.

⁴¹ Bulgaria, Italy (suspension), Slovenia.

A.8. Information about pecuniary sanctions

The lowest and the highest pecuniary sanctions imposed in 2021 on natural or legal persons.

The respondents were asked to indicate the lowest and the highest pecuniary sanctions imposed in 2021 on natural or legal persons in their jurisdiction.

Table No 3 includes the lowest and the highest pecuniary sanctions in Euros (€), imposed by jurisdictions on **auditors** (natural persons), with a breakdown by violations related to the audit of a public interest entity (PIEs) and to the audit of non-public interest entity (non-PIEs).

Table No 3. Pecuniary sanctions imposed on auditors (natural persons/individual) in 2021

	Auditors (PIEs) - Lowest €	Auditors (PIEs) - Highest €	Auditors (non- PIEs) - Lowest €	Auditors (non- PIEs) - Highest €
Austria	0	0	400	3.500
Belgium	No data	No data	No data	No data
Bulgaria	700	3.500	0	0
Cyprus	0	0	0	0
Croatia	0	0	800	0
The Czech Republic	No data	No data	1.200	4.800
Denmark	0	0	2.000	67.000
Estonia	200	200	No data	No data
Finland	0	0	0	500
France	10.000	100.000	4.000	4.000
Germany	2.000	24.000	2.000	50.000
Greece	3.000	20.000	0	0
Hungary	1.389	2.778	278	1.389
Iceland	0	0	0	0
Ireland	0	10.500	238	9.631,86
Italy	10.000	15.000	10.000	100.000
Latvia	0	0	0	0
Lithuania	0	0	0	0
Luxembourg	5.000	10.000	5.000	10.000
Malta	0	0	0	0
The Netherlands	N/A	N/A	N/A	N/A
Norway	No data	No data	No data	No data
Poland	0	0	109	2.614
Portugal	10.000	10.000	No data	No data
Romania	0	0	0	0
Slovakia	No data	No data	300	8.500
Slovenia	No data	No data	No data	No data
Spain	3.001	27.600	3.000	18.000
Sweden	0	0	2.500	6.000

Considerations:

From the feedback received from respondents, the highest pecuniary sanction imposed on a statutory auditor was imposed in France, in relation to audits provided to PIEs, in the amount of €100.000. In regard to the highest pecuniary sanction in relation to audits provided to non-PIEs, it was imposed on a statutory auditor in Italy, also in the amount of €100.000. In summary, it should be noted that in 2021 in 11 states the pecuniary sanctions were imposed on auditors, in relation to PIEs. On the other hand, 12 states did not impose any pecuniary sanctions on auditors, in relation to PIEs. In 2021 15 states imposed pecuniary sanctions on auditors (non-PIEs). In 8 states no pecuniary sanctions were imposed on auditors (non-PIEs).

Table No 4 includes the lowest and the highest pecuniary sanctions in Euros (€), imposed by jurisdictions on **audit firms** (legal persons), with a breakdown by violations related to the audit of PIEs and to the audit of non-PIEs.

Table No 4. Pecuniary sanctions imposed on audit firms (legal persons) in 2021

	Audit firms (PIEs) - Lowest €	Audit firms (PIEs) - Highest €	Audit firms (non-PIEs) - Lowest €	Audit firms (non-PIEs) - Highest €
Austria	400	2.500	400	800
Belgium	No data	No data	No data	No data
Bulgaria	700	2.500	0	0
Cyprus	0	0	0	0
Croatia	0	0	9.600	0
The Czech Republic	800	3.200	4.000	4.000
Denmark	0	0	13.500	13.500
Estonia	1.000	7.000	200	7.500
Finland	0	0	0	0
France	50.000	400.000	0	0
Germany	0	0	0	0
Greece	0	0	0	0
Hungary	1.389	2.778	278	833
Iceland	0	0	0	0
Ireland	0	0	500	2.000
Italy	10.000	50.000	90.000	200.000
Latvia	0	0	0	0
Lithuania	0	0	0	0
Luxembourg	0	0	0	0
Malta	0	0	0	0
The Netherlands	0	0	0	0
Norway	0	0	0	0
Poland	326	6.461	43	25.926
Portugal	10.000	100.000	50.000	50.000
Romania	0	0	0	0

Slovakia	20.000	20.000	50.000	50.000
Slovenia	0	0	0	0
Spain	27.600	88.434,25	7.200	36.000
Sweden	0	0	0	0

Considerations:

The highest pecuniary sanctions imposed on the audit firm, was imposed in France, in relation to audits provided to PIEs, in the amount of €400.000. The highest pecuniary sanction in relation to audits provided to non-PIEs, was imposed in Italy, in the amount of €200.000. Respondents from 11 out of 29 states indicated the amount of the highest pecuniary sanction imposed on audit firms in 2021, in relation to PIEs. In 17 states, no pecuniary sanctions were imposed on audit firms (PIEs). In relation to audit firms (non-PIEs) in 2021 - 12 states imposed pecuniary sanctions on audit firms, and 16 states did not impose pecuniary sanctions.

A.9. Minimum and maximum level of the pecuniary sanctions.

The respondents were asked to provide information on the potential minimum and maximum level of the pecuniary sanctions on natural and legal persons in their jurisdiction (binding legal framework).

Table No 5 includes potential minimum and maximum level of pecuniary sanctions possible to be imposed by jurisdictions on auditors (natural persons), with a breakdown by violations related to the audit of a public interest entity (PIEs) and to the audit of non-public interest entity (non-PIEs).

Table No 5. Potential minimum and maximum level of the pecuniary sanction on auditors (natural persons/individual)

	Auditors (PIEs) - Minimum €	Auditors (PIEs) - Maximum €	Auditors (non-PIEs) - Minimum €	Auditors (non-PIEs) - Maximum €
Austria	400	350.000	400	50.000
Belgium	0	2.500.000	0	2.500.000
Bulgaria	250	10% of net sales revenues driven	250	10% of net sales revenues driven
Cyprus⁴²	0	100.000	0	100.000
Croatia	2.700	13.300	2.700	13.300
The Czech Republic	0	400.000	0	40.000
Denmark	0	81.000	0	81.000
Estonia	200	6.400	200	6.400
Finland	0	50.000	0	50.000
France	0	250.000	0	250.000
Germany	1.000	500.000	1.000	500.000
Greece	0	1.000.000	0	1.000.000
Hungary	278	277.778	278	277.778
Iceland	720	108.000	720	108.000

⁴² Cyprus – In the event of recurrence the pecuniary sanction can increase up to €200.000.

Ireland	0	100.000	0	100.000
Italy	10.000	500.000	10.000	500.000
Latvia	1	7.200	0	0
Lithuania	1.000	100.000	100	10.000
Luxembourg	0	500.000	0	500.000
Malta	232,94	60.000	232,94	60.000
The Netherlands ⁴³	0	0	0	0
Norway	No data	527.500	No data	527.500
Poland	0	108.329	0	54.466
Portugal	2.500	5.000.000	2.500	5.000.000
Romania	1.020	3.060	1.020	3.060
Slovakia	0	30.000	0	30.000
Slovenia	2.500	10.000	2.500	10.000
Spain ⁴⁴	0	Net sales revenues driven	0	36.000
Sweden	500	100.000	500	100.000

Table No 6 includes potential minimum and maximum level of pecuniary sanctions possible to be imposed by jurisdictions on audit firms (legal persons), with a breakdown by violations related to the audit of PIEs and to the audit of non-PIEs.

Table No 6. Potential minimum and maximum level of the pecuniary sanction on audit firms

	Audit firms (PIEs) - Minimum € (legal persons)	Audit firms (PIEs) - Maximum € (legal persons)	Audit firms (non-PIEs) - Minimum € (legal persons)	Audit firms (non-PIEs) - Maximum € (legal persons)
Austria	400	350.000	400	50.000
Belgium	0	2.500.000	0	2.500.000
Bulgaria	250	10% of net sales revenues driven	250	10% of net sales revenues driven
Cyprus ⁴⁵	0	1.000.000	0	1.000.000
Croatia	27.000	107.000	6700	27.000
The Czech Republic	0	400 000	0	400.000
Denmark	0	202.000	0	202.000
Estonia	200	32.000	200	32.000
Finland	0	50.000	0	0
France	0	1.000.000	0	1.000.000
Germany	1.000	1.000.000	1.000	1.000.000
Greece	No data	1.000.000	No data	1.000.000

⁴³ The Netherlands - The AFM cannot impose pecuniary sanctions on statutory auditors.

⁴⁴ Spain - Auditors (non PIEs) Minimum 0 Maximum 36.000. Auditors (PIEs) Minimum 0 Maximum 1,2* 9 * fees invoiced for the audit engagement in which the breach was committed.

⁴⁵ Cyprus – In the event of recurrence the pecuniary sanction can increase up to €2.000.000.

Hungary	278	1.388.889	278	1.388.889
Iceland	3.600	287.800	3.600	287.800
Ireland⁴⁶	0	100.000	0	100.000
Italy	10.000	500.000	10.000	500.000
Latvia	1	14.200	0	0
Lithuania	1.000	100.000	100	10.000
Luxembourg	0	1.000.000	0	1.000.000
Malta	232,94	60.000	232,94	60.000
The Netherlands	0	4.000.000	0	4.000.000
Norway	No data	1.055.000	No data	1.055.000
Poland	0	Net sales revenues driven	0	Net sales revenues driven
Portugal	2.500	5.000.000	2.500	5.000.000
Romania	0	Net sales revenues driven	0	Net sales revenues driven
Slovakia	0	1.000.000	0	1.000.000
Slovenia	2.500	250.000	2.500	250.000
Spain⁴⁷	0	Net sales revenues driven	0	Net sales revenues driven
Sweden	500	Net sales revenues driven	500	Net sales revenues driven

Considerations (Table No 5 and 6)⁽⁴⁸⁾

It is worth noting that the maximum level of pecuniary sanctions for auditors and audit firms (auditing PIEs and non-PIEs) were the same in 8 states (Austria, Belgium, Greece, Ireland, Italy, Lithuania, Malta, Portugal). For the above indicated states, the situation was similar with regard to minimum pecuniary sanctions. In 9 states (Cyprus, Denmark, France, Germany, Luxembourg, Norway, Slovakia, Spain, Sweden), the amount of sanction intended for auditor is different than amount of sanction intended for audit firm. In Italy, Croatia and Portugal⁴⁹ the amounts of minimum pecuniary sanctions for auditors (both PIE and non-PIE) were larger than in other states. In the Netherlands, Portugal and Belgium⁵⁰ the amount of maximum pecuniary sanctions for audit firms (both PIE and non-PIE) was larger than in other states. It should be noted that in case of the Netherlands the AFM cannot impose pecuniary sanctions on statutory auditors at all.

⁴⁶ Ireland-The Companies Act states that the maximum penalty for a firm is €100,000 multiplied by the number of statutory auditors in the firm at the time of the relevant contravention.

⁴⁷ Spain - Audit firm (non PIEs) Minimum 0 Maximun 0.06* fees invoiced for audit activities in the last financial year.
Audit firm (PIEs) Minimum 0 Maximun 1,2* 0.06* fees invoiced for audit activities in the last financial year.

⁴⁸ Please note that not all respondents provided data.

⁴⁹ Italy - 10.000, Croatia - 2.700, Portugal - 2.500.

⁵⁰ Portugal – 5.000.000, Belgium – 2.500.000.

B. Statistics 2021 - Administrative measures and sanctions

States may impose various sanctions due to the breach of legal provisions, auditing standards or other rules like withdrawal of approval, notice, public statement, temporary prohibition, declaration that the audit report does not meet legal requirements, temporary prohibition sanction (non-statutory auditor or audit firm), pecuniary sanctions. It is possible to combine sanctions or impose other administrative measures and sanctions (part C). For statistical purposes an administrative measure or a sanction is only recorded once in the relevant type below. The statistics does not cover the decisions concluding that sanctioning was not necessary - the case was closed - for instance: discontinued. The statistics present only first instance decisions and do not take into account possible appeals and appeal decisions. Please observe that the term 'sanction' may have a specific (legal) meaning in national law and that not all of the administrative measures below necessarily qualify as a sanction under national law of the member states. And that the use of the word "sanction" does not prejudice the qualification under national law.

Notice and public statement combined were the most common sanctions of total amount 641 sanctions imposed in 20 states in 2021. The second most popular sanction were pecuniary sanctions of total amount 555 sanctions in 19 states. Declaration that audit report does not meet requirements is rarely used. The rarest imposed in 2021 were temporary prohibition sanctions.

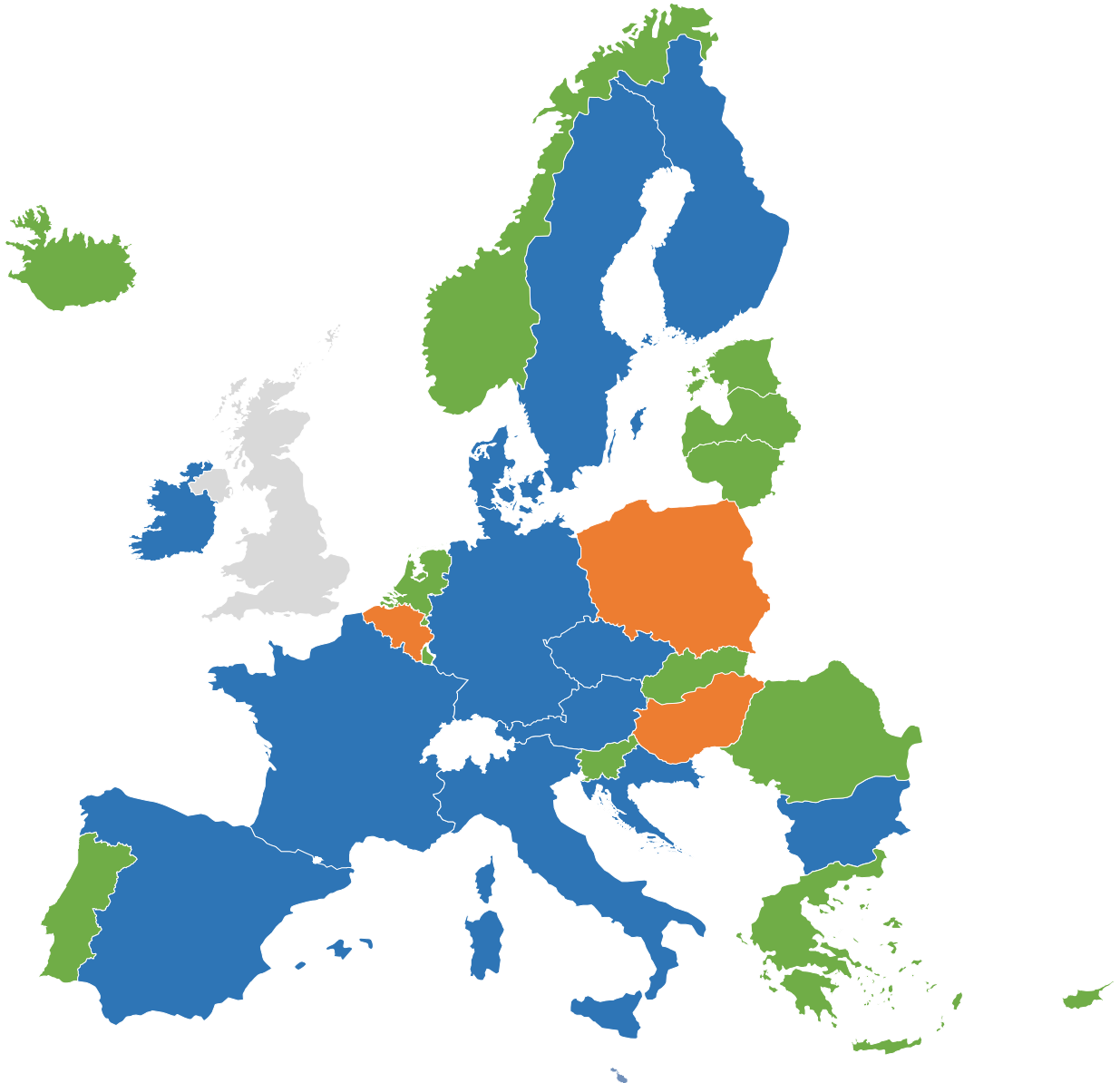
In 2021 - 1319 sanctions were imposed in 27 states. In 13 states less than 19 sanctions were imposed. Also in 13 states the total number of imposed sanctions is greater than 19 but does not exceed the figure of 100 sanctions. In case of 3 states the number of imposed sanctions exceeded 100.

The largest variety of different types of imposed sanctions may be observed in Finland, France, Hungary, Ireland and Poland. In some states there may be indicated the dominating type of sanction like pecuniary (Austria, Bulgaria, Denmark, Spain), notice (Belgium).

Table No 7. The number of all imposed sanctions in 2021

	PIEs	non-PIEs	Others	Total
Austria	0	98	0	98
Belgium	3	25	227	255
Bulgaria	36	4	1	41
Cyprus	0	0	0	0
Croatia	16	29	3	48
The Czech Republic	6	61	0	67
Denmark	0	91	0	91
Estonia	3	6	0	9
Finland	0	23	0	23
France	11	21	0	32
Germany	32	26	0	58
Greece	9	0	0	9
Hungary	32	79	13	124
Iceland	0	4	0	4

Ireland	2	35	30	67
Italy	8	11	1	20
Latvia	0	0	0	0
Lithuania	0	4	0	4
Luxembourg	2	2	0	4
Malta	0	0	14	14
The Netherlands	2	1	0	3
Norway	0	3	0	3
Poland	9	196	0	205
Portugal	7	2	0	9
Romania	4	2	0	6
Slovakia	1	4	0	5
Slovenia	1	4	1	6
Spain	6	36	51	93
Sweden	0	21	0	21



Graph No 5. Total number of administrative measures and sanctions in states

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

B.1 Withdrawal of approval

Member States included in their laws the possibility of withdrawal of approval of a statutory auditor or an audit firm (Art. 30 (3) of EU-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 EU-AD).

Table No 8. Withdrawal of approval

2021 ⁵¹	2020	2019
PIE 1	PIE 4	PIE 3
Non-PIE 37	Non-PIE 20	Non-PIE 50⁵²
Others 4	Others 15	Others 8

Considerations:

In 2021 Hungary was the only country that imposed a withdrawal of approval sanction on PIEs.

The total number of withdrawal of approval sanctions imposed is similar in 2021 and 2020 but lower than in 2019. In 2021 sanctions (non-PIEs) were imposed in 11 states: Sweden – 3, Hungary – 11, Ireland – 5, Norway – 3, Poland – 3, France – 3, Finland - 3, Italy – 2, Bulgaria – 2, Slovenia – 1, Croatia – 1.

Hungary was the only country that imposed 4 sanctions in the ‘others’ category.

⁵¹ Croatia - Withdrawal of special qualifications as a statutory auditor.

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 11 “non-PIE” cases were restraint orders from exercising the profession of carrying out statutory audits. We indicated this data in section B4. as well. All of the “Other” cases were expulsions from the Chamber.

Italy - The Ministry of Economy and Finance issued 2 decrees withdrawing from the auditors’ register n. 2 statutory auditors (natural persons) due to deficiencies of good repute.

Poland - Withdrawal of approval relates only to administrative measures and sanctions and not public registers concerning audit firms / statutory auditors.

⁵² Including 2020 Report Section B “other” sanctions: Exclusion Ireland 6 (Exclusion from membership: PIE 1.).

B.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) EU-AD. The various forms of notice include, for example, a warning or a reprimand (public or severe).

Table No 9. Notice

2021	2020	2019
PIE 55⁵³	PIE 60⁵⁴	PIE 78⁵⁵
Non-PIE 203⁵⁶	Non-PIE 213⁵⁷	Non-PIE 357⁵⁸
Others 249⁵⁹	Others 80	Others 118⁶⁰

The summary of PIEs, non-PIEs and the 'others' categories in case of notice sanctions in year 2019 and 2021 remain at the same level. In 2021 sanctions were imposed in 16 states⁶¹. Belgium imposed almost half of total number of notice sanctions⁶².

- **55** sanctions for PIEs were imposed by: Germany – 21, Hungary – 16, Croatia – 8, Romania – 3, Belgium – 3, Poland – 2, Slovenia – 1, Ireland – 1.
- **203** sanctions for non-PIEs were imposed by: Denmark – 34, the Czech Republic – 28, Belgium – 25, Poland – 24, Hungary – 22, Finland – 18, Sweden – 15, Croatia – 13, Germany – 13, Lithuania – 3, Slovenia – 2, Ireland – 3, Romania – 2, the Netherlands – 1.
- **249** sanctions for others category were imposed by: Belgium – 227, Malta – 7, Ireland – 10, Hungary – 4, Slovenia – 1.

⁵³ Including as notice (PIE) – 3 Call to order from Belgium and 1 reprimand from Ireland.

⁵⁴ Including 2020 Report section B "other" sanctions: Reprimand Belgium 2. Warning Sweden 2.

⁵⁵ Including 2021 Report section B "other" sanctions: Public reprimand Norway 2. Warning to the auditor Sweden 2. Warning to the audit firm Lithuania 1.

⁵⁶ Including as notice (non-PIE) –1 severe reprimand from Ireland, 4 call to order from Belgium, 15 admonitions from Sweden, 2 public warnings from Romania and 1 warning from the Netherlands.

⁵⁷ Including 2021 Report section B "other" sanctions: Severe reprimand: Ireland 8. Reprimand: Ireland 3. Warning: Lithuania 1, Sweden 23. Admonition: Sweden 8.

⁵⁸ Including 2020 Report section B "other" sanctions: Reprimand: Denmark 22, Ireland 6. Admonition: Sweden 7. Warning: Sweden 24, Lithuania 3. Public reprimand: Norway 14.

⁵⁹ Including as notice (other) – Call to order as Others - 35 (non-PIE) and 8 (PIE) from Belgium and 3 reprimand and 2 severe reprimand from Ireland.

⁶⁰ Including 2020 Report section B "other" sanctions: Warning: Latvia 4.

⁶¹ Germany, Hungary, Croatia, Romania, Belgium, Poland, Bulgaria, Slovenia, Ireland, Denmark, the Czech Republic, Finland, Sweden, Lithuania, the Netherlands, Malta.

⁶² A notice does however not qualify as 'sanction' in Belgian national law.

Comments:

Belgium - Others: 132 (non-PIE) and 52 (PIE).

Bulgaria has issued 62 notices (obligatory recommendations) about infringements of the EU-AR, which do not count as sanctions or administrative measures according to national law (aforementioned notices are not included in B.2 statistics).

Croatia - 8 relates to 4 audit firms and 4 auditors, 13 relates to 2 audit firms and 11 auditors.

The Czech Republic - In case of PIE cases even reprimand is always published. In 19 non-PIE cases more sanctions have been imposed simultaneously in a single case.

Denmark - Reprimand: 32 non-PIE, Warning: 2 non-PIE.

Germany - 6 of the PIE decisions and 4 of the non-PIE decisions were appealed and not legally binding in 2021.

Hungary - All of the 16 "PIE" cases were warnings to terminate an existing infringement. All of the 22 "non-PIE" cases were warnings. The "Other" cases were 1 written reprimand and 2 warnings imposed by the delegated authority and 1 warning to terminate an existing infringement in a PIE case imposed by the Auditors' Public Oversight Authority as a result of investigation.

Iceland - No other administrative measures and sanctions were imposed.

Ireland - Number (non-PIE): 2 (ACCA 1+CPA 1). Others: 5 (ACCA 5).

Lithuania – (3) Warning.

Malta - 1 notice to cease against an unwarranted person and 6 reprimands, these being made to 4 warranted accountants and two auditors.

Poland - A notice to cease a specific conduct and desist from repeating that conduct is imposed with a caution penalty. One sanction imposed on audit firm (non-PIEs) is not legally binding.

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

B.3 Public statement

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

Table No 10. Public statement

2021 ⁶³	2020	2019
PIE 16	PIE 10	PIE 3
Non-PIE 79	Non-PIE 34	Non-PIE 50
Others 39	Others 37	Others 47

Considerations:

The total number of public statement sanctions imposed in 2021 were the highest compared to the years 2020 and 2019. In 2021 this type of sanction was imposed in 9 states⁶⁴. The largest number of those sanctions were imposed in Spain.

- **16** sanctions for PIEs were imposed by: Croatia – 8, France – 3, Poland – 2, the Czech Republic – 2, Ireland – 1.
- **79** sanctions for non-PIEs were imposed by: Spain – 23, Poland – 19, France – 15, Croatia – 13, Ireland – 5, the Czech Republic – 4.
- **39** sanctions for others category were imposed by: Spain – 20, Ireland – 10, Malta – 6, Croatia – 3.

⁶³ Croatia - 8 relates to 4 audit firms and 4 auditors, 13 relates to 2 audit firms and 11 auditors, 3 relates to breach of other administrative duties by audit firms pursuant to the national regulation.

The Czech Republic - In case of PIE cases even reprimand is published. The number of non-PIE's cases covers public reprimand sanctions.

Germany – All final sanctions are published on the AOB's website.

Iceland – none.

Malta - Publication of 6 anonymous reprimands in regard to 4 warranted accountants and 2 auditors.

Slovenia - All final sanctions are published on APOA's website.

⁶⁴ Croatia, France, Poland, the Czech Republic, Ireland, Spain, Croatia, Malta.

B.2-3 Notice and Public Statement combined

It is difficult to differentiate sanction categories “notice” and “public statement” from each other just by their titles, without exact criteria as to how they are applied. Therefore, they were examined together.

Table No 11. Notice and Public Statement combined

2021	2020	2019
PIE 71	PIE 70	PIE 81
Non-PIE 282	Non-PIE 247	Non-PIE 401
Others 288	Others 117	Others 165

Considerations:

With regard to notices and public statements combined, it should be noted that the total number of these sanctions imposed in 2021 was 200 sanctions higher than in 2020 (with all categories combined).

In 2021 notice and public statement sanctions were imposed in 18 states⁶⁵.

- **71** sanctions for PIEs were imposed by: Germany – 21, Hungary – 16, Croatia – 16, Romania – 3, Belgium – 3, France – 3, Poland – 4, the Czech Republic – 2, Ireland – 2, Slovenia – 1.
- **282** sanctions for non-PIEs were imposed by: Poland – 43, Denmark – 34, the Czech Republic – 32, Croatia – 26, Belgium – 25, Spain – 23, Hungary – 22, Finland – 18, Sweden – 15, France - 15, Germany – 13, Ireland – 8, Lithuania – 3, Slovenia – 2, Romania – 2, the Netherlands – 1.
- **288** sanctions for Others category were imposed by: Belgium – 227, Ireland – 20, Spain – 20, Malta – 13, Hungary – 4, Croatia – 3, Slovenia – 1.

⁶⁵ Germany, Hungary, Croatia, Bulgaria, Romania, Belgium, France, Poland, the Czech Republic, Ireland, Slovenia, Denmark, Spain, Finland, Sweden, Lithuania, the Netherlands, Malta.

B.4 Temporary prohibition

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) EU-AD).

Table No 12. Temporary prohibition

2021 ⁶⁶	2020	2019
PIE 15	PIE 3	PIE 3
Non-PIE 35	Non-PIE 15	Non-PIE 20
Others 0	Others 13	Others 10

Considerations:

Since 2019 the total number of temporary prohibitions has increased. In 2021 temporary prohibition sanctions were imposed in 14 states.

In 2021 temporary prohibition sanctions were imposed in 14 states⁶⁷.

- **15** sanctions for PIEs were imposed by: Bulgaria – 3, Greece – 3, the Netherlands – 2, Poland – 2, France – 2, Estonia – 1, Romania – 1, Germany – 1,
- **35** sanctions for non-PIEs were imposed by: Hungary – 11, Poland – 8, Ireland – 5, Iceland – 4, Germany – 2, France – 2, Slovenia – 1, Lithuania – 1, Finland – 1.

⁶⁶ **Estonia** - Auditor was found to be guilty of a disciplinary offence and was referred to an additional examination. During the time between the official decision and the examination the auditor was suspended from carrying out audits and signing audit reports

Germany - All of the decisions were appealed and not legally binding in 2021.

Hungary - All of the 11 “non-PIE” cases were restraint orders from exercising the profession of carrying out statutory audits. We indicated this data in section B1. as well.

Lithuania - Auditor’s certificate was suspended and auditor was instructed to retake audit qualification exam within 2 years.

The Netherlands - Both based on ruling by the Disciplinary Court for Auditors, based on a complaints filed by the AFM. The AFM publishes information even though the sanction was not imposed by the AFM.

Romania - It refers to one case of un-submitting to the inspection, sanctioned by ASPAAS with a temporary prohibition, of 1,5 years’ duration, banning the statutory auditor from carrying out statutory audits and/or signing audit reports.

⁶⁷ Bulgaria, Greece, the Netherlands, Poland, France, Estonia, Romania, Germany, Hungary, Ireland, Iceland, Slovenia, Lithuania, Finland

B.5 Declaration that audit report does not meet requirements

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

Table No 13. Declaration that audit report does not meet requirements

2021 ⁶⁸	2020	2019
PIE 5	PIE 26⁶⁹	PIE 20
Non-PIE 24⁷⁰	Non-PIE 0	Non-PIE 92⁷¹
Others 0	Others 0	Others 0

Considerations:

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

In 2021 declaration that audit report does not meet requirements sanctions were imposed in 4 states⁷².

- **5** sanctions for PIEs were imposed by: Germany – 3, Poland - 1 and Hungary – 1.
- **24** sanctions for non-PIEs were imposed by: Poland – 22 and Croatia – 2.

⁶⁸ Croatia - 2 relates to 1 audit firm and 1 auditor.

The Czech Republic - jurisdiction doesn't know this kind of sanction.

Germany - One of the decisions was appealed and not legally binding in 2021.

Hungary - The 1 "PIE" case was the sanction to withdraw the audit report.

Iceland – none.

⁶⁹ Romanian authority imposed 21 of these sanctions.

⁷⁰ Authorities in Poland imposed 22 of these sanctions.

⁷¹ Hungarian NCA imposed all these 92 sanctions. This data comprised all quality controls that ended with a “not passed” result, because the audit reports didn't meet the Hungarian and EU audit requirements.

⁷² Germany, Poland, Hungary, Croatia.

B.6 Temporary prohibition sanctions

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

Table No 14 Temporary prohibition sanctions

2021 ⁷³	2020	2019
PIE 1	PIE 0	PIE 0
Non-PIE 1	Non-PIE 4	Non-PIE 53⁷⁴
Others 0	Others 0	Others 17⁷⁵

Considerations:

Since 2020 there is a noticeable significant decrease in the number of temporary prohibition sanctions. In 2021 only 2 states imposed temporary prohibition sanctions. France imposed one sanction in relation to PIE and Ireland one in relation to a non-PIE.

⁷³ Hungary - We note that the Hungarian National Bank has initiated the dismissal of one of the managers of a PIE (insurance company). However, this case was not a temporary prohibition.

Iceland – none.

⁷⁴ All 53 sanctions were imposed in Ireland.

⁷⁵ All 17 sanction were imposed in Ireland.

B.7 Pecuniary sanctions

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

Table No 15. Pecuniary sanctions

2021 ⁷⁶	2020	2019
PIE 97	PIE 34⁷⁷	PIE 29
Non-PIE 409⁷⁸	Non-PIE 224⁷⁹	Non-PIE 323
Others 49	Others 106⁸⁰	Others 59

Considerations:

The total number of imposed pecuniary sanctions was at its highest in 2021 compared to other years. It should be noticed that in 2021 more than half of non-PIE pecuniary sanctions were imposed in three member states (Poland, Austria, Denmark).

In 2021 sanctions were imposed in 19 states⁸¹.

- **97** sanctions for PIEs were imposed by: Bulgaria – 33, Hungary – 14, Italy – 8, Germany – 7, Greece – 6, Portugal – 7, Spain – 6, France – 5, the Czech Republic – 4, Luxembourg – 2, Estonia – 2, Poland – 2, Slovakia – 1.
- **409** sanctions for non-PIEs were imposed by: Poland – 120, Austria – 98, Denmark – 57, Hungary – 35, the Czech Republic – 29, Ireland – 16, Spain – 13, Germany – 11, Italy – 9, Estonia – 6, Slovakia – 4, Sweden – 3, Bulgaria – 2, Portugal – 2, Luxembourg – 2, France – 1, Finland – 1.
- **49** sanctions for Others category were imposed by: Spain – 31, Ireland – 10, Hungary – 5, Italy – 1, Malta – 1, Bulgaria – 1.

⁷⁶ The Czech Republic - Same as in part 2: In 19 non-PIE cases more sanctions have been imposed simultaneously in a single case.

Denmark - 54 Non-PIE auditors, 3 Non-PIE audit firms.

Germany - 2 of the PIE decisions and 3 of the non-PIE decisions were appealed and not legally binding in 2021.

Iceland – none.

Italy - Consob imposed 4 pecuniary sanctions for PIEs on legal persons (audit firms) and 4 on natural persons (statutory auditors). Consob imposed 4 pecuniary sanctions for non-PIEs on legal persons (audit firms) and 5 on natural persons (statutory auditors). The pecuniary sanctions for non-PIEs include 2 sanctions completed in 2021 and formally adopted at the beginning of 2022. Consob imposed also 1 sanction on legal person (audit firm) for failure in implementing certain recommendations following the Report of quality assurance review.

Poland - 5 administrative pecuniary sanctions were imposed on audit firms (non-PIEs) under the transitional provisions of the 2009 Act, i.e. under sanctions established prior to the entry into force of the EU-AD, but having the same substantive effect. Three pecuniary sanctions imposed on audit firms (non-PIEs) and six pecuniary sanctions imposed on statutory auditors (non-PIEs) are not legally binding.

Portugal - PIE: 1 reprimand, 2 fines of 10 thousand euros each, 2 fines of 25 thousand euros each and 2 fines of 100 thousand euros each. Non-PIE: 2 fines of 50 thousand euros each.

Slovakia - Three sanctions were imposed by Auditing Oversight Authority (UDVA) and two sanctions were imposed by the delegated body SKAU.

⁷⁷ Of all 40 PIE pecuniary sanctions Germany imposed 10 and Portugal 15.

⁷⁸ Of all 409 non PIE pecuniary sanctions Poland imposed 120, Austria imposed 98, Denmark imposed 57.

⁷⁹ Of all 223 non-PIE pecuniary sanctions Austria imposed 34, Denmark 53 and Ireland 36.

⁸⁰ Of all 106 pecuniary sanctions included in the others section Hungary imposed 77 and Spain 21.

⁸¹ Bulgaria, Hungary, Italy, Germany, Greece, Portugal, Spain, France, the Czech Republic, Luxembourg, Estonia, Poland, Slovakia, Austria, Denmark, Ireland, Sweden, Finland, Malta.

C. Other administrative measures and sanctions

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

Other administrative measures and sanctions			
	PIE	non-PIE	Others
Instructive conversation on compliance with standards	1	1	0
Mandatory participation in advanced training / Continuing Professional Development	0	48	0
Assignment to auditor to additionally develop his professional qualifications	1	8	0
Assignment to audit firm to eliminate identified deficiencies	1	5	0
External (annual) compliance reviews	1	13	1
Confirmations/undertakings	0	7	0
Follow up/accelerated visits	1	16	0
Additional reporting obligations	0	68	0
Joint Audit for 3 years	0	1	0
Prohibition on the individual auditor or the audit firm and the main auditors responsible for the engagement from performing audits on the entity in question	6	13	0
Administrative fines (breach of AML)	5	11	0
Summary	15	190	1

Comments:

Austria – 68 Administrative pecuniary Sanctions on non-PIEs concerning the obligation to report the fee amount of the settled audit engagements of a year.

Belgium – Call to order: PIE – 3, Non-PIE – 4, Others - 35 (non-PIE) and 8 (PIE).

Croatia – none (possible ordering to eliminate an illegality and/or irregularity).

Hungary - Mandatory participation in advanced training (39 non-PIE), Initiating disciplinary proceedings - Imposed by the Auditors' Public Oversight Authority as a result of investigation in (1) non-PIE case.

Italy - "CONSOB (Money Laundering Inspections Office) adopted: no. 5 pecuniary sanctions (2 on natural persons (board of director members and supervisory body members) and 3 on legal persons (audit firms)); no. 1 precautionary measure to convene the Board of directors of an audit firm for the adoption of remedial actions.

The Ministry of Economy and Finance in 2021 suspended from the auditors' public register 9.349 statutory auditors (natural persons) and 56 audit firms (legal persons) due to negligence for payments of annual registration fees. The Ministry of Economy and Finance in 2021 cancelled from the auditors' public register

8.483 statutory auditors (natural persons) and 36 audit firms (legal persons) due to negligence for payments of annual registration fees”.

Ireland - Severe reprimand Number (PIE): 0, Number (non-PIE): 1, Number (others): 2. Reprimand: Number (PIE): 1, Number (non-PIE): 0, Number (others): 3. CPD condition: Number (PIE):0, Number (non-PIE):9, Others:0. External compliance reviews: Number (PIE):0, Number (non-PIE):10, Others:0. Confirmations/undertakings: Number (PIE):0, Number (non-PIE):7, Others:0. Follow up/accelerated visits: Number (PIE):0, Number (non-PIE):12, Others:0. Joint Audit for 3 years - all of the measures listed here were imposed on one Statutory Auditor and related to non-PIE work. Possible - Additional mandated CPD in Auditing and company law and Additional Quality Assurance review.

Lithuania - Assignment to auditor to additionally develop his professional qualifications: 1 PIE, 8 non-PIE. Assignment to audit firm to eliminate identified deficiencies: 1-PIE, 5 non-PIE.

Luxembourg – Close follow up: 1 PIE, 4 non-PIE.

Malta - 1 External annual compliance reviews on one PIE auditor and 6 external cold file reviews, 5 of which being on 2 non-PIE audit firms and 1 being on a PIE audit firm: 1 PIE, 3 non-PIE, 1 Other.

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

Norway - Administrative fines for breach of AML – obligations: 5 PIE and 11 non-PIE audit firms have been fined in 2021. Ten of these was subject to a thematic inspection. The fines ranged from NOK 75 000 to NOK 3 200 000 (Euro 7912 to Euro 337600).

Romania - CAFR applied two disciplinary sanctions, "public warning" pursuant to art. 32 and art. 32 ^ 1 para. (4) lit. a) of GEO 75/1999 republished regarding the financial audit activity, as subsequently amended and supplemented (non-PIE – 2). The two sanctions did not cover statutory audit engagements. One engagement was based on ISRS 4400 and the other was based on ISAE 3000.

Spain - Prohibition on the individual auditor or the audit firm and the main auditors responsible for the engagement from performing audits on the entity in question: 6 PIE, 13 non-PIE. When the imposition of a sanction for a very serious or serious breach is a consequence of an audit engagement with a particular entity, then the sanction shall also entail a prohibition on the individual auditor or the audit firm and the main auditors responsible for the engagement from performing audits on the entity in question corresponding to the first three financial years starting after the date on which the sanction becomes definitive in the administrative jurisdiction.

Sweden – Admonition (15 – non-PIE).

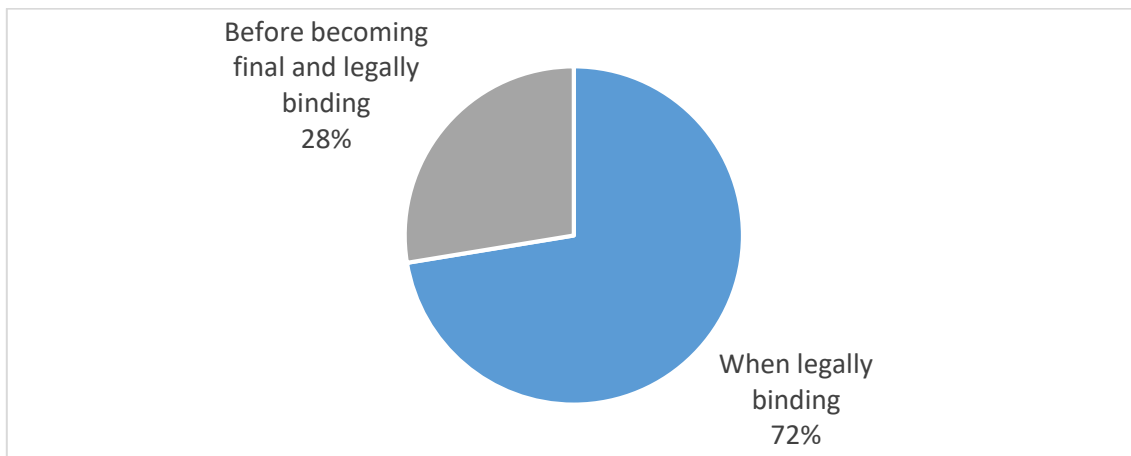
D. Publication of administrative measures and sanctions

The respondents were asked to provide information about the publication of administrative measures and sanctions by the national competent authority in 2021.

D.1 Time of publication of the administrative measures and sanctions on the official website

The respondents were asked at what time the competent authority publishes either anonymously or with names the administrative measures and sanctions on its official website.

Graph No 6. Time of publication



Considerations:

- 21 (72%) respondents reported that administrative measures and sanctions are published on the official website of the competent national authority after all appeal rights have been exhausted or expired: Austria, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Iceland, Ireland, Latvia, Luxembourg, Malta, Norway, Poland, Romania, Slovakia, Slovenia, Spain.
- 8 (28%) respondents informed that administrative measures and sanctions are being published on the official website of the competent national authority before all rights of appeal have been exhausted or have expired: Belgium⁸², Croatia, France, Italy, Lithuania (the information about sanction imposed is published on the AVNT website without delay), the Netherlands (with the exception of minor offences), Portugal, Sweden.

⁸² This statement concerns in Belgium only severe measures and if publication is authorized by law.

D.2 – D.3 The publication practice and period of the publication of any administrative sanction on official website

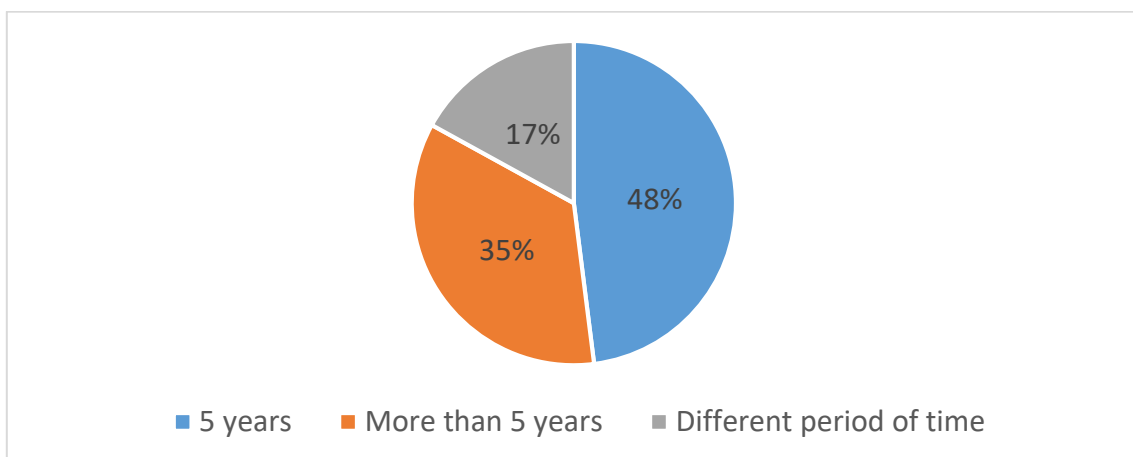
Questions D.2 and D.3 of the Questionnaire referred to the practice of publication and the period of publication of sanctions on the official website of the competent authority.

The respondents were asked how the competent authority / delegated body publishes the administrative measures and sanctions on its official website and to describe briefly the publication practice (information about sanction and entity, copy (anonymous) of decision, publication with all names of the auditor/ audit firm and names of the persons and companies involved, summary of decision / rationale) - see Article 30 c of EU Audit Directive.

The answers given to question D.2 on publication practice were very diverse and the descriptiveness of the responses did not allow to find a clear common part.

In the question on the period of publication (D.3), respondents were asked how long the publication of any administrative sanction remains on the official website of the competent authority.

Graph No 7. Length of time in which any administrative sanction remains public on official website



Considerations:

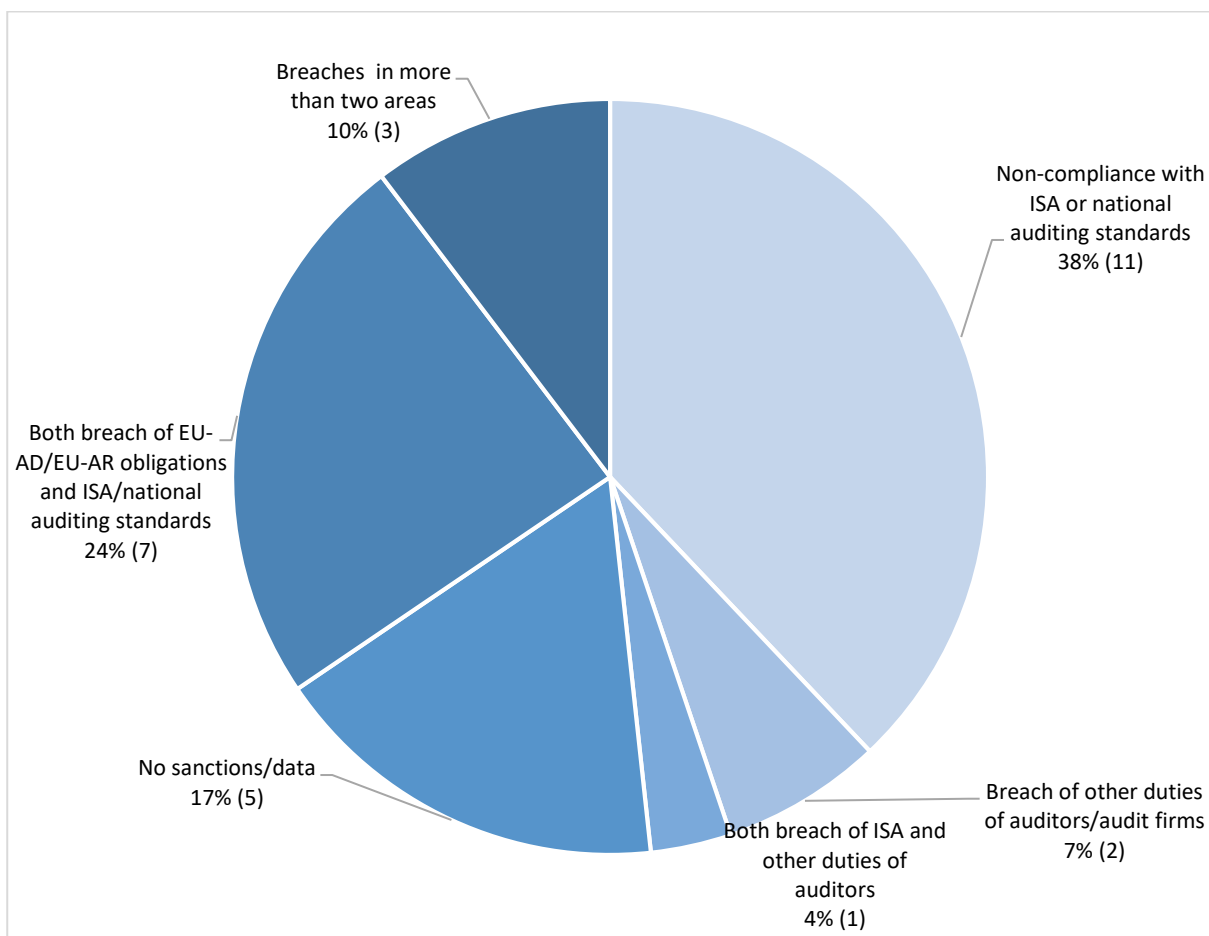
- 14 (48%) respondents informed that the publication of any administrative sanction remain on its official website for exactly 5 years: Bulgaria, Cyprus, Estonia, France, Germany, Greece, Hungary, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovenia.
- 10 (35%) respondents informed that the publication of any administrative sanction remain on its official website for more than 5 years: Austria, Belgium, Croatia, the Czech Republic (7 years), Denmark, Finland, Ireland, Latvia, the Netherlands, Spain.
- 5 (17%) respondents informed that the publication of any administrative sanction remain on its official website for a different period of time: Iceland, Italy, Norway, Slovakia, Sweden.

E. Audit framework breaches

E.1 The most common breaches for which administrative measures and sanctions have been imposed by the national competent authority and/or the delegated authority in 2021

The below presented results do not distinguish between breaches of PIE and non-PIE auditors. Some respondents mentioned more categories of breaches without specifying the number of cases, in such case all mentioned categories have been considered. 5 of 29 respondents⁸³ either haven't imposed any sanctions in 2021 or haven't answered the question.

Graph No 7. The most common category of breaches in sanctioning



Considerations:

The most common area of breaches:

More than one third of involved jurisdictions marked non-compliance with ISA or national auditing standards as the most common area of breaches. The second most frequently sanctioned area was

⁸³ Namely Latvia, Austria, Belgium, Cyprus and Iceland.

both breach of obligations resulting from the EU-AD and EU-AR legislation and non-compliance with ISA or national auditing standards. Two respondents⁸⁴ applied majority of its sanctions for breaches of other auditor's duties. Finally, three respondents⁸⁵ mentioned breaches belonging to more than two categories.

Specification of frequent breaches in 1.1. category – breach of obligations resulting from EU-AD and EU-AR legislation:

In this category (irrespective whether it was the mostly sanctioned area of breaches in a particular jurisdiction) prevailing amount of breaches related to independence (article 24 of the EU-AD, article 4, 5 and 17 of the EU-AR), which was mentioned in 12 cases⁸⁶. Breaches connected with an internal organization of audit firms (article 24a of the EU-AD) and organisation of work (article 24b of the EU-AD) were each mentioned by 3 respondents⁸⁷.

Specification of frequent breaches in 1.2. category - Non-compliance with international auditing standards or national auditing standards or guidelines:

In this category - (irrespective whether it was the mostly sanctioned area of breaches in a particular jurisdiction) 19 respondents⁸⁸ marked the lack of or inappropriate, insufficient audit evidence and documentation. 3 respondents⁸⁹ marked sanctions for deficiencies in audit firms' internal quality control systems and also in area - others.

E.2 The most common cumulative breaches of law, auditing standards, other duties of auditors or others (any configuration) - for which administrative measures and sanctions have been imposed by your national competent authority and/or the delegated authority in 2021.

- 16 respondents⁹⁰ provided separate answers to this question.
- 8 respondents⁹¹ marked various combinations of ISA or national auditing standards as the most common cumulative breach.
- 6 respondents⁹² reported breach of ISA or national auditing standards in combination with either breach of obligation resulting from the EU-AD and EU-AR legislation or breach of other duties of auditors/audit firms or breach of others (e.g. Code of Ethics).

⁸⁴ Poland, Spain.

⁸⁵ Bulgaria, Hungary, Ireland.

⁸⁶ Malta, Portugal, Slovakia, Slovenia, Spain, Sweden, the Czech Republic, the Netherlands, Denmark, France, Germany, Ireland.

⁸⁷ Point 1.1.b) – Italy, Bulgaria, France, point 1.1.c) Estonia, France, Greece.

⁸⁸ Italy, Lithuania, Malta, Norway, Portugal, Romania, Slovakia, Sweden, the Czech Republic, the Netherlands, Bulgaria, Croatia, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland.

⁸⁹ Point 1.2.a) – Romania, the Netherlands, Croatia, point 1.2.d) – Slovenia, Germany, Ireland.

⁹⁰ Italy, Lithuania, Luxembourg, Poland, Portugal, Romania, Slovakia, Slovenia, the Czech Republic, Bulgaria, Croatia, Finland, France, Germany, Hungary, Ireland.

⁹¹ Lithuania, Luxembourg, France, Germany, Ireland, Poland, Portugal, Romania.

⁹² Italy, Slovenia, the Czech Republic, Bulgaria, Croatia, Hungary.

F. Employees involved in investigations and sanctions

The chapter contains an analysis of the respondents' answers to Part F of the Enforcement Questionnaire on sanctioning statistics regarding year 2021.

Respondents were asked to describe the resources of the investigations and sanctions unit in their competent authorities and, where possible, in delegated authorities.

From the analysis of the information received from the respondents, it appears that the resources of investigations and sanctions in states are diversified. Some of the supervisory authorities have established units dealing with investigations (Finland, Lithuania, Poland, Italy, Malta). Typically, these units are made up of employees (full-time) focused on conducting investigations. The composition of these teams varies in states. However, as a general rule, in most countries, these units are composed of staff employed by the supervisory authority, comprising specialists as lawyers, accountants or audit experts. Not all staff from delegated authorities is included and the amount of employees does not cover work of support staff such as HR, IT and Communication service. Due to other tasks carried by employees or no distinction between inspections and investigations it is hard to indicate a specific number of resources for investigations and sanctions. There are also some people involved in investigation and sanctioning, who are members of committees and are not employed.

More than **164** employees in **29** jurisdictions at varying degrees of intensity were involved in more than **1283** investigations or sanctions related to statutory auditors and audit firms in 2021.

Most investigations are conducted by competent authorities in: Poland, Germany, Ireland, France, Italy, Sweden and Finland.

G. Framework related to investigation and sanctioning

G.1 The framework and legal status of auditing standards in states

The respondents were asked about the framework and legal status of auditing standards in their jurisdictions (national standards, ISA standards, mixed framework).

Auditing standards	Jurisdictions
ISA-standards	Belgium, Bulgaria, Cyprus, Estonia ⁹³ , Latvia, Portugal, Slovakia, Slovenia, Lithuania, Greece, Croatia, the Czech Republic, Luxembourg
National auditing standards	Austria ⁹⁴ , Malta, Germany, Italy, the Netherlands, Poland, France, Spain, Estonia, Hungary
Good auditing practice	Norway, Iceland, Denmark, Finland, Sweden

G.2. Additional factors - criteria taken into consideration when sanctioning audit firms

The respondents were asked about criteria (additional factors due to Art. 30b subparagraph 2 of EU-AD) applied by competent authority or delegated body when sanctioning audit firms and how the criteria for sanctioning audit firms differ from criteria for sanctioning individual auditors. The recap of aforementioned Art. 30b subparagraph 2 EU-AD:

- EU-AD Art. 30b (a) the gravity and the duration of the breach;
- EU-AD Art. 30b (b) the degree of responsibility of the responsible person;
- EU-AD Art. 30b (c) the financial strength of the responsible person, for example as indicated by the total turnover of the responsible undertaking or the annual income of the responsible person, if that person is a natural person;
- EU-AD Art. 30b (d) the amounts of the profits gained or losses avoided by the responsible person, in so far as they can be determined;
- EU-AD Art. 30b (e) the level of cooperation of the responsible person with the Board;(f) previous breaches by the responsible legal or natural person;
- EU-AD Art. 30b (f) previous breaches by the responsible legal or natural person;
- Respondents presented the following criteria which is additional to the criteria in EU-AD Art. 30b (2):

Criteria	Jurisdiction
Criticality of the benchmark for financial stability	Italy
Potential systemic consequences of the violation	Italy
Measures adopted by the person responsible for the breach, after the breach itself, to prevent it being repeated in the future	Italy
General principles of good governance	The Netherlands
The specific illegality of the fact	Portugal

⁹³ In Estonia the ISA standards are the framework set by the Auditors Act. There is a possibility to add locally interpretations which should still be in compliance with ISA standards.

⁹⁴ In Austria national auditing standards are strongly oriented towards the ISAs.

The fault of the agent	Portugal
The benefits obtained and the prevention requirements, taking into account the economic situation and the agent's conduct	Portugal
The extent of consequences of the unlawful actions	Slovakia
Breach of several obligations	Slovakia
The nature and importance of the breach	Spain
The severity of the harm or damage caused or potentially caused	Spain
The existence of intentionality	Spain
The importance of the audited entity, measured in terms of the total asset section, its annual turnover or the number of its employees	Spain
The unfavourable consequences for the national economy	Spain
The previous behaviour of the parties at fault	Spain
The ameliorating circumstance of having proceeded to perform, at their own initiative, actions aimed at remedying the breach or at mitigating its impact	Spain
Third party damage	Greece
Mitigating circumstances	Lithuania ⁹⁵ , Estonia ⁹⁶
Aggravating circumstances	Estonia ⁹⁷
As for Audit Firms: a) Danger or damage caused to investors/market; b) Occasional or repeated nature of the infraction; c) Existence of acts of concealment tending to make it difficult to discover the infraction; d) Existence of acts by the agent intended to, on his own initiative, repair the damage or obviate the dangers caused by the infraction. When Auditors (individual) are at stake, in addition to the above: a) Level of responsibility, scope of functions and sphere of action; b) Intention to obtain, for himself or for others, an illegitimate benefit or to cause damage; c) Special duty not to commit the infraction.	Portugal

⁹⁵ 1) Voluntarily prevents detrimental consequences of a breach; 2) compensates for losses or eliminates the damage incurred; 3) takes measures to eliminate the breach. Aggravating circumstances are when responsible natural or legal person: 1) commits a breach intentionally; 2) conceals the committed breach; 3) persists in the breach disregarding the instruction to discontinue unlawful actions; 4) repeats the breach for which he has been imposed a sanction specified in this Law within three years from the imposition of the sanction.

⁹⁶ Such as prevention of the harmful consequences of a disciplinary offense, including elimination of the violation, voluntary compensation for damage, the commission of a disciplinary offense under the influence of a threat or coercion and confession of a disciplinary offense, sincere remorse and good co-operation prosecutors.

⁹⁷ Such as previous disciplinary punishment or proceedings, repeated violation of legal norms, non-compliance with the Auditors Activities Act and the procedures established on the basis thereof.

G.3 Possible changes in the EU legal framework

The respondents were asked about possible changes in the EU legal framework or possible suggestions on more harmonisation of investigation and sanctioning of auditors and audit firms.

Considerations:

Respondents supported *inter alia*:

- further harmonisation of the legal framework regarding sanctions
- harmonized investigation work programs
- improved information exchange and
- powerful tools for investigations
- streamlined and powerful sanctions

Several respondents supported the EU-wide adoption of the ISAs by Commission's decision. Number of States would be in favour of adopting ISAs at the European level, in order to provide themselves with a common normative framework for better benchmarking.

Sanctioning power should be as much as possible harmonized across Member States subject to local laws. A special focus should be given on minimum and maximum amount for penalties. For small and emerging jurisdictions, a database could assist with benchmarking sanctions that could/should be imposed.

Nevertheless, fundamental differences in existing legal systems (common law vs. civil law jurisdictions) may cause challenges to further harmonization.

There are differences in openness/publicity of the sanctioning decisions. There seems to be a lack of balance between transparency and data protection in some instances. Legal (EU) tools to solve this imbalance are welcomed.

Some of the sanctions in the EU Audit Directive may not be functioning, for instance the "declaration" Art. 30a (1b) EU-AD as a sanction is odd and rarely applied by the NCAs. In general, the sanctioning EU regime should be more streamlined.

Investigations and sanctions of auditors and audit firms could be harmonized so that there is a link between different types of sanctions applicable and the nature and gravity of the infringements/violations detected. It should be clarified when the sanction has to be applied to natural persons (i.e. statutory auditors, EQCRs, audit committee members, directors of the audit firms or of the audit clients) or to legal persons (i.e. audit firms), it should be a legal framework where very similar sanctions are applied to very similar violations.

Stronger involvement of and guidance from the CEAOB / EU level guidance is welcomed by many respondents.

G.4 Legislative or consultation process

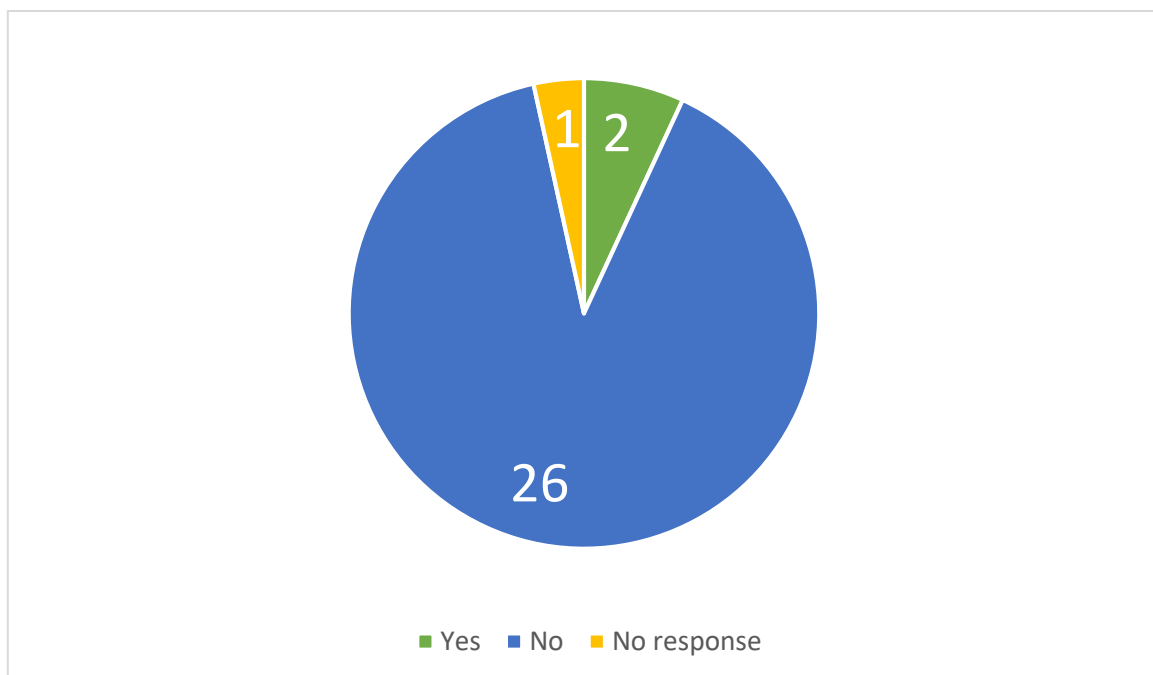
The respondents were asked whether a legislative or consultation process has been initiated in order to amend the powers of competent authority or delegated body

YES (1): Malta

NO (27) : Bulgaria, Latvia, Norway, Italy, Iceland, Belgium, Germany⁹⁸, the Netherlands⁹⁹, Sweden, Denmark, Poland¹⁰⁰, France, Portugal, Slovakia, Spain, Slovenia¹⁰¹, Austria, Lithuania, Finland, Greece, Croatia, the Czech Republic, Luxembourg, Estonia, Hungary, Cyprus, Ireland,

No response (1): Romania.

Graph No 8. Legislative or consultation process initiated for amendments



⁹⁸ Germany: Legal changes were made as recently as 2021 through the Act on Financial Market Integrity (FISG) in Germany. The powers of the competent authority and the delegated body were specifically increased regarding the ability to sanction auditors/audit firms, the publication practice as well as the communication between the AOB and other national authorities (such as the financial regulator and law enforcement agencies).

⁹⁹ The Netherlands: Following the proposals from the Future of the Audit Profession Committee in January 2020, the inspections and investigations/enforcement of non-PIE firms are to be performed by the AFM solely from 2022 onward.

¹⁰⁰ Poland: On 1.1.2020, the Audit Oversight Committee was replaced by PANA (a new body equipped with additional competences and tasks). PANA took over the conduct of inspections and (administrative) proceedings against non-PIEs, which were previously the competences of the statutory auditors' professional self-government. The PANA took over also the competence of the statutory auditors' professional self-government related to conducting disciplinary proceedings in cases of disciplinary breaches committed in the course of providing assurance services and other related services in accordance with the national professional standards. PANA also took over other responsibilities such as maintenance of the list of audit firms (making entries and deletions), settlement of supervision fees, verification of reporting obligations of audit firms. Consequently, PANA initiates and conducts administrative proceedings involving violations of the aforementioned obligations.

¹⁰¹ Audit Act was amended in 2018 and in 2021. Especially with 2018 amendments powers of APOA were significantly increased.

G.5 Effectiveness and robustness of sanctioning at national level

The respondents were asked how the competent authority or delegated body envisages the effectiveness and robustness of sanctioning at national level.

In general, respondents regard sanctions as deterrent/ preventive and educational. Sanctions also have a punitive nature, which is for the most part, secondary. Most respondents find sanctions effective, but there are intentions and preferences towards more robust sanctioning practice. None of the respondents see sanctions as ineffective. However, it is sometimes difficult to measure the effectiveness of sanctions. Sanctions are seen as a tool to improve audit quality.

G.6 EU information exchange system and additional powers of competent authorities in the functioning of investigation and sanctioning

The respondents were asked about additional powers of competent authorities in the functioning of investigation and sanctioning that could be provided in the EU legal framework. It was also requested to explain how an information exchange system, for example among Member States, could provide additional possibilities in the effective application of sanctions and determining breaches and if respondents have identified factors in investigations and sanctioning that would effectively and efficiently increase the quality and reliability of statutory audits.

Many respondents (11) did not give specific proposals or did not respond to this question or they just referred to their previous responses.¹⁰² Only few respondents commented that the existing EU provisions are sufficient to carry on their current duties.¹⁰³ Some respondents¹⁰⁴ supported amendments and harmonisation into the ARD sanction provisions.¹⁰⁵ Some respondents especially mentioned the need to strengthen and harmonise the powers of the competent authorities.¹⁰⁶ Sufficient resourcing of the NCAs was emphasized.

There seems to be a great willingness to exchange information about enforcement cases between public oversight authorities in order to gain a broad understanding of the work/experience of other NCA's. Respondents support better communication with other NCAs and emphasized the importance of effective information sharing between the competent authorities.¹⁰⁷ A EU database of all final decisions published in English could improve communication between NCAs. The cases should ideally be listed in the database with the sanctions imposed. This would serve as a benchmark for future cases. It seems that the current framework (Article 36 of Audit Directive) already allows for this, it should maybe enhanced. Creation of a CEOB database for exchange of information about investigation and sanctioning processes and results with sufficient details would serve information exchange but only for internal purposes for the CEOB members (taking into account secrecy and national security rules).

¹⁰² Belgium, Croatia, Denmark, Estonia, Hungary, Iceland, Lithuania, the Netherlands, Norway, Romania, Sweden.

¹⁰³ Austria, Italy, Latvia, Portugal.

¹⁰⁴ Cyprus, Bulgaria, Finland, Greece, Luxemburg, Italy, Slovenia, Spain.

¹⁰⁵ Bulgaria, Finland, Italy, Poland, Spain.

¹⁰⁶ Cyprus, Greece, Luxemburg, Slovenia, Spain.

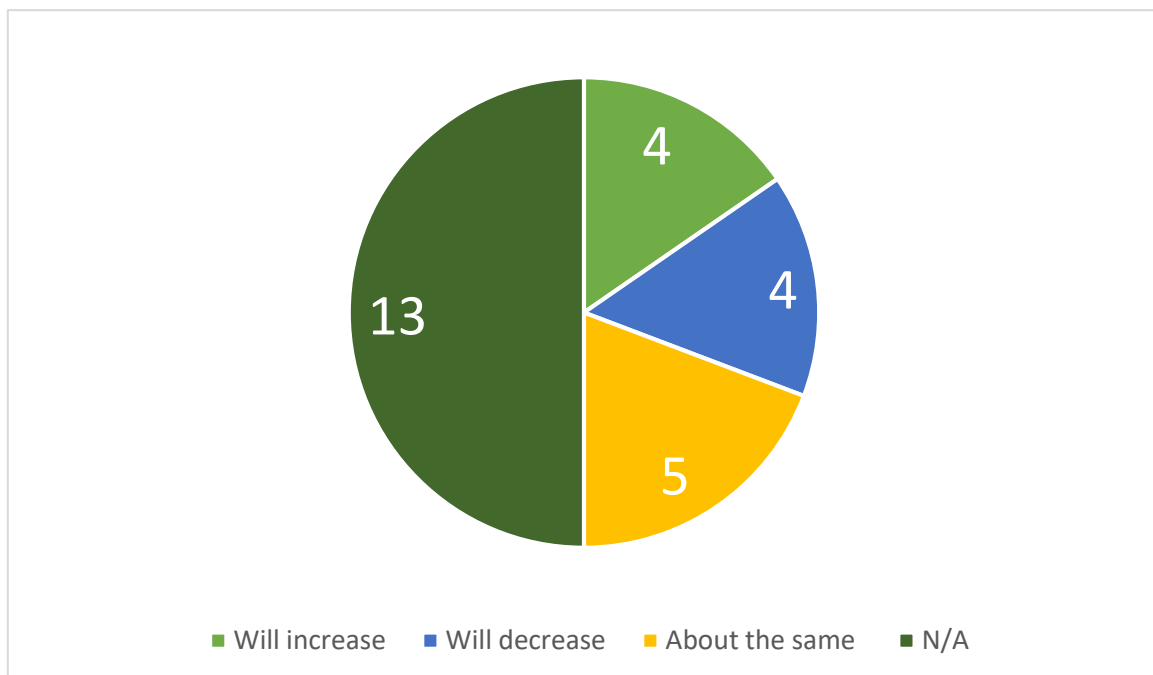
¹⁰⁷ The Czech Republic, Croatia, Cyprus, Finland, Ireland, Malta, Poland.

G.7 Functioning of the investigation and sanctioning system in jurisdiction

The respondents were asked about any additional comments concerning the functioning of the investigation and sanctioning system in their jurisdiction, for example, how they envisage the number of sanctioning cases will remain at the same level or do they anticipate an increase or decrease in cases with a request to explain why.

Many respondents (13)¹⁰⁸ did not respond to the question. Many of those (4)¹⁰⁹ who responded envisage that there will be an increase of sanctioning cases and sanctioning decisions as the new (ARD 2014) regimes start working and the work goes forward. Many of those who responded envisaged that the number of cases will remain about the same (5)¹¹⁰ as today. Some NCAs have integrated investigation and inspection processes. After distinct investigation processes and distinct investigation teams are established and start working, it is expected that the number of sanctioning cases will increase. Very few respondents (4)¹¹¹ envisage a declining trend regarding the number of sanctioning cases in the near future.

Graph No 9. Number of sanctioning cases in future



¹⁰⁸ Belgium, Croatia, Cyprus, Denmark, Estonia, France, Germany, Iceland, Ireland, Italy, Latvia, Lithuania, Sweden.

¹⁰⁹ Greece, Malta, Norway, Romania.

¹¹⁰ Bulgaria, Finland, Portugal, Slovenia, Spain.

¹¹¹ Austria, the Czech Republic, Hungary, Poland.