



# Appendices to Report on the 2022 CEAOB Enforcement Questionnaire

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## Appendix No 1: The appendix contains the comments given by the respondents to the indicated parts of the Enforcement Questionnaire on Sanctioning Statistics regarding year 2021

### Comments to Part A.5 - Powers of the competent authority (Article 23 of the EU-AR)

**Austria** - The Federal Audit Oversight Act implements the supervisory and investigatory powers as they are provided in the EU-AR. None of APABs powers and competences exceed the EU-ARs, however, wherever necessary, they have been adapted to fit into the Austrian legal framework. Thus, investigations, sanctions and fines are generally being administered as part of formal administrative/administrative prosecution procedures. Investigations serve the purpose of detecting, correcting and preventing inadequate execution of the statutory audit. Hence, the investigational competences of the APAB are mainly extensive informational requesting-competences that constitute enforceable administrative measures, while the findings of those investigational competences are then processed as formal procedures in order to ensure accordance with the necessary fundamental rights.

**Belgium** - The BAOB can in addition to article 23 EU-AR (almost completely transposed into national law so it applies to non-PIE auditors and audit firms):

- a) request that auditors submit, within a certain period, any information, statement or document;
- b) carry out on-site inspections, as well as access and copy any document, data file and registration, and access any ICT-system.

The BAOB can request the judicial authorities to collect any and all information and documents. The BAOB can impose to an auditor a timeframe within which he shall adhere to the legal framework and shall abstain from any repetition of this conduct, suspend the exercise of the entire or part of the activity by the auditor during the aforementioned timeframe, publish the opinion in certain cases, impose the payment of a penalty payment, instruct the auditor to temporarily abstain from any professional provision of services or of a specific provision of services, issue a reprimand and notify the public prosecutor.

**Cyprus** - In accordance with the National Auditors Law (L.53(I)/2017) article 15 the Supervisory and investigatory powers of the CyPAOB are the following:

- (a) access data related to statutory audit or other documents held by statutory auditors or audit firms in any form, relevant to the carrying out of their functions and receive or take a copy thereof; and
- (b) obtain information related to the statutory audit from any person; and
- (c) carry out on-site inspections of statutory auditors or audit firms; and
- (d) refer matters for criminal prosecution; and
- (e) request experts to carry out verifications or investigations; and
- (f) take the administrative measures, and impose the sanctions in accordance with Part XVI (of Auditors Law - Disciplinary System). The way the competent authority exercises its supervisory and investigatory powers (Article 23(4) of the EU-AR).

**Croatia** - The Ministry of Finance impose administrative measures and sanctions in line with Article 30a of Directive EU-AD, has power to access data related to the statutory audit or other documents and is authorized to engage, as an assistance, external experts who are independent and are not in conflict of interest with respect to the subject of supervision to which the specific task refers to, which they shall confirm

by a statement and when the Ministry of Finance determines the existence of grounds for suspicion of a criminal offense or a misdemeanour being committed, it shall be obliged to submit a corresponding report to the competent authority (Magistrates Court), and in the case of criminal offenses that are prosecuted upon the proposition, only if it considers it justified and purposeful.

**The Czech Republic** - No additional powers (i.e. powers exceeding Art. 23 (3) of the EU-AR) are granted. During the sanctioning procedures, PAOB has the same powers as any other state authority dealing with offences in a non-audit area.

**Denmark** - S. 39 in the Auditor Act: “The Danish Business Authority shall have access to an audit firm's premises, without a court order, at any given time against the presentation of adequate identification and to the audit firm's records, documents, etc., including material kept electronically, in order to obtain information that is necessary for use in an investigation, cf., however, Section 9 of the Danish Act on Due Process in Connection with the Administration's Use of Compulsory Intervention and Duties of Disclosure. (2) (1) shall not apply to buildings or parts of buildings that are solely used for private dwellings. (3) The police shall, if necessary, provide assistance in the performance of an investigation”

**Estonia** - According to § 121 (7) of Auditors Activities Act, upon becoming aware of elements of a punishable act provided by law, the Oversight Board may, dependent on the circumstances of the act:

- 1) make a proposal to commence disciplinary proceedings or terminate the violation of precept or both;
- 2) make a proposal to the Ministry of Finance to commence misdemeanour proceedings;
- 3) make a proposal to the Prosecutor's Office to commence criminal proceedings.

According to § 145 and 147 of Auditors Activities Act, the Board of Oversight may impose a penalty of a reprimand, a fine, a fine together with referral to an additional professional examination According to § 32 (4) and 87 (4) the Oversight Board may deprive a sworn auditor of their qualification and may revoke an activity license. According to § 122 (1) of Auditors Activities Act a member of the Oversight Board and a member of the control team shall have the right to verify all the details relating to the professional activities of a member of the Board of Auditors and a third-country registered sworn auditor, obtain information necessary for oversight from a member of the Board of Auditors and a third-country registered sworn auditor, examine documents relating to the professional activities of a member of the Board of Auditors and a third-country registered sworn auditor in any medium and receive copies, transcripts and extracts thereof.

**Finland** - PRH is responsible for the general direction and development. PRH (its Auditor Oversight Unit) shall 1) approve auditors; 2) oversee auditors; 3) oversee that auditors maintain and improve their professional competence and maintain the preconditions for approval; 4) oversee the quality of auditing and be responsible for developing the quality control system; 5) be responsible for the general direction and development of auditing; 6) participate in international co-operation and exchange of information; 7) attend to other duties prescribed to it in the Auditing Act. PRH has a power to access data. In certain circumstances PRH can appoint an auditor to a private entity. PRH is responsible for supervision of anti-money laundering measures as regards auditors and audit firms.

**France** – None

**Germany** - No additional powers

**Greece** - AUDIT COMMITTEES ISSUES (LAW 4449/2017&4706/2020) AML ISSUES (LAW 4557/2018)

**Hungary** - " In the procedure of quality assurance review (inspection) of PIE auditors and audit firms and investigation the Auditors' Public Oversight Authority can impose the following sanctions as well:

- mandatory participation in advanced training;
- initiating disciplinary proceedings.

- In case of quality assurance review (inspection) of non-PIE auditors and audit firms the Chamber of Hungarian Auditors can impose the following sanction as well:

- mandatory participation in advanced training.AL32"

**Iceland** - The Public Auditor's Oversight Board in Iceland can request access to data related to the statutory audit and other documents. The Authority can refer matters to the police for criminal prosecution. The Icelandic Authority can take administrative measures and impose administrative measures and sanctions.

**Ireland** - Section 934(4) For the purposes of an investigation under this section, the Supervisory Authority may—(a) examine on oath, either by word of mouth or on written interrogatories, a relevant person, (b) administer oaths for the purposes of the examination, and (c) record, in writing, the answers of a person so examined and require that person to sign them.

The Supervisory Authority may certify the refusal or failure to the court if a relevant person refuses or fails to do one or more of the following:(a) produce to the Supervisory Authority any book or document that it is the person's duty under this section to produce; (b) attend before the Supervisory Authority when required to do so under this section; (c) answer a question put to the person by the Supervisory Authority with respect to the matter under investigation.

**Italy** - Following Legislative Decree no. 231 of 21 November 2007 Consob is in charge on Anti-money laundering supervisions on statutory auditors and audit firms. The Money Laundering Inspections Office carries out inspections and relative supervisory activity on the relevant procedures put in place by the auditors and audit firms of PIEs and ESRI for the prevention of money laundering. Following the Legislative Decree no. 254/2016 implementing Directive 2014/95 on non-financial information, Consob is in-charge of supervision on auditors and audit firms providing assurance services on Non-Financial Statement.

**Latvia** - There are no additional powers exercised by MoF, besides those mentioned in Article 23 (3) of the EU-AR.

**Luxembourg** - No additional power

**Malta** - The Board shall have all the supervisory and investigatory powers that are necessary for the exercise of its functions under the Act and the Audit Regulation, including, but not limitedly the power to:

- (a) access data related to the statutory audit or other documents held by 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 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 14.

**The Netherlands** - Administrative sanctions in case of violations of the law and regulation against audit firms (including imposing fines and deregistration), and individual board members (imposing fines or removal from (board) position).

- The AFM has the authority to impose sanctions on audit firms. The AFM has no authority to impose sanctions on external auditors. The AFM can file a disciplinary case against statutory auditors at the independent Disciplinary Court for Auditors, which can impose sanctions on external auditors. Please note that everyone (including the AFM) can file such a case.

**Norway** - Finanstilsynet possesses all of the additional powers mentioned above.

**Poland** - PANA may act as a party in proceedings before the disciplinary court of the statutory auditors' professional self-government and in proceedings on appeal against a decision or order terminating other disciplinary proceedings. PANA may also appeal against decisions of the disciplinary court of the statutory auditors' professional self-government. PANA appears as a litigation party in proceedings before the administrative courts after filing a complaint against PANA's decisions by the audit firm. The statutory auditors' professional self-government body has the same powers as PANA, covering the administrative proceedings initiated before the establishment of PANA (01.01.2020).

**Portugal** - CMVM has the following additional powers (list not exhaustive):(i)Final oversight of all entities and activities relating to which the Portuguese Institute of Statutory Auditors (OROC) also has attributions (Non-PIE), including the supervision of the procedures and acts of registration ensured by OROC, and the quality control systems implemented by it;(ii) Request the provision of any information to OROC; (iii) Give orders and issue concrete recommendations to the OROC; (iv) Registration of all the auditors that carry out public interest functions that comprise the audit of financial statements but also the exercise of any other functions that by law require the proper and autonomous intervention of the statutory auditors on certain patrimonial facts of companies or other entities; (v) imposing on partners and governing bodies of the audit firms, even if they are not statutory auditors, the inhibition of voting rights, the sale or amortization of the participation and the dismissal/suspension of a member of the governing bodies.

**Romania** - In addition to the supervisory and investigatory powers stated in art. 23 (3) of the EU-AR, ASPAAS has the necessary powers to fulfill its other duties provided by Law no. 162/2017, respectively:

- approval and withdrawal of approval;
- registration of financial auditors and audit firms in the Electronic Public Register;
- continuing education of the financial auditors and the trainees in statutory audit;
- cooperation with other CAs in Romania and in other MS, as well as with national and international bodies in the field;
- transmission of information and responses, at the request of the EC, regarding the statutory audit and the oversight of the statutory audit activity;
- issuance of regulations based on and in application of Law no. 162/2017;
- supervising and revision the translation of ISAs and the Code of Ethics, as well as their adoption.
- organizing the professional competence exam, the test for access to the practical training and the conducting of the practical training;

**Slovakia** - In addition to the supervisory and investigatory powers, the national competent authority, UDVA, has the following powers:

- realisation of examination of professional competence, aptitude tests and re-examination,
- issuance of certificates and new licences, suspending and withdrawal of licences,
- registration of statutory auditors and audit firms (including auditors and audit firms from third-country) in the relevant list,
- oversight of compliance with ISAs, the Auditor's Code of Ethics for Professional Accountants, the local law on auditing, the system of statutory audit quality assurance reviews, continuing education, a disciplinary action conducted by the Slovak Chamber of Auditors,
- international cooperation in audit oversight, ISAs and the Auditor's Code of Ethics (CEAOB and IFIAR),
- cooperation in the implementation of the legislative changes resulting from legislative initiatives of the European Commission in the area of statutory audit and accounting.

**Slovenia** - APOA has power to access:

- Court register / Business register of Slovenia,
- Central Register of the Population,
- at the request of APOA the State authorities and holders of public authority must provide all information necessary for the performance of its tasks and enable it to inspect the relevant documentation.

Courts and the competent supervisory authorities (Bank of Slovenia, Insurance Supervision Agency, Securities Market Agency and the Slovenian Competition Protection Agency) shall inform APOA of any measures taken or sanctions imposed against audit firms and statutory auditors.

APOA In order to carry out its tasks APOA may also request the provision of information necessary for its decision-making from persons and organizations that have it at their disposal.

**Spain** - Audit competences

- Homologation of the education for the authorization of the auditors to exercise the audit activity.
- Homologation of the centres that provide the continuing education courses or the activities organized for that purpose.
- The preparation of legislative and regulatory projects regarding account auditing.
- The analysis and approval of the Auditing Technical Standards.
- Information on regulatory projects processed by other agencies.
- The answer to queries on the application of the regulations on account auditing.
- The instruction of sanctioning administrative files for the commission of the infractions and for the breach of the obligation to deposit the annual accounts in the Official Business Register

Besides, the Accounting and Auditing Institute has certain competences regarding the accounting regulation.

- Preparation of legislative and regulatory projects in accounting matters.
- Analysis and approval of resolutions that complement the General Accounting Plan.
- Resolves queries on the correct interpretation of national accounting regulations.
- Issues reports on regulatory proposals that affect accounting matters.
- It cooperates with other Institutions that issue accounting pronouncements both nationally and internationally, particularly with the EFRAG and the IASB.

## Comments to Part A.7: Information about proceedings and departments/units/sections

### Austria



#### Investigation department/unit/section

The APAB is divided into two departments; one is responsible for inspections (internal designation: IU) and the other for legal agendas (including enforcement) and the administration of the quality assurance review process (peer review) (internal designation: RIQ); in principle, both departments are always involved in an investigation, whereby the size of the investigation team varies depending on the subject matter.

Tasks and powers of the APAB (sect. 61 para. 1 APAG): The APAB shall have the power to conduct investigations of auditors and audit firms, if necessary, in order to determine whether there have been any violations of the provisions of the Federal Audit Oversight Act, EU-AR or other provisions relevant to audits, in order to uncover or prevent inadequate performance of audits. In doing so, APAB is entitled to obtain the necessary information from natural persons and legal entities as well as from other entities with legal personality and to process the necessary data.

#### Sanctioning department/unit/section

Sanctions are the responsibility of the department that is responsible for legal agendas (internal designation: RIQ). Tasks and powers of the APAB: (sect. 62 para. 1 APAG): The APAB is authorized to impose the following sanctions in the event of violations of provisions of the Federal Audit Oversight Act, EU-AR:

1. a notice to the statutory auditor or audit firm or public interest entities subject to supervision pursuant to § 1 par. 4 stating that the natural or legal person responsible for the breach must cease the conduct and refrain from repeating it;
2. a public statement identifying the nature of the breach, which shall be published on the APAB website;
3. a temporary ban on the statutory auditor, audit firm or auditor-in-charge from carrying out statutory audits for a period of up to three years;
4. a temporary prohibition on the statutory auditor, audit firm or auditor-in-charge from signing audit reports for a period of up to three years;
5. a statement that the audit.

#### Details of conducted proceedings

According to Section 73 of the Federal General Administrative Procedure Act, unless provided differently in the administrative rules and regulations, the authorities are obligated to issue an administrative decision without undue delay, however at the latest within six months after receipt.

According to Section 39 of the Federal General Administrative Procedure Act, as soon as a matter is ready to be decided upon, the authority may declare the (formal procedural, not investigation according to Art 30 EU-AR) investigation procedure closed by means of a procedural order. If the administrative rules and regulations do not provide otherwise, the investigation procedure shall not be deemed closed if the administrative



decision is not issued to the party within eight weeks of the time at which the investigation procedure was first declared closed vis-à-vis a party.

Thus, the duration of proceedings determined in national law before sanctions are imposed heavily depends on the matter and subjects of the investigation.

Procedural time limits can be set and extended upon consideration of the principle of proportionality according to the matter of investigation. Time limits set by legal acts may never be extended by means of administrative decisions.

The legal framework applicable by the APAB does not divert from these provision. These provisions also generally apply to administrative penalty procedures, provided the Federal Administrative Penalty Act does not produce diverging procedural rules.

According to Section 33 of the Federal Administrative Penalty Act, prosecution of a person is not admissible if no act of prosecution has been carried out within a period of one year. This period shall be counted from the date of termination of the offence or when the punishable behaviour ended; if the result of the offence materialized only at a later date, the period shall be counted from such date.

## Belgium



### [Investigation department/unit/section](#)

The BAOB's enforcement unit conducts investigations into the (audit) activities and conduct of auditors listed in the public register (this covers both PIE and non-PIE auditors and audit firms), a member of the executive or management body of a public interest organization and the person who exercises the activities of an auditor in Belgium, without being recognized for this purpose. The investigations are thus not limited to audit matters. The powers are almost similar to those described in article 23 (3) of the EU-AR which has been transposed into national law so it can be applied to non-PIE auditors and audit firms. There are no recent legal changes in its duties and powers.

### [Sanctioning department/unit/section](#)

The Sanctions Commission of the Financial Services and Markets Authority (FSMA) is the competent body to impose sanctions on auditors listed in the public register (this covers both PIE and non-PIE auditors and audit firms), a member of the executive or management body of a public interest organization and the person who exercises the activities of an auditor in Belgium, without being recognized for this purpose. The sanctioning powers are almost similar to those described in article 30a of the EU-AD which has been transposed into national law. There are no recent legal changes in its duties and powers.

### [Details of conducted proceedings](#)

The BAOB is the main competent authority for the oversight over auditors. The Sanctions Commission of the FSMA is in charge of imposing administrative sanctions. There is no legal time limit to initiate proceedings

after audit or other services were provided. However, investigations must be conducted within a reasonable timeframe.

The Secretary-General of the BAOB conducts inquiries into the activities and operations of auditors. If the Secretary-General of the BAOB finds serious indications of the existence of a practice that may give rise to the imposition of an administrative measure or an administrative fine, he may open an investigation and shall ensure compliance with the principles and obligations which, at the stage of the investigation, apply with respect to, as the case may be, administrative measures or penalties.

After the investigation, a preliminary investigation report is drawn up which indicates whether the facts established may give rise to the imposition of an administrative measure or fine or whether they may constitute a criminal offence.

The Secretary-General shall send a copy of the report of the facts to the parties concerned, who shall have a period of one month in which to make their observations. Although not provided by law, the Secretary-General may decide to extend this time limit should a party request it. The parties may also request the Secretary-General to carry out additional investigative measures. If the Secretary-General considers that he should not act on this request, he shall state the reason in his report of the investigation. The Secretary-General shall notify the board of the BAOB of the final report. It will decide whether or not it will initiate a procedure before the Sanctions Commission of the FSMA.

If the board of the BAOB decides to initiate the aforementioned procedure, it shall notify the persons concerned of the grievances and submit to them the report of the Secretary General. It shall also transmit the notification of grievances to the Sanctions Commission of the FSMA. If any of the grievances stated in a notification may constitute a criminal offense, the BAOB shall transmit such notification to the public prosecutor. The board of the BAOB may decide to make its decision public. The persons to whom the grievances have been notified shall have a period of two months in which to submit in writing to the Sanctions Commission of the FSMA their observations on the grievances. In special circumstances, this period may be extended.

During this period, arguments are exchanged between the BAOB and the aforementioned persons. After this, the Sanctions Commission of the FSMA will organise a hearing. If it deems it necessary from the point of view of the right to a fair trial, the Sanctions Commission of the FSMA may request that additional acts of investigation are carried out. The Sanctions Commission of the FSMA will then issue a decision. There is no legal deadline for this.

### Bulgaria



#### Investigation department/unit/section

There is a Directorate named "Inspections and investigations" which carries out the investigations. The results of the investigations are included in a report which marks the end of the investigation. The report is presented to be accepted and approved to the Commission. It includes proposals for sanctioning.

### Sanctioning department/unit/section

The Commission shall apply supervisory measures where the following is found:

1. deficiencies or infringements in the activities of a registered auditor in the areas referred to in Art. 85, paragraph 1;
2. failure of a registered auditor to comply with the obligations under Art. 31;
3. non-compliance with the provisions of Regulation (EU) No 537/2014;
4. failure to provide assistance or impeding in any other way Commission's supervision
5. has issued an audit report with an audit opinion or disclaimer of opinion which is not consistent with the evidence gathered in performing the financial audit;
6. has failed to comply with the requirements of the applicable auditing standards which has adversely affected the outcome of registered auditor's work and the audit opinion issued;

The chairman of CPOSA is the authority which imposes administrative pecuniary liability.

### Details of conducted proceedings

The professional organization can conduct investigations but the power to impose sanctions stays only in the Commission. The legal time limit according to national law to initiate proceedings is 5 years from the actual committing of the offence and 6 months after finding out about the offence. There is no possibility of extension of time limits or deadlines of proceedings. Every investigation ends with a report which contains a proposal to impose sanction or supervisory measure. Until the issuance of the Penal Decision, but anyhow not later than 30 days from the handling of the Written Statement of Administrative Violation, an agreement may be reached between the body imposing the administrative sanction and the infringer to terminate the administrative and penal proceedings for most of the violations except for in the cases of repeated violations or where the act constitutes a criminal offence.

### Cyprus



### Details of conducted proceedings

Currently CyPAOB has only one disciplinary proceeding that is referred to the Disciplinary Committee and the hearings before the Disciplinary Committee have not started yet so we have no estimates based on experience regarding the duration of proceedings etc. The other cases are at the stage of disciplinary investigation.

The stages of the investigation are as follows:

1. Upon decision of the BOD (based on written named complain, claim or ex officio) a disciplinary investigation is enacted.
2. The investigation officer is appointed.
3. Upon completion of the investigation, the investigating officer shall submit to the Director of the CyPAOB Office a report summarizing the evidence collected and a relevant finding. The report shall be accompanied by the testimonies taken, including any supplementary testimony of the complainee.

4. Then the Director of the CyPAOB Office shall take into account the seriousness of the recommendations, the actions for their implementation by the statutory auditor or the audit firm of the statutory auditor and assess whether the auditing quality of the statutory auditor or audit firm may be adversely affected. Where the Director of the CyPAOB Office deems that the auditing quality is adversely affected, he or she shall prepare a relevant report with the recommendations not implemented by the statutory auditor or audit firm and submit the same without delay to the Chairman of the CyPAOB in order to examine them in the context of Article 90.
5. If the Board, based on the report provided by the Director and on all information supporting it, considers that it is possible to establish an indictment against a statutory auditor or audit firm for committing disciplinary offences draw up a relevant indictment which shall be signed by the Chairman of the Board refers the case to the Disciplinary Committee.
6. The Chairman of the Disciplinary Committee as soon as possible after receiving the indictment and all related information, prepares a notice of summons to a hearing which he shall sign.
7. Then hearing proceedings start before the Disciplinary Committee where the investigating officer of the case submits before the Disciplinary Committee the evidence on which the indictment against the accused statutory auditor or audit firm was based.
8. Upon completion of the hearing proceedings, the Disciplinary Committee shall issue a written justified decision by which it shall decide whether it has been proved or not that the accused statutory auditor or audit firm is guilty of the disciplinary offence for which he or she or it is accused and, where applicable, it shall either convict or acquit the accused.

Publication of sanctions: The Board shall, without delay and upon expiry of the deadline for challenging the decision of the Disciplinary Committee publish on its official website at least the substance of each disciplinary decision and of the sanctions imposed for breach of the provisions of this Law.

### Croatia



#### [Investigation department/unit/section](#)

Independent Sector for the issuance of an approval for work and supervision of statutory auditors and audit firms within the Ministry of Finance is structured as follows:

- Service for the issuance of an approval for work of statutory auditors and audit firms, issue and withdraw approvals and keep registers.
- Service for the supervision of statutory auditors and audit firms conduct supervision (quality assurance and public oversight) and other procedures over statutory auditors and audit firms and other subjects to supervision and impose supervisory measures and undertake other actions aimed at the removal of the identified illegalities and irregularities.

#### [Sanctioning department/unit/section](#)

The Ministry of Finance impose supervisory measures by a decision. In the proceedings conducted in accordance with the act regulating the general administrative proceeding, the Ministry of Finance shall make decisions and conclusions. Appeals against the decision of the Ministry of Finance is not allowed, but an administrative dispute may be initiated. When the Ministry of Finance determines the existence of grounds for suspicion of a criminal offense or a misdemeanor being committed, it shall be obliged to submit a

corresponding report to the competent authority (Magistrates Court), and in the case of criminal offenses that are prosecuted upon the proposition, only if it considers it justified and purposeful.

#### [Details of conducted proceedings](#)

There is no separation of responsibilities in the Ministry of Finance between the function in charge of investigation and the function in charge of administrative/sanctioning proceeding. Both functions are dealt within the Service for the supervision of statutory auditors and audit firms, an organizational part of Independent Sector for the issuance of an approval for work and supervision of statutory auditors and audit firms within the Ministry of Finance. National Audit Act does not envisage a time limit for the conclusion of the administrative/sanctioning proceeding. Sanctioning proceeding is not divided into two or more different formal phases.

Prior to the beginning of the performance of direct supervision, a written notification on direct supervision shall be delivered to the subject to supervision, containing at least subject-matter of supervision, period covered by supervision, indication of the place where the supervision will be performed, date of the beginning of supervision, name and surname of an authorized civil servant who will perform the supervision or of a hired expert, if applicable. The notification may also contain the data and documentation that the subject to supervision shall be obliged to prepare for authorized civil servants for the purpose of performing direct supervision. The notification on direct supervision shall be submitted to the subject to supervision within a time limit that cannot be less than seven days before the day of the beginning of direct supervision.

After the direct supervision has been carried out, the protocol on the performed supervision is prepared and submitted to the subject of supervision, containing a detailed description of the established facts, i.e. a description of the deficiencies, illegalities and irregularities if they are identified in the supervision procedure, with the specified deadline within which observations may be filed. The management of the subject to supervision shall be obliged to deliver to the supervisory board, without delay, the protocol on the performed supervision. The subject to supervision shall be entitled to make observations on the submitted protocol within eight days from the date of receiving it.

The decision on the imposition of supervisory measures shall be made on the basis of the facts established by the protocol no later than 60 days from the date of the expiry of the deadline for the observation to the protocol.

### The Czech Republic



#### [Investigation department/unit/section](#)

Investigation can be carried out by the Disciplinary Committee that consists of 5 members who are experts with an experience in audit, tax or legal area and are appointed by the President of PAOB. Disciplinary Committee is supported by one lawyer and the secretariat of PAOB. Investigation can be opened towards auditors performing PIE statutory audits or members of such auditor's network, individuals participating on PIE statutory audits, PIEs or the Chamber of Auditors. It is governed by the same rules as inspections. During the last two years there haven't been any major changes in legislation.

### Sanctioning department/unit/section

Sanction proceedings connected mostly with breaches within PIE statutory audits are held by the Disciplinary Committee of PAOB (details same as above), it is a kind of administrative proceedings and is governed by the same rules as other offences in non-audit area. Sanction proceedings not dealing with PIE statutory audits are carried out by the Disciplinary Committee of the Chamber of Auditors (delegated body).

### Details of conducted proceedings

Valid for the competent authority only: So far the sanctioning procedure has been always started based on regular inspections. The limitation period is 3 years since the commitment of an offence. The proceedings should be finished within 30, max. 60 days, however non-observance of this period has no effect on the enforceability of the decision. Milestones of the sanctioning procedures:

- delivery of the submission from the PAOB inspection Committee, afterwards either decision of no further action or Notice with a specification of an offence to the auditor,
- auditor's response, oral hearing upon auditor's request, sometimes request for submission of further documentation,
- taking of evidence, notice to the auditor about finishing evidence,
- taking the decision - the written decision delivered to the auditor (option to apply for an appeal within 15 days since the date of delivery of the decision)

publishing of the decision when legally binding.

### Denmark



### Investigation department/unit/section

"If the Danish Business Authority believes that there is a risk that an auditor, an audit firm, a public-interest entity or a member of the supreme management body or audit committee in a public-interest entity has violated or will violate a duty arising from this Act or from 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, the Authority can initiate and conduct an investigation to determine, correct or prevent such a violation. The Authority may also initiate an investigation if it receives a request to do so from a competent foreign authority." (S. 37 of the Auditor Act:)

### Sanctioning department/unit/section

"The Danish Business Authority shall appoint a disciplinary board. The Disciplinary Board on Auditors consists of a Chairman (who shall be a judge) and at least 16 other members, eight of whom shall be approved auditors and a further eight of whom shall be representatives of financial statement users. At least two of the members representing the financial statement users shall have management experience from public-interest entities. The representatives of the financial statement users cannot be approved auditors or be employees of an audit company. In the event of an expansion of the number of members, a proportionally

equal number of state-authorized accountants and registered public accountants shall be appointed, and the proportion of representatives of the users of financial statements shall be maintained."

#### [Details of conducted proceedings](#)

The time limit for bringing a case before the Disciplinary Board on Auditors is five years from the date of the audit opinion. The time limit is suspended on the submission of a complaint to the Disciplinary Board on Auditors or when the Danish Business Authority has initiated an investigation.

- The auditor or audit firm is informed when an investigation is initiated.
- The auditor or audit firm provide the DBA with the relevant documentation e.g., the audit file.
- The DBA sends a draft decision to the auditor or audit firm.
- The auditor or audit firm can comment on the draft decision and correct facts.
- The DBA sends the final decision to the auditor or audit firm, and if the DBA decides to bring the auditor, audit firm or both before the Disciplinary Board on Auditors, a formal complaint is made to the Disciplinary Board on Auditors.

The Disciplinary Board on Auditors ends the case with a ruling.

#### Estonia



#### [Investigation department/unit/section](#)

Within the frames of the state oversight the Oversight Board performs the quality control and proceeding and investigation of complaints, conducts disciplinary proceedings, issues precepts, assigns non-compliance levy for the performance thereof and decides on the deprivation of the qualification of a sworn auditor, the suspension of the activity licence of a sworn auditor or declaring it invalid.

#### [Sanctioning department/unit/section](#)

Within the frames of the state oversight the Oversight Board performs the quality control and proceeding and investigation of complaints, conducts disciplinary proceedings, issues precepts, assigns non-compliance levy for the performance thereof and decides on the deprivation of the qualification of a sworn auditor, the suspension of the activity licence of a sworn auditor or declaring it invalid.

#### [Details of conducted proceedings](#)

Upon becoming aware of a possible breach, the Oversight Board decides, in a board meeting, to open investigation and appoints the members of the investigation team. The investigated entity is notified of the investigation and they are given 2 weeks to give explanations and/or notify the board of a possible conflict of interest between the entity and the appointed members of the investigation team. In the event of conflict of interest, new team members are appointed. The team conducts their investigation and compiles a report and gives their recommendation on whether to open disciplinary proceedings or not. The draft decision is sent to the entity under investigation and they are given time (between 5-10 working days, depending on the length of the decision) to give their counter arguments. The Oversight Board reviews the decision (and

possible counter arguments) and makes final decision, which is sent to the entity in 10 working days. Appeal can be launched in 30 days after the entity has received the final decision.

In the event that an investigation gives reason to believe that a disciplinary offence has been committed, the Oversight Board decides to open disciplinary proceedings and appoints members of the disciplinary proceedings team. The entity is notified of the disciplinary proceedings and they are given 2 weeks to give explanations and/or notify the board of a possible conflict of interest between the entity and the appointed members of the disciplinary proceedings team. In the event of conflict of interest, new team members are appointed. The team conducts their investigation and compiles a report and gives their recommendation on possible sanctions. The draft decision is sent to the entity under investigation and they are given time (between 5-10 working days, depending on the length of the decision) to give their counter arguments. The Oversight Board reviews the decision (and possible counter arguments) and makes final decision, which is sent to the entity in 10 working days. Appeal can be launched in 30 days after the entity has received the final decision. Legal time limit for imposition of disciplinary penalty is established in § 148 of Auditors Activities Act.

## Finland



### [Investigation department/unit/section](#)

PRH (Auditor Oversight) oversees auditors and the Audit Board (within the PRH Auditor Oversight) decides about sanctions. The PRH Auditor Oversight has an investigation team consisting of full-time lawyers. Thus in order to sanction an auditor or an audit firm a PRH staff member (investigator) shall prepare a case and bring it to the Audit Board for decision-making.

### [Sanctioning department/unit/section](#)

The Audit Board decides about sanctions. The Audit Board shall consist of a chairperson, a deputy chairperson and at least five and at most eight other members. In addition, the Board shall have two permanent experts. Each member, excluding the chairperson and the deputy chairperson, shall have a personal deputy, and a permanent expert shall have a deputy. All these individuals are external persons in relation to the PRH.

According to the Auditing Act, Chapter 7, section 5, the Audit Board shall make decisions on matters concerning: 1) the general direction and development of auditing; 2) imposing, or refraining from imposing, an administrative sanction; 3) a claim for a revised decision; 4) an appeal against an Administrative Court decision. The tasks of the Audit Board also include promoting in an appropriate manner the performance of the duties assigned to the Auditor Oversight Unit in this Act.

### [Details of conducted proceedings](#)

There is no maximum duration regarding the duration of an investigation process. PRH may not investigate an auditor's actions if more than six years have elapsed from the relevant incidents. The Auditor Oversight Unit may refrain from investigating an auditor's actions and the Audit Board may refrain from imposing a sanction if the auditor's approval has been cancelled or withdrawn. PRH also oversees auditors approved and registered in a non-EEA state.



## France



### [Investigation department/unit/section](#)

The enforcement and investigations division is in charge of conducting investigation, establishing investigation report and on behalf of the H3C suing individual auditors or audit firms before the H3C's disciplinary panel for requesting sanctions (professional and financial penalties). The powers implemented are overall power to be provided with any useful documents/information for investigations, right to access to professional premises and wide powers for hearings. Since the bringing into force of the law, no additional power was granted.

### [Sanctioning department/unit/section](#)

The disciplinary panel is a part of the H3C Board, composed 5 members which rules on disciplinary cases (trial stage).

### [Details of conducted proceedings](#)

First, the internal organisation apply strict division between suing proceedings and sanction proceedings. Indeed, one part of the H3C board decides to engage sanction proceedings and the other one is in charge to sanction, the members are different. This organisation is compliant with the principles enacted by the case at law of the European Court of Human Rights. We don't have limitation concerning duration time to conduct investigations. However, for disciplinary fault or any breach of law concerning the statute of auditor or audit work, the statutory limitation is six years to open investigation.

The disciplinary proceedings follows different stages: the law 'doesn't foresee any informal process.

- The Head of Enforcement and Investigations has no discretionary power to launch an investigation: a complaint/referral must be filed. Before investigating the Head of Enforcement and Investigations shall issue an investigation order and designate the investigators (audit background and legal background). On the basis of the investigations report and the investigations file, the H3C 9-Member Panel decides whether or not the sanction process should start
- At that time: Right for the notified person to access to the investigations file and obtain a copy so the adversarial process starts. The notified person may present his/her written observations to the charging letter to the Head of Enforcement and Investigations. Investigators draft a final report taking into account observations made to the charging letter by the notified person. The notified person has the possibility to make new comments on the final report until the final hearing and during the final hearing.

On the basis of the final report and observations made by the notified person, the H3C disciplinary panel rules on the case. The disciplinary hearing is public.

## Germany



### Investigation department/unit/section

The AOB consists of the directorates Inspections and Quality Assurance and Enforcement and Market Monitoring. Each directorate consists of four divisions. The AOB is directly responsible for conducting inspections and investigations regarding PIE-audits. AOB is also directly responsible for sanctioning breaches of duty regarding PIE-audits. Additionally, the AOB has the oversight of the chamber of public accountants (WPK) including the ultimate responsibility and decision-making power. The WPK is responsible for investigations and sanctioning breaches of duty regarding non-PIE-audits. Investigatory Powers of the AOB include: require any statutory auditor or statutory audit firm to cooperate with investigations, access data related to the statutory audit in any form relevant to an investigation (penalty payment possible in cases of failure to cooperate), request from any other person any information which may be material to an investigation, Carry out on-site investigations.

### Sanctioning department/unit/section

Due to the Act on Financial Market Integrity (FISG), which entered into force on 1 July 2021, the threshold on sanctions against audit firms, has been lowered. In future, it will be possible to impose a sanction on an audit firm even if there is only one relevant breach. At the AOB, sanctioning-decisions are taken by the "Enforcement" Panel, which consist of 5 members of staff of the AOB. Panel decisions are taken by simple majority. In case of an appeal against a decision of the "Enforcement" Panel, the Joint Committee of the Panels decides on the appeal and issues an appeal decision notice.

At the WPK, sanctioning-decisions in individual enforcement proceedings are taken by the "Enforcement" division of the executive board by simple majority. In case of an appeal against a decision of the "Enforcement" division, the executive board of the WPK as a whole decides on the appeal.

### Details of conducted proceedings

The division Enforcement within the directorate Enforcement and Market Monitoring of the AOB as well as the division "Enforcement" of the WPK are responsible for conducting investigations. If there are sufficiently concrete indications of breaches of professional duties (e.g. from inspections, notifications from the Federal Financial Supervisory Authority (BaFin) or other authorities, press releases) the divisions "Enforcement" initiate formal investigations. If it is not immediately clear whether there is a reasonable basis for an initial suspicion, preliminary (informal) investigations may be initiated by the division Enforcement.

The legal time limit to initiate formal enforcement proceedings is usually five years from the date where the potential breach of duty was committed. There is no time limit specified by national law for breaches of duty that justify measures according to Art. 30 (3), 30a (1) c) and e) EU-AD. The legal (usually written) hearing following the initiation of the proceeding interrupts the legal time limit. After the hearing, the processing time before sanctions are imposed must not exceed a period of five years. The legal time limit is suspended by national law for the duration of criminal investigations based on the same violation. After completion of the investigations by the divisions "Enforcement" the individual enforcement cases are handed over to the Panel "Enforcement" (AOB) or the division "Enforcement" of the executive board (WPK) for decision-making (see above under question 2 for details).

## Greece



[Investigation department/unit/section](#)

HAASOB's Disciplinary Board is the competent body for the detection of violations of the legislation and the regulatory framework that governs the work of the statutory auditors and audit firms, including the regulatory decisions of the HAASOB, the Code of Ethics, quality assurance standards, as well as cases of noncompliance with the recommendations issued by the Quality Control Council the HAASOB, as a result of quality assurance inspections and the enforcement of sanctions. It consists of the seven-member Board of Directors of HAASOB, two members of the Legal Council of the State and two non-practitioners who are proposed by the Supervisory Board of the professional Body. Investigations are carried out according to Article 35 of Lea 4449/2017.

[Sanctioning department/unit/section](#)

HAASOB's Disciplinary Board, as described above.

[Details of conducted proceedings](#)

Delegated authority non pies audit inspections and no delegation of disciplinary procedure. Not specific legal time limit to initiate proceedings after audit or other services were provided by statutory auditor/ auditory firm the duration of disciplinary proceedings determined in national law before sanctions are imposed is 6 months.

The various stages in your investigation process: Selecting a folder / object Issuing and sending the inspection order to the audit firm. The quality inspections team visits the audit firm to overview file documentation Preliminary draft report of quality control findings is issued and sent to the audit firm for the comments of the auditor Reassessment of preliminary findings report based on the comments of the auditor and amending of the report where required Finalization of report of quality inspections findings which is sent to the Audit firm and either put in HAASOB's file or recommendations for remediation are sent or the Board refers the case to the Disciplinary Procedure.

## Hungary



[Investigation department/unit/section](#)

Based on the Hungarian Act on Audit, the Minister of Finance is designated as the Auditors' Public Oversight Authority (Authority) that is responsible for the audit oversight system. The minister delegated his tasks to the Accounting and Public Oversight Department of the Ministry of Finance. The Authority's responsibilities are e.g. to exercises legal control over the Chamber of Hungarian Auditors (Chamber), to carry out quality assurance reviews of auditors and audit firms of PIE's, and to carry out investigations of auditors and audit firms.

As regards the disciplinary proceedings of statutory auditors and audit firms and quality assurance reviews

of statutory auditors and audit firms that carry out statutory audits of non-PIE's, the delegated tasks of the Authority shall be carried out by the Chamber under the ultimate responsibility of the Authority in accordance with this Act and AUD.

#### Sanctioning department/unit/section

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#### Details of conducted proceedings

##### Inspections of PIE auditors, audit firms

In case of inspections of PIE auditors, audit firms the Authority acts. These inspections shall be at least once every three years. The Authority shall send notice to the auditor/audit firm selected for inspection eight days before the site inspection. The reviewer shall sum up the findings of the quality assurance review in a closing report. The closing report shall be written up within fifteen days following completion of the review. The auditor or audit firm inspected may lodge any comment in writing regarding the closing report within eight days of receipt, which shall be submitted to the Authority. The time limit for adopting a resolution in connection with quality assurance reviews is one hundred and twenty days from the date of the opening of the review. The Authority shall adopt a resolution on the qualification of the findings of the quality assurance review relying on the closing report and on the comments, on the obligations imposed upon the auditor or audit firm inspected consistent with the said qualification, and on justified measures.

##### Inspections of non-PIE auditors, audit firms

In case of inspections of non-PIE auditors, the Chamber acts. The Authority acts only as second instance. These inspections shall be conducted at least once every six years. The quality controller shall sum up the findings of the regulatory quality assurance review in a closing report. The closing report shall be written up within fifteen days following completion of the inspection. The person inspected may lodge any comment in writing regarding the closing report within eight days of receipt, which shall be submitted to the Quality Control Committee of the Chamber (Committee). The time limit for adopting a resolution is ninety days from the date of the opening of the review. The Committee shall adopt a resolution on the qualification of the findings of the regulatory quality assurance review relying on the closing report and on the comments, on the obligations imposed upon the person inspected consistent with the said qualification, and on justified measures.

##### Disciplinary Proceedings

The disciplinary proceedings shall be conducted by the Disciplinary Committee of the Chamber. The auditor, audit firm who (that) is the subject of the disciplinary proceedings may submit his (its) defence in writing on the eighth day prior to the disciplinary hearing, or may present it orally at the disciplinary hearing. The reasoned resolution adopted by the Disciplinary Committee in writing shall be delivered to the person who is the subject of the proceedings and to his legal counsel within twenty-two working days of the day when it was adopted.

##### Investigations

The Authority, with a view to exploring and/or preventing any situation where the interests of entities audited by statutory auditors are jeopardized may conduct investigations. The time limit for adopting a resolution is sixty days from the date of the opening of the procedure.

## Iceland


[Investigation department/unit/section](#)

The Public Auditors' Oversight Board may take up issues on its own initiative if the Board has reason to believe that an auditor or audit firm has violated Act No. 94/2019, good practice, the Code of Ethics or other rules that apply to the work of auditors. Any person who believes his rights have been violated as a result of the actions or inaction of an auditor can refer the complaint to the Public Auditors' Oversight Board for resolution.

Article 37 of Act No. 94/2019

[Sanctioning department/unit/section](#)

The Public Auditors' Oversight Board ruled on appeals and disputes relating to the work of auditors pursuant to Act No. 94/2019. The Authority does not have separate units to perform the investigation and administrative/sanctioning procedure.

[Details of conducted proceedings](#)

Cases shall be submitted to the Public Auditors' Oversight Board in writing as promptly as possible and no later than four years after the violation occurred. The Public Auditors' Oversight Board may, by means of a reasoned opinion, refer a matter for criminal investigation.

Article 37 of Act No. 94/2019

## Ireland


[Investigation department/unit/section](#)

IAASA is responsible for conducting investigations relating to the audit of PIEs and enquires regarding PABs' (A Prescribed Accountancy Body ('PAB') is any accountancy body that comes within the supervisory remit of IAASA under the Act.) compliance with their approved investigation and disciplinary procedures and the RABs' (A Recognised Accountancy Body is an accountancy body that has been granted recognition under section 930 of the Companies Act 2014) performance of their functions in respect of statutory auditors, as well as on a discretionary basis whether a member of a PAB has complied with that body's standards.

[Sanctioning department/unit/section](#)

Section 905(2)(ea) of the Act provides that IAASA may conduct, under section 933, enquiries into whether a Recognised Accountancy Body (RAB) has complied with its statutory obligations under Part 27 of the Act. Section 905(2)(f) of the Act provides that IAASA may undertake, under section 934, investigations into possible breaches of the standards of a PAB by a member of that body. Section 905(2)(fa) of the Act provides

that IAASA may undertake, under section 934, investigations into possible contraventions of section 336, section 337, part 27 of the Companies Act or the EU Audit Regulation by a statutory auditor relating to public interest entities.

### Details of conducted proceedings

IAASA has regulations in force for the procedure for investigations. In brief there is a preliminary stage where evidence is considered as to whether there is a prima facie case and if so the case may go to a full investigation or conclude by way of settlement.

The delegated bodies have their own regulation setting out procedure and timescales for example on one of the delegated bodies ACCA they have the following process:

Disciplinary related complaints are logged & triaged as suitable for conciliation or investigation. Those not considered suitable for conciliation or investigation can be rejected (subject to the complainant's right to make written representations).

Complaints that do not indicate misconduct are referred for conciliation. Once conciliation is complete, a file will normally be closed, which can include a rest on file or disposal by consent order, if it is determined that a breach of the Rulebook has occurred. However, if it is determined that matters are sufficiently serious & indicative of misconduct, the complaint is referred for investigation.

If the complaint indicates potential misconduct, an investigation will be undertaken which can be disposed of by: (a) closure; (b) rest on file; (c) Consent Order. Closure & rest on file outcomes can be challenged & either party can request a review by an independent assessor (IA). If the member refuses a Consent Order, a Report of Disciplinary Allegations (RDA) is prepared.

If the allegations are serious & misconduct is identified, a RDA is prepared and then sent to the member for comment. The report & member's comments are then passed to an IA, to determine whether there should be a referral to a Disciplinary Committee (DC). Where an IA finds a case to answer, they may refer the matter to the DC for a hearing, or rest the matter on file.

DCs are independent of ACCA. They have a quorum of three members, including the Chair. At least one must be an accountant and non-accountants must be in the majority. DCs are advised by an independent legal adviser on all procedural and legal matters.

The function of the DC is to hear cases referred to it by the IA & decide whether allegations are found proved. If so, it can make orders including exclusion from membership, fine (currently capped at £50,000), payment of compensation to the complainant (max £1,000) & a waiver or reduction of the member's invoice. Part or all of ACCA's costs may also be awarded. Members can appeal findings of the DC.

ACCA's target KPI for an investigation to be concluded is 75% of cases within 6 months, 95% within 12 months & 5% over 12 months. ACCA's target KPI to list a disciplinary hearing is within 6 months from its referral from the IA.

ACCA operates a number of other Committees, in some circumstances findings are reached by an independent Chair on papers.

Italy



### [Investigation department/unit/section](#)

In Consob Auditing Oversight Office is responsible for investigations, inspections and audit regulatory activities and standard setting. On-site investigations are carried out by a dedicated office in the Inspectorate Division. CONSOB supervises all statutory audit activities carried out by PIE/ESRI auditors and audit firms (identified above) under its supervision. To perform its oversight activity, CONSOB has the followings powers (art. 22 Legislative Decree no. 39/2010): a) request communication, including regular data and information and the transmission of records and documents; b) carry out on-site inspections and investigations and obtain information and clarification; c) request data, information and documents and conduct personal hearings from any informed person.

To perform its oversight activity MEF has powers aligned to the ones assigned to CONSOB (see art. 21 Legislative Decree no. 39/2010) on non-PIE/ESRI auditors.

### [Sanctioning department/unit/section](#)

In Consob investigations activity is carried out throughout different phases. The first phase is carried out by the Auditing Oversight Office which performs the preliminary inquiry phase and prepares the “charging letter” with the challenges addressed to the audit firm. The Administrative Sanctions Office is in charge of the subsequent administrative proceeding which evaluates the audit firm’s replies to the “charging letter” and submits a proposal for administrative measures and sanctions to Consob’s Board for approval. MEF carries out its oversight of auditors and audit firms under its supervision through a dedicated office in-charge, among other duties, of investigations, supported by the Central Commission (a special body put in place to assist the MEF). MEF’s Offices detect and ascertain violations and the Central Commission sends the “charging letter” to the relevant auditor or audit firm, assesses the auditors' defence and submits non-binding proposals for sanctions to the MEF.

### [Details of conducted proceedings](#)

In Consob Enforcement/investigations activity is carried out throughout different phases. The first phase is carried out by the Auditing oversight Office which performs the inquiry through the examination of documents and working papers obtained through on-site investigations (or inspections) and/or requests of information and clarifications. The data collected are evaluated and used to prepare the “charging letter” which contains violations of law or breaches of the auditing standards addressed to the audit firm. The second phase is carry out by a different department, the Administrative Sanctions Office, composed by lawyers and legal experts, which is in charge of the administrative proceeding (which goes on through replies from the audit firm and subsequent final legal challenges on Consob’s side) and propose to Consob’s Board the approval of administrative measure and sanctions.

Time limit to initiate proceedings: within 5 years from the issuance of Audit opinion. Duration of the Inquiry: The “charging letter” mentioned above should be notified to the audit firm and to the engagement partner within 180 days from the ascertainment of the violations of law or auditing standards. Duration of administrative proceedings: within 200 days, starting 30 days after the “charging letter” is

notified to auditor/audit firm, a decision on the administrative measure or sanction must be adopted by Consob (this term could be suspended as explained below).

Possibility of extension: not applicable. Administrative proceeding can be suspended for specific reasons (e.g. in some instances the Administrative Sanctions Office may require to the Auditing Oversight Office a technical report on the reply sent by the audit firm vis a vis the charging letter. This report is sent to the audit firm that has to reply in 30 days. During this period (30 days) the administrative proceeding is suspended) but the total extension of the proceeding cannot be modified.

Stages of investigation process: in our jurisdiction sanctioning proceeding is divided into two different formal phases as described above: a phase 1, during which evidence of breaches is collected and evaluated, and a "charging letter" is issued; a phase 2 after the conclusion of the investigation phase and a sanctioning procedure is triggered.

## Latvia



### [Investigation department/unit/section](#)

According to the Section 36<sup>1</sup> Paragraph 1 of the LAS MoF is highest authority in Latvia in the field of auditing. Commercial Companies Audit Policy and Supervision Division of Department of Accounting and Audit Policy of MoF ensures control (investigation and sanctioning) over sworn auditors and commercial companies of sworn auditors, that provide audit services to PIEs.

According to the Section 35<sup>1</sup> Paragraph 3 of the LAS Latvian Association of Sworn Auditors (LASA) ensures investigation and sanctioning of sworn auditors and commercial companies of sworn auditors, that provide services to non-PIE. These tasks of LASA are delegated tasks of state (public) administration. According to the Section 36<sup>1</sup> Paragraph 2 and Section 37 Paragraph 1 of the LAS MoF supervises LASA. According to the Section 41 Paragraph 4 of the State Administration Structure Law final responsibility for LASA delegated tasks of state (public) administration is lying on MoF. No legislative changes have been made in 2021.

### [Sanctioning department/unit/section](#)

According to the Section 38<sup>2</sup> Paragraph 1 of the Law on Audit Services (available in English at <https://likumi.lv/ta/en/en/id/20946>) MoF is responsible for sanctioning sworn auditors and commercial companies of sworn auditors that provide audit services to PIEs. According to the Section 38<sup>1</sup> Paragraph 2 of the Law on Audit Services LASA is responsible for sanctioning sworn auditors and commercial companies of sworn auditors that provide audit services to non-PIEs. According to the LASA disciplinary regulations all sanction cases are investigated by Quality and Ethics committees. Final decision is taken by executive director of LASA.

### [Details of conducted proceedings](#)

National Law does not separate procedures between MoF and LASA on basis of investigation or sanctioning. Separation of duties between MoF and LASA is based on category of recipient of auditing services, i.e., PIE or non-PIE. That means that MoF investigates violations committed by sworn auditors and commercial



companies of sworn auditors, that provide audit services to PIEs, LASA investigates violations committed by sworn auditors and commercial companies of sworn auditors that provide audit services to non-PIEs.

According to the Section 38<sup>1</sup> Paragraph 1 and Section 38<sup>2</sup> Paragraph 1 of the Law on Audit Services investigation and sanctioning shall imply procedures laid down by Administrative Procedure Law (available in English at <https://likumi.lv/ta/en/en/id/55567>).

General proceedings of administrative process in Latvia are stated by Administrative Procedure Law. According to the Section 64 Paragraph 1 of the Administrative Procedure Law decision should be taken within one month from the day of receipt of the submission. If it is impossible to comply with the time limit for objective reasons, the institution may extend it for a period not exceeding four months from the day of receipt of the submission. According to the Section 64 Paragraph 2 of the Administrative Procedure Law time limits may be extended by up to year only, if lengthy establishment of facts is necessary. Maximum legal time for investigation and sanctioning (administrative process) in an institution (e.g., MoF or LASA) is one year. There are no legal time limits for court to hear case.

For LASA's decisions on sanctions next level of legal dispute is MoF (first stage of dispute for LASA's decisions). MoF decision in this case could be appealed at District Administrative Court (second stage). District Administrative Court's ruling could be appealed at Regional Administrative Court (third stage). Regional Administrative Court rulings could be appealed at the Supreme Court (final stage of administrative proceeding in Latvia according to the Administrative Procedure Law).

For MoF's decisions on sanctions next level of legal dispute is appeal at Regional Administrative Court (first stage). Regional Administrative Court rulings could be appeal at the Supreme Court (final stage of administrative proceeding in Latvia according to the Administrative Procedure Law). According to the Section 38<sup>1</sup> Paragraph 2 LASA has adopted internal disciplinary regulations, updated on 30 August 2019.

### Lithuania



#### [Investigation department/unit/section](#)

Investigations are performed by employees of Audit Quality Inspections Division of the AVNT. Investigators must have at least one year work experience in the areas of audit of financial statements, accounting, financial reporting, and/or law. There are additional rules for supervision of investigation of the audit of PIE's financial statements. Performing an investigation investigators have these rights: 1) use the information produced by the auditor and the audit firm, other natural and legal persons necessary for performing the investigation; 2) inspect audit working papers and the methodology; 3) obtain explanations from the auditor and the audit firm, other employee or participant of the audit firm involved in the audit, other natural; 4) involve experts.

#### [Sanctioning department/unit/section](#)

If there are findings stated in the report of the quality review of the audit of financial statements (i. e. recurring reviews of the non-PIE audit of financial statements), inspection of the audit of PIE's financial statements or investigation of the audit of financial statements, the Audit Quality Inspections Division of the

AVNT submits to the Audit oversight committee proposal to impose sanctions for discussion. Final decision to impose sanction takes the Director of the AVNT, after consultation with Audit oversight committee.

#### Details of conducted proceedings

Investigations and inspections are performed by the employees of Audit Quality Inspections Division of the AVNT. Investigation of the audit of financial statements may be initiated by decision of the AVNT and it must be completed within a time limit not exceeding 12 months from the date of adoption of mentioned initiation decision. However, this time limit may be extended. Auditor and audit firm shall be notified in writing or by electronic means about the investigation not later than 10 working days' prior the beginning of such investigation. However, the AVNT has the right to begin the investigation without a notification about the investigation in such cases where there are reasonable grounds for believing that documents necessary for performing the investigation may be hidid or destroyed. The draft report of the investigation is submitted to the auditor and audit firm. Auditor and audit firm have the right to provide comments within 5 working days after receiving draft report and after that time final report is to be prepared within 15 working days. Auditor and an audit firm shall be notified in writing or by electronic means about the inspection not later than 10 working days prior the beginning of such inspection. Inspection must be completed within a time limit not exceeding 6 months (having regard to the concrete circumstance, this time limit could be expanded to the 12 months). The draft report of the inspection is submitted to the auditor and audit firm. Auditor and audit firm have the right to provide comments within 10 working days after receiving draft report and after that time final report is to be prepared within 15 working days.

The Audit quality inspections division of the AVNT submits to the Audit oversight committee proposal to impose sanctions for discussion. Prior to imposing sanctions not less than 5 days' time limit is given to person to present clarifications and explanations regarding the report of the quality review of the audit of financial statements (i. e. recurring reviews of the non-PIE audit of financial statements), inspection of the audit of PIE's financial statements or investigation of the audit of financial statements. Moreover, not later than 5 working days in advance, person must be informed about date and time of the meeting of the Audit oversight committee, where sanction is going to be considered. Final decision to impose sanction takes the Director of the AVNT within 10 days after decision of the Audit oversight committee. Sanctions may be imposed not later than within 7 years from the auditor's report date or from the commission of the breach of provisions of Law of the Republic of Lithuania on the audit of the financial statements or Regulation (EU) No 537/2014.

#### Luxembourg



#### Investigation department/unit/section

Article 41 of the Law of 23 July 2016 concerning the audit profession defines the power of investigation of the CSSF. Inspectors are doing both inspection and investigation. The difference between the two is that at one point in time lawyers are also involved in the process for the investigation as most of the investigation starts from an inspection.

#### Sanctioning department/unit/section

Article 43 of the law of 23 July 2016 concerning the audit profession defines the sanctions and administrative measures the CSSF may impose. The inspection team is made of 10 people doing both inspection and investigation. For investigation, the CSSF can rely on a team of lawyers.

#### Details of conducted proceedings

The CSSF does not have a legal or operational distinction between inspection, investigation and sanctioning procedures. There is also no time limit to initiate proceedings after an audit or other services were provided by statutory auditor/audit firm. Regarding the various stages in the investigation process, the CSSF follows the law of 1st December 1978 regulating the non-contentious administrative procedure and the grand-ducal regulation of 8 June 1978.

In brief, the CSSF begins by conducting an investigation with contradictory interviews, both written and verbal, and draws up an administrative file containing all supporting documents. The point of view of the person concerned is collected by means of an exchange of letters and/or during an oral interview. At the end of the process, a letter containing the draft final decision is written and submitted to an enforcement committee for decision.

#### Malta



#### Investigation department/unit/section

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#### Sanctioning department/unit/section

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#### Details of conducted proceedings

The Accountancy Board has separation of duties with respect to the area of the investigation and the area of the administrative/sanctioning procedure. Moreover, proceedings of the Board or its disciplinary committee may be initiated:

- a) by the Board ex officio;
- b) following a complaint or information received by the Board in writing from any person on the conduct of a warrant holder, practicing certificate holder or a firm, or that a warrant holder or practicing certificate holder is unfit to continue to practice his profession on the grounds of mental infirmity.

In the case of an investigation, the Board's Investigations Committee may hear witnesses and collect all documentation necessary to determine whether a breach has occurred. In the case of disciplinary proceedings, the Board's Disciplinary Committee conducts sittings using similar proceedings as a Court of Law or tribunal, ensuring a fair hearing. Appeals from disciplinary proceeding decisions are possible to an independent Administrative Review Tribunal and then to the Court of Appeal (inferior jurisdiction).

### The Netherlands



#### [Investigation department/unit/section](#)

The AFM has no legal or operational distinction between inspections and investigations. Until December 2021, supervision of non-PIE audit firms was delegated (refer to question 3). Since January 2022, the AFM is solely responsible for all inspections of PIE- and Non-PIE audit firms and their statutory audits.

#### [Sanctioning department/unit/section](#)

Please note that the Audit Firms Supervision has been updated regularly since it came into force.

#### [Details of conducted proceedings](#)

The AFM does not have a legal or operational distinction between inspection, investigation and sanctioning procedures. When a supervisory division of the AFM detects an offence, it may decide to pass the case to the officer responsible for administrative fines at the AFM. This officer does not investigate the case himself. He advises the Executive Board of the AFM as to whether a fine should be imposed and the amount thereof. Prior to giving this advice, the officer sends a notification to the offender, regarding the intention to impose a fine. In this notification of intention, the officer states the offence for which a fine may be imposed. The offender is thereby given the opportunity to state his views. After the offender's views have been heard, the officer advises the Executive Board of the AFM as to whether a fine should be imposed or not, and also regarding the amount of the fine and its publication.

### Norway



#### [Investigation department/unit/section](#)

The Market Supervision Department, Section for Audit and External Accounting, is responsible to conduct investigations of audit firms. The new act governing the powers and tasks of Finanstilsynet in regard to auditors and audit firms is in essence a continuation of previous legislation

#### [Sanctioning department/unit/section](#)

FSA may withdraw or suspend an authorisation of a state authorised auditor or audit firm. As of 1 January 2021 FSA may also make an order prohibiting an auditor to hold a management function in an audit firm or public interest entity, prohibit against signing audit reports for up to three years, and FSA may impose a penalty for infringements of certain sections of the Auditors Act.

#### [Details of conducted proceedings](#)

- FSA does not have separate units to perform the investigation and administrative/sanctioning procedure.
- The power to impose an infringement penalty becomes time-barred five years after the infringement ceased. The time-bar ceases to run where Finanstilsynet gives advance notification of, or issues, an order.
- No
- No
- Normal procedure: fact finding investigation > FSA assessment > advance notification of sanction > sanction > appeal to independent appeal board (if appealed)

### Poland



#### [Investigation department/unit/section](#)

In PANA, the proceedings are conducted by a separate organizational unit called the Department of Disciplinary, Administrative and Legal Services, responsible for:

- conducting disciplinary investigations and acting as a prosecutor before courts in cases of disciplinary offenses committed by statutory auditors (due to statutory audit, services and other related services),
- conducting administrative proceedings (violation of the provisions of the Act or EU-AR regulation) or enforcement proceedings (enforcement of imposed and financial penalties),
- representing PANA before administrative courts.

PANA conducts proceedings according the Code of Administrative Procedure and the Code of Criminal Procedure and Act. The bodies of the professional self-government conduct proceedings initiated before the establishment of PANA (01.01.2020) and other disciplinary proceedings as in the Act. PANA is also an appeal body against the decisions of the bodies of the self-government.

#### [Sanctioning department/unit/section](#)

In the course of administrative liability of audit firms and members of the management board / supervisory body, the decision is issued by the PANA. PANA considers appeals against the decisions of the statutory auditors' professional self-government. The audit firm may file a complaint to the administrative court against the decision of the PANA or the decision of the body of statutory auditors' professional self-government.

PANA after finishing the disciplinary proceedings against the statutory auditor files a motion for punishment to the common court, which after a judicial proceedings, can rule on the imposition of sanctions on the auditor. The disciplinary court of the statutory auditors' professional self-government adjudicates sanctions in other disciplinary cases. The appeals against the decisions of the disciplinary court of the statutory auditors' professional self-government are heard by the common courts.

#### [Details of conducted proceedings](#)

PANA, Polish Financial Supervision Authority (PFSA), statutory auditors' professional self-government (proceedings initiated before 01.01.2020) conduct administrative proceedings, during the course of which

other bodies cannot interfere. The general administrative procedure provides 1 and in complex cases 2 months to complete the proceedings from its initiation, however the duration of administrative proceedings may be extended. In practice the administrative procedure which concerns audit firms lasts more than 2 months due to complexity. Administrative proceedings cannot be initiated if 8 years have passed since the date of breach. Administrative proceedings cannot be conducted more than 10 years after committing breaches.

After the administrative proceedings are initiated (the party is notified), the evidence gathering is underway. After gathering all the evidence, the party has the opportunity to review the files and to express final statements. An administrative decision is issued in the first instance by PANA. The party may file a request for reconsideration of the case. After the evidence is analysed and supplemented, a new administrative decision is issued. The party may also file a complaint to the administrative court (two judicial instances possible in each case). The duration of the proceedings before the administrative court is not specified. The provisions of applicable law do not specify informal (settlement) stages of proceedings in administrative cases.

PANA and statutory auditors' professional self-government conduct disciplinary proceedings. The common court adjudicates in the course of breaches concerning providing assurance services and related services in accordance with the national professional standards. In other disciplinary cases - the disciplinary court. Disciplinary proceedings may be preceded by explanatory investigation, but as a rule, a disciplinary investigation is conducted. The proceedings are initiated in the case (phase in rem) and then the charges are presented to the auditor (phase ad personam). At the end of conducting evidence (including hearings), a provision is issued to close the disciplinary investigation and, if justified, the motion for punishment is filed to the common court. The common court may impose a penalty (two instances are possible in case of appeal).

A disciplinary investigation should be completed within 2 months, but such investigation may be extended. Disciplinary proceedings cannot be initiated if 8 years have passed since the offence has been committed. Disciplinary proceedings may not be conducted after more than 10 years passed since the offence has been committed. The statute of limitations of a disciplinary offence may not exceed the statute of limitations of a criminal offence, if the offence contains elements of a criminal offence or a fiscal offence.

Legal changes: In 2021, the statute of limitations for initiating proceedings was extended from 5 to 8 years.

## Portugal



### [Investigation department/unit/section](#)

The Audit Oversight Department tasks and powers are the following: i) Public supervision of auditors, audit firms and of auditors and audit entities of member states and third countries registered in Portugal, as well as all audit activity developed by them; ii) Final oversight of all entities and activities relating to which the Portuguese Institute of Statutory Auditors (OROC) also has attributions (Non-PIE auditors); iii) Ensure quality control and inspection systems of PIE auditors and audit firms, as well as inspections of the other auditors arising from a complaint by another national or foreign authority; iv) Evaluate the performance of the supervisory body of PIE; v) Issue the necessary regulations within the scope of its activity, consulting previously the OROC. Please note that OROC has attributions on the public supervision of Non-PIE auditors,

however the CMVM is the ultimate responsible for those activities. The answers to questions 3.1 and 4.1 are based on this assumption.

### Sanctioning department/unit/section

The department in the Portuguese Securities Market Commission that is responsible for sanctioning is the Legal Department.

The Legal Department has the following main duties and powers:

- Instruct and decide administrative offence proceedings, including applying sanctions of administrative nature;
- Representation of the CMVM in the Court when the administrative offence proceedings, that fall within the competence of CMVM, are contested.

### Details of conducted proceedings

At the Portuguese Securities Market Commission, there is a separation of duties between the area of investigation (carried out by the Audit Oversight Department) and the area of administrative/sanction procedure (carried out by the Legal Department). All final decisions of both departments are taken by the Board of Directors of CMVM.

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

The investigation of infractions related to audit activity has two phases: (i) the supervision phase, and (ii) the offense procedure (enforcement) phase. In what concerns the administrative offence procedure, there are two phases: (i) the administrative phase, and (ii) the judicial phase (which is a possibility and only materialises in the event of an appeal against the CMVM's decision). In the administrative phase there are 3 major times: (i) the accusation, (ii) the defence of the accused, (iii) the CMVM's decision.

In terms of the rights for the party, after the notification of accusation, the accused has the right to consult the file, present a defence, gather documents and request the due diligence of evidence (i.e. witnesses enquiry). After the decision of CMVM the accused may appeal the decision for the Competition, Regulation and Supervision Court.

In Portugal, there is a distinction between administrative offence procedures (which relates to the violation of rules of conduct and are within the competence of the CMVM) and disciplinary proceedings (which concerns the violation of ethical rules and are within the competence of the OROC, the professional body)

**Romania**[Investigation department/unit/section](#)

According to Law no 162/2017 art. 36(1) ASPAAS is responsible for establishing and implementing an effective system of investigations and sanctions to detect, correct and prevent inadequate execution of the statutory audit.

[Sanctioning department/unit/section](#)

The competent authority responsible for sanctioning is ASPAAS, by order of the President, following the administrative procedure conducted by the ASPAAS` Disciplinary Commission.

[Details of conducted proceedings](#)

In Romania, the only competent authority to oversight and investigate the statutory auditors and audit firms who carries out statutory audit is ASPAAS. The disciplinary procedure must be completed within one year from the date of registration of the notification, but not later than 3 years from the date of the breach identified, respectively from the date of carrying out the investigated activity.

The stages of the investigation are:

- receiving the notification / self-notification;
- starting the investigation by decision of the President of ASPAAS;
- the investigation must be completed within 3 months from its start date, with the possibility of extension up to a maximum of 6 months.
- the investigation is completed by issuing the Investigation Report and submitting it to the President of ASPAAS. The investigation team, in case of breaches of ISAs, Code of Ethics, Law no 162/2017, Regulation 537/2014 or other applicable laws or regulations in statutory audit area are found, proposes that the investigation report be forwarded to the Disciplinary Commission.
- the forward of the investigation report to the Disciplinary Commission is made by the investigation team at the disposal of the President of ASPAAS;
- The Disciplinary Commission, following the administrative procedure, may propose to the President of ASPAAS the application of sanctions.
- sanctions shall be imposed to financial auditors or audit firms by order of the President of ASPAAS.
- Sanctions orders of the President of ASPAAS can be challenged before the competent administrative court, without the need to lodge a preliminary report, within 30 days from the date of communication.
- ASPAAS shall publish on its official website, after all rights of appeal have been exhausted or have expired, information on the type and nature of the breach and the identity of the natural or legal person on whom the sanction has been imposed and has remained final.



## Slovakia



### Investigation department/unit/section

No separate department for investigations created. Investigations are in the scope of the following committees:

- UDVA, Auditing Oversight Authority – the Committee for Statutory Audit Quality Assurance (oversight the compliance with ISAs, Code of Ethics, local audit law, the inspections performed by SKAU and the continuing education; approval of inspection schedule and allocation of inspectors; review and approval of inspection reports; submission of significant findings for sanction proceedings; etc.) and the Committee for Investigation and Sanctions (sanction proceedings and imposition of sanction).
- SKAU, Slovak Chamber of Auditors - the Supervisory Board and the Disciplinary Committee.

There were no legal changes in their duties and powers in the recent year.

### Sanctioning department/unit/section

No separate department for sanctioning created. Sanctioning is in the scope of the following committees:

- UDVA, Auditing Oversight Authority - the Committee for Investigation and Sanctions (sanction proceedings and imposition of sanction). The UDVA's Board shall decide on any appeals.
- SKAU, Slovak Chamber of Auditors - the Disciplinary Committee (disciplinary proceedings and imposition of disciplinary measures). The SKAU's Presidium shall decide on any appeals.

There were no legal changes in their duties and powers in the recent year.

### Details of conducted proceedings

UDVA, Auditing Oversight Authority: Findings identified by an inspection team during the inspection are documented in the inspection report and submitted to the Committee for Statutory Audit Quality Assurance for review and approval. The Committee shall decide whether the findings are significant and should be submitted to the Committee for Investigation and Sanctions for sanction proceeding.

The sanction proceeding may be initiated no later than one year from the date on which the Authority became aware of the breach, but no later than five years from the date on which the breach occurred.

The Committee for Investigation and Sanctions shall decide within three months of the date on which the proceeding was initiated, and in particularly complex cases within 12 months at the latest.

The decision on sanction may be appealed within 15 days after its delivery. The UDVA's Board shall decide on appeals. The legal opinion of the Board shall be binding for the Committee for Investigation and Sanctions.

SKAU, Slovak Chamber of Auditors: The Supervisory Board initiate a disciplinary proceeding by submission the breach to the Disciplinary Committee. SKAU may also submit a breach to UDVA's Committee for Investigation and Sanctions for the sanction proceeding.

The disciplinary proceeding may be initiated within six months of the date on which the breach was detected, but no later than three years from the date on which the breach occurred.

The Disciplinary Committee shall decide within three months of the date on which the proceeding was initiated, and in particularly complex cases within 12 months at the latest.

The decision on disciplinary measure may be appealed within 15 days after its delivery. The SKAU's Presidium shall decide on appeals. The legal opinion of the Presidium shall be binding for the Disciplinary Committee.

## Slovenia



### [Investigation department/unit/section](#)

Until 11. 1. 2019 the competence for inspections was shared with The Slovenian Institute of Auditors, after 12. 1. 2019 APOA is the only competent authority responsible for conducting investigations.

### [Sanctioning department/unit/section](#)

Since 1. 3. 2009 APOA is the only competent authority responsible for sanctioning.

### [Details of conducted proceedings](#)

APOA has sole authority to conduct inspections and sanctioning. There is right to judicial protection against sanctioning decisions of APOA. Inspection and procedure for imposing a supervision measure are two separate procedures. Matters in both procedures are related but the proceedings are separated.

The inspection begins with a request. It is followed by an onsite or off-site inspection. Then a draft report is prepared, followed by comments from the supervised entity. Inspection concludes with a report. The sanctioning procedure alias procedure for imposing a supervision measure begins with the decision to initiate the procedure. After receiving the decision, the subject of the procedure can file a statement. Sanctioning procedure on APOA is closed with a decision about the sanction.

There is no prescribed time to initiate proceedings after audit or other services were provided by auditory firm. As it is set by law stipulates that audit companies must keep audit documentation for ten years after the completion of the audit. This is a restriction on the conduct of the inspection since after that time the audit company may terminate the documentation. There is also not prescribed time before sanctions are imposed. In the sanctioning procedure there are prescribed time limits for statement after receiving the decision to initiate the procedure (15 to 30 days), time limit for decision of APOA after receiving the statement (90 days) and deadline for filing a lawsuit in court (30 days). Those deadlines cannot be extended.

## Spain



### Investigation department/unit/section

The Technical Control department. (Subdirección General de Control Técnico) is responsible for exercising the powers that Law 22/2015 grants to the Institute of Accounting and Audit of Accounts in matters of inspections and investigations.

The department propose to the president which accounts auditing works should be reviewed by the Institute. It also carry out the inspection work of the internal quality control systems of the auditors.

If signs of a possible breach are detected in an investigation, the President of the ICAC can decide to start of a sanctioning procedure, which is done by the Technical Standards on Auditing department.

There has not been any recent legal changes in their duties and powers

### Sanctioning department/unit/section

Provisions regarding sanctions are included in articles 78 to 86 of the Law on Auditing and articles 116 to 138 of the Regulation that develops the Law on Auditing/

Inspections and investigations are carried out by the Technical Control department. If signs of a possible breach are detected in an investigation, the President of the ICAC can decide to start of a sanctioning procedure.

The Technical Standards on Auditing department is in charge of carrying out the sanctioning procedure. It is composed by the General Subdirector and General Deputy Subdirector (in charge of the revision of the documents to be issued in the sanctioning procedure (initiation agreement, draft resolution, resolution and appeal report), and by 6 civil servants in charge of preparing those documents.

No relevant changes regarding its powers in the recent years.

### Details of conducted proceedings

Sanctioning procedures are carried out by the competent authority (ICAC, by its Technical Standards on Auditing department) in its entirety.

Article 85 of the Law on Auditing states the prescription periods of the breaches as follows: “minor breaches shall be time-barred after one year, serious ones after two years and very serious breaches three years after they were committed. The prescription or time-barring shall be interrupted through the opening, duly notified to the party concerned, of proceedings for the imposition of penalties and the time-bar term shall begin to count again if the proceedings remain suspended for more than six months for reasons not attributable to the auditor or audit firm subject to the said proceedings.”

Therefore, the sanctioning procedure has to be initiated and notified to the auditor or audit firm before those periods have elapsed.

Article 69 of the Law on Auditing sets the maximum duration of the sanctioning proceedings in one year since the initiation agreement was issued. This term can be extended when required reports issued by other entities need to be issued or clarifications are required from the auditor or audit firm or supplementary actions are agreed by the Chairman of the ICAC, when the auditor or audit firm promotes the recusal of the civil servant in charge of issuing the draft resolution of the Chairman in charge of issuing the initiation agreement and the resolution.

## Sweden



### Investigation department/unit/section

-

### Sanctioning department/unit/section

-

### Details of conducted proceedings

Revisorsinspektionen has the exclusive responsibility for the enforcement process, which is integrated. The national law stipulates that only the most severe cases may be enforced if more than five years have passed since the audit opinion was released. Besides that, there are no formal rules on the proceedings or time limits. Although we internally have a policy that no case should take longer than two years to process.

### **Comments to Part A.8: Lowest and the highest pecuniary sanctions imposed in 2021 on natural or legal persons**

**Austria** - APAB pecuniary sanctions attributed to an audit firm always affect the responsible persons of this legal entity.

**Belgium** - No cases were submitted to the Sanctions Commission of the Financial Services and Markets Authority in 2021.

**Cyprus** - No sanctions were imposed yet since the case that was sent to the Disciplinary Committee is still at the stage of the hearings. The remaining disciplinary cases we have they are at the stage of disciplinary investigations.

**Croatia** - In 2021 two pecuniary sanctions were imposed by Magistrates Court upon indictment made by Ministry of Finance (Audit firm non-PIE 9,600 €, auditor non-PIE 800 €). The imposition of administrative pecuniary sanctions is not in the sanctioning power of Ministry of Finance; Magistrates Court determines pecuniary sanction upon indictment made by Ministry of Finance.

**The Czech Republic** - In case of breaches connected with PIE's statutory audits, sanction is always levied on the audit firm or on an individual auditor who performs an audit in his/her own name and on his/her account (free-lancer). No penalty has been imposed on an individual PIE auditor in 2021. Exchange rate used: 1EUR - 25 CZK

**Denmark** - "An auditor who fails to comply with the duties of the office of auditor in the performance of engagements in pursuance of Section 1 (2) and (3) may be given a warning by the Disciplinary Board on Auditors or be ordered to pay a fine not exceeding DKK 300,000. If neglect of duties is of a particularly gross nature, the auditor can be ordered by the Disciplinary Board on Auditors to pay a fine not exceeding DKK 600,000."

**Germany** - We have not imposed pecuniary sanctions on audit firms in 2021.

**Hungary** - 1 EUR = 360 HUF

**Iceland** - No sanctions were imposed

**Italy** - The range of sanctions imposed is from 10.000 to 15.000 € for PIE Auditors (i.e. the partner of the Audit firm) and from 10.000 to 50.000 € for PIE Audit firms. The range of sanctions imposed is from 10.000 to 100.000 € for non-PIE Auditors (i.e. the partner of the Audit firm) and from 90.000 to 200.000 € for non-PIE Audit firms. Each resolution usually contains more than one sanction.

**Latvia** - No pecuniary sanctions (penalties) were imposed on sworn auditors or commercial companies of sworn auditors in year 2021.

**The Netherlands** - No Pecuniary sanctions by the AFM imposed in 2021

**Norway** - FSA did not impose pecuniary sanctions based on the Auditors Act in 2021

**Poland** - The penalties were calculated using the exchange rate (National Bank of Poland) of 31 December 2021. - 1 EURO = 4.59 PLN

**Portugal** - In what concerns PIE Auditors, in 2021 it was imposed to 2 auditors a fine of 10.000 euro each on 2 distinctive processes. This is the reason why the lowest and highest amount presented in the table above are the same. Relating to non-PIE audit firms, in 2021 it was imposed to 2 audit firms a fine of 50.000 euro each on 2 distinctive processes. This is the reason why the lowest and highest amount presented in the table above are the same.

**Slovakia** - Three sanctions imposed by UDVA and two sanctions imposed by the delegated body SKAU.

**Slovenia** - There were no pecuniary sanctions imposed in 2021.

### Comments on Part A.9.: Potential minimum and maximum level of the pecuniary sanctions on natural and legal persons in your jurisdiction (binding legal framework).

**Austria** - APAB pecuniary sanctions attributed to an audit firm always affect the responsible persons of this legal entity

**Belgium** - An administrative fine not exceeding 2.500.000 euros for the same fact or set of facts. Where the infringement has provided the offender with a pecuniary advantage or has enabled him to avoid a loss, this maximum may be increased to three times the amount of that advantage or loss.

**Bulgaria** - The minimum of the pecuniary sanction is 1000 euro but due to the legal procedure prescribed in the law to conclude agreements it could be reduced with 30 %. The maximum amount is defined as 10 per cent of total net sales revenue for the preceding financial year considering the date when the violation was detected.

**Cyprus** - In accordance with article 109 of Auditors Law - Disciplinary sanctions/ pecuniary fines can be as follow - (i) to a statutory auditor of up to one hundred thousand Euro and in the event of a recurrence, up to two hundred thousand Euro; (ii) to a statutory audit firm up to one million Euro and in the event of a recurrence, up to two million Euro. Irrespective of the imposition of any of the penalties referred to in clause (1), the Disciplinary Committee may impose to the person found guilty, the payment of all or part of the expenses of the disciplinary proceedings. So as described above in the case of the statutory auditor (PIE AND NON PIE) in the case of recurrence the pecuniary fine can increase from the maximum of €100.000 to the maximum of €200.000 and in the case of the statutory audit firm (PIE AND NON PIE) in the case of recurrence the pecuniary fine can increase from the maximum of €1.000.000 to the maximum of €2.000.000

**Croatia** - A fine in the amount ranging from 2,700 € to 13,300€ shall also be imposed for the misdemeanour on the responsible person of the audit firm which performs a statutory audit of the public-interest entities. A fine in the amount ranging from 670€ to 2,700€ shall also be imposed for the misdemeanour on the responsible person of the audit firm which does not perform a statutory audit of the public-interest entities.

**The Czech Republic** - Maximal amount of fine in case of breaches connected with PIE's statutory audits depends on the kind of breach - there are 3 limits: 40.000,-EUR, 200.000,-EUR and 400.000,-EUR. Sanction (in PIE area) is always levied on the audit firm or on an independent individual auditor (free-lancer). The amounts are the same for both categories. Exchange rate used: 1 EUR - 25 CZK

**Estonia** - Established in § 147 of Auditors Activities Act.

**Finland** - The maximum and minimum sanctions above exclude sanctions in money laundering sanctioning cases which derive from another law.

**France** - for audit firm (legal person) maximum = 1 M€ or the average of audit fees over 3 years or for the year concerned.

**Hungary** - 1 EUR = 360 HUF

**Ireland** - ACCA: As at the 1 January 2022 the maximum fine for (auditors and audit firms) that can be sanctioned is £50,000 (€ 59,455 ). ICAI : \*As per CAI's rules. €100, 000. This information relates to Non- PIE Audits.

**Italy** - Consob can impose to statutory auditors, audit firms and their partners under its supervisions, the following pecuniary sanctions both for PIEs and non-PIEs audit engagements: a) pecuniary sanction from 10.000 to 500.000 euro for violations (other than the ones in letter b. below) of Legislative Decree no.

39/2010, violations of EU-AR and violations of auditing standards; b) pecuniary sanction from 100.000 to 500.000 euro for violation of art. No. 4 and 5 of EU-AR and rules on mandatory rotation and other independence rules (art. 26 of Lgs D. 39/2010). The MEF can impose: a) pecuniary sanction from 1.000 to 150.000 euro for irregularities in the performance of the statutory audit activity for non-PIEs; b) pecuniary sanction from 50 to 2.500 euro for negligence in training duties and negligence in the communication of prescribed information; c) pecuniary sanction from 10.000 to 500.000 for deficiencies in internal whistle blowing system (art. 24 of Lgs D. 39/2010).

**Latvia** - According to the Section 38<sup>2</sup> Paragraph 4 Subparagraph 7 of the Law on Audit Services maximum pecuniary sanction (penalty) for sworn auditor could reach up to 7200 EUR, but for commercial companies of sworn auditors up to 14 200 EUR. In accordance with the Section 38<sup>2</sup> Paragraph 6 of the Law on Audit Services MoF has adopted guidelines on how (pecuniary) sanctions and administrative measures should be implemented against sworn auditors and commercial companies of sworn auditors. According to these guidelines severity of sanctions and administrative measures depend on nature of committed violation.

**Luxembourg** - Article 43 of the law of 23 July 2016 concerning the audit profession defines the minimum and maximum amount for sanctions.

**Malta** - The current legislative framework is being reviewed and it is anticipated that pecuniary sanctions will be increased substantially.

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

**Norway** - The maximum level of pecuniary sanctions for audit firms (both PIEs and non-PIEs) is NOK 10 million (= Euro 1055000), or up to 2 per cent of the total turnover according to the latest approved annual statements.

**Poland** - Audit firms (PIEs) nad non-PIEs maximum is - 10 % net revenues from sales of services rendered within the framework of audit firm activities (among others - financial audit). The penalties were calculated using the exchange rate (National Bank of Poland) of 31 December 2021. - 1 EURO = 4.59 PLN. A financial penalty imposed on members of the management board or any other managing body, members of the audit engagement team who could or have an impact on issuing the decision as to the outcome of the audit, persons otherwise associated or affiliated with statutory auditors and audit firms carrying out statutory audits of PIEs, who are not statutory auditors shall not exceed 54 466 Euro with respect to non-PIE audit firms and 108 329 Euro with respect to PIEs audit firms.

**Portugal** - The amount of the pecuniary sanctions applied by CMVM depend on the severity of the offence as follows: (i) in the case of very serious offences the range of pecuniary sanctions varies between 25.000 € and 5.000.000 €; (ii) In the case of serious offences the range of pecuniary sanctions varies between 10.000 € and 2.500.000 €; (iii) In the case of less serious offences the range of pecuniary sanctions varies between 2.500 € and 500.000 €.

**Romania** - In the case of audit firms, for both PIEs and non-PIEs statutory audits it`s provided by law an administrative penalty in amount of 0.5% - 2,5% of the annual turnover related to the statutory audit activity. The administrative sanctions are provided by Law no. 162/2017 and are applied by order of the president of

ASPAAS, at the proposal of the Disciplinary Commission after the administrative-disciplinary procedure has been completed.

**Slovakia** - UDVA – maximum level on statutory auditors (PIEs and non-PIEs) is EUR 30 000 and maximum level on audit firms (PIEs and non-PIEs) is EUR 1 million. SKAU – maximum level on statutory auditors (non-PIEs) is EUR 3 000 and maximum level on audit firms (non-PIEs) is EUR 15 000. Minimum level of the pecuniary sanctions is not legally defined.

**Spain** - Auditor (PIEs): The sanctions are the same (see chart in the row below) but the amounts can be increased by 20% according to article 78.1 of the Law on Auditing which states as follows: “When a fine is imposed as a consequence of an audit engagement of a public interest entity or the failure to comply with obligations imposed on the auditors of public interest entities, then the amount of the same that would be applied in general pursuant to articles 75 and 76 may be increased by up to 20%. The minimum and maximum amounts shall be increased in the same proportion.” Maximum (individual) € - The sanctions are the same (see chart in the row below and the comment regarding the increased amount in the previous chart of this row)

Auditors (non-PIEs) - Minimum Individual: For the commission of minor breaches, fine in an amount of up to 6,000 euros. Maximum Individual For the commission of very serious breaches, fine in an amount from six to nine times the amount invoiced for the audit engagement in which the breach was committed, without this being, in any case, less than 18,001 euros nor more than 36,000 euros. This maximum shall not be applicable in those cases where the breach refers to an audit engagement for the accounts of a public interest entity. When the breach has not been committed in connection with a specific audit engagement, the sanction to be imposed on the auditor shall be a fine of a minimum amount of 18,001 euros and a maximum of 36,000 euros.

Audit firms (PIEs): Minimum: The sanctions are the same (see chart in the row below) but the amounts can be increased by 20% according to article 78.1 of the Law on Auditing. Maximum: The sanctions are the same (see chart in the row below and the comment regarding the increased amount in the previous chart of this row)

Audit firms (non-PIEs): Minimum: For the commission of minor breaches, the sanction imposed on the **audit firm** at fault shall be a fine for an amount of up to 6,000 euros. For the commission of serious breaches the **auditor designated for the purposes of signing the report** on behalf of an audit firm shall be imposed a fine for the minimum amount of 3,000 euros and up to a maximum of 12,000 euros. Maximum: For the commission of very serious breaches, the **audit firm** shall be imposed a fine in an amount between three and six per cent of the fees invoiced for audit activities in the last financial year declared to the Accounting and Auditing Institute prior to the imposition of the sanction, without the resulting sanction being less than 24,000 euros. For the commission of very serious breaches, the **auditor designated for the purposes of signing the report on behalf of an audit firm** shall be imposed a fine for the minimum amount of 12,001 euros and up to a maximum of 24,000 euros.

**Sweden** - For the audit firms the maximum is 2% of net turnover. The same maximum regardless of it's a PIE or non-PIE.



### Comments on Part D: The publication practice on official website

**Austria:** According to Section 64 of the Federal Audit Oversight Act decisions may only be published after considering the prerequisites according to Art 30c para. 2 EU-AD. Decisions regarding natural persons may not contain any personal data according to Art 30c para. 2, last sentence EU-AD.

**Belgium:** The publication will be done in full or made by excerpt. In that case, it must at least contain information on the type and nature of the violation and the identity of the offender. If the disclosure of the identity of the legal or natural persons is considered to be disproportionate, based on a case-by-case assessment, or if the disclosure would jeopardize an ongoing investigation or the stability of the financial system or of the financial markets, then the Sanctions Commission must follow a certain procedure to decide whether or not to disclose the identity of the legal or natural persons. If an appeal has been lodged against the sanction decision, this information shall be included in the publication or added later on, if the appeal is lodged after the publication. Subsequent information on the outcome of the appeal, including a decision to set aside the sanction decision, shall also be published.

**Bulgaria:** The decisions on temporary suspension of the right to carry out financial audits and on temporary suspension of a function or functions are adopted by a majority of 4 votes. These decisions are made public on the website of the Commission as follows: 1. until the coming into force of the decisions, the information shall be made public on an anonymous basis; 2. after coming into force of a decision, the entire decision shall be made public indicating how each of the voters has voted and the reasons therefore.

**Cyprus:** Publish on its official website at least the substance of each disciplinary decision and of the sanctions imposed for breach of the provisions of this Law. The information published includes the type and nature of the breach as well as reference to the identity of the natural or legal person on whom the sanction has been imposed. Please note that in the following cases the sanctions imposed are on an anonymous basis: (a) where, in the event that the sanction is imposed on a natural person, based on the principle of proportionality, publication of personal data of the natural person is shown to be disproportionate; (b) where publication would jeopardise the stability of financial markets; (c) where publication would jeopardise an ongoing criminal investigation, provided of course the Board is aware of its conduct; (d) where publication would cause disproportionate damage to the relevant legal or natural persons.

**Croatia:** The Ministry of Finance publish the decision on administrative measures and sanctions on its website immediately after the delivery of the same decision to the subject to supervision, whereby it is necessary to state at least the information on the type and nature of the illegality and irregularity, and identity of the subject to supervision. If an administrative dispute has been initiated against the decision, the Ministry of Finance shall, when publishing it, include mandatorily such information in the publication or modify the previous publication if such a legal remedy has been filed after the initial publication. The Ministry of Finance shall be obliged to publish a decision on the outcome of the administrative dispute.

**The Czech Republic:** Generally, all decisions are published with the names of the auditor/auditor firm, while names of other persons and companies (e.g. clients, employees) are deleted. The part of the decision containing specification and a legal qualification of the offence and a kind of sanction (incl. amount of penalty) is published.

**Denmark:** The DBA either publish a summary of the decision or a copy of an anonymous decision. The name of the audit firm is published. The name of the auditor and the names of the persons and companies involved is anonymized. The Disciplinary Board on Auditors publish a copy of an anonymous decision. The name of the audit firm or auditor is published. The names of the persons and companies involved is anonymized.

**Estonia:** Viewable on the registry card of the entity are the date, the sanction and the legal basis of the sanction imposed upon the entity.

**Finland:** The main rule is that PRH publishes the whole text of the original decision with all names. If there is a reason in special cases some secret details of the decision may be removed. In exceptional cases the names will not be published.

**France:** Unless an anonymization required by the party sanctioned is granted by the disciplinary panel, the entire decision including names of the persons and companies involved is published for a duration of five years on the website.

**Germany:** In all cases, the publication of a sanction must contain information on the type and nature of the violation. With regard to a sanction against an individual auditor not going beyond a simple reprimand or which was imposed for a violation committed before 1 July 2021, the publication must not contain personal data revealing the identity of the individual auditor involved. The publication of a sanction against an individual auditor/audit firm going beyond a simple reprimand and which is imposed for a violation committed after 1 July 2021 must provide the name of the audit firm or individual auditor sanctioned. The AOB must not publish the identity of an individual auditor/audit firm sanctioned where the publication would be disproportionate, jeopardize the stability of the financial markets or ongoing criminal proceedings or cause disproportionate damage to the persons involved. If the individual auditor/the audit firm has issued an opinion on the measure, it must also be published.

**Greece:** Publication on website. The disclosure includes the identity of the natural or legal person against whom the sanction was imposed, the species of the sanction, as well as the type of infringement which committed.

**Hungary:** The Authority publishes a sanction on its website if the sanction is the public disclosure of the person responsible and the infringement in the case of inspection and investigation. Besides, the Authority in the report concerning the implementation of its annual action plan shall disclose the results of internal quality control system in an anonymized form, and the sanctions undertaken. This report has to be published by 30 April in every year. The Chamber's Quality Control Committee acts similarly as the Authority regarding sanctions imposed in accordance with inspections. The Committee's report shall be published by 31 May in every year. The Chamber's Disciplinary Committee shall file a report each year, containing a summary assessment of the disciplinary proceedings conducted and the sanctions imposed during the year under review. This report shall be published by 31 May in every year. None of the above mentioned sanctions are published before they become final and legally binding. It should be noted that no sanction imposing public disclosure has been imposed in Hungary so far.

**Iceland:** The decisions are published on the Authority's website. Names of Audit firms are published but auditors remain anonymous.

**Ireland:** IAASA publishes decisions on its website. Depending on the circumstances of the case all the details may be published or the decision maybe redacted (eg. commercially sensitive information/ confidentiality/ exceptional personal circumstances). The Bodies who impose sanctions on non audit PIE firms and/or Individuals have their own published policies. ACCA: Publicity following proven outcomes of Disciplinary and Regulatory Committees are published on ACCA's website. ACCA publishes a news release as well as a full set of reasons for Disciplinary Committees and Consent Order Committees. Any case that is referred to a Health Committee will not have a full set of reasons published on our website, rather just a news release. Names of ACCA members are not anonymised unless the Committee direct for this to be the case. Any information that requires redaction from the reasons will be done before publication, and the public redacted version will be

published. In certain, limited circumstances, reasons are not published (eg where there would be significant detriment to the individual that outweighs the benefits of publication; other legal or regulatory prohibitions).

**ICAI :** The requirements are detailed in our publication policy – in general what is published includes the details of the findings and orders made. The default position is that disciplinary findings and orders are published with name except in particular, exceptional circumstances. Depending on the sanction publication will be included on the register of findings, this body's website and possibly in the national press.

**CPA:** Sanctions imposed by Disciplinary Process are published in a Register of Findings which is maintained on the website. In addition, Registration Committee have discretion of publish withdrawals of Audit registration on Website.

**Italy:** Consob publishes administrative measures and sanctions when they are adopted by its Board. Administrative measures and sanctions published are also legally binding. In case of appeal Consob publishes information concerning the status and outcome of the appeal in the margin of the said publication. The court of Appeal, if there are serious reasons, may suspend the sanction following a specific request of the auditor/audit firm sanctioned. Administrative measures and sanctions are published on Consob website and Consob official fortnightly bulletin. An extract of the sanction is published, with the name of the audit firm and engagement partner, the name of the company audited, the auditing standards and rules violated and the reasons on which the sanction is based as required by law (in compliance with article 30b of AD and national law). In some cases following the auditor/audit firm request, the decision can be published in an anonymous way (not frequent). Sanctions can be published in anonymous form when the ordinary ones could have the following impacts: a) relates to personal data, whose publication would be disproportionate to the sanctioned violation; b) might threaten the stability of the financial markets or affect the conduct of an ongoing criminal investigation; c) would cause disproportionate damage to the parties involved, provided that the damage can be determined. The publication doesn't expire. In order to protect the right to privacy, which is recognized by Law, while ensuring the timely knowledge of unlawfulness of the conduct put in place by market operators, Consob sanction resolutions are detectable by external web search engines for the duration of three years. After this period, the resolutions are detectable only through the Consob website.

**Latvia:** According to the Section 38<sup>3</sup> Paragraph 1 of the LAS MoF publishes information about sanctions and administrative measures by indicating a person responsible for the violation (the given name, surname, certificate nr. of the sworn auditor and the name, registration nr. and license nr. of company), the type of the violation and the sanction or administrative measures applied by the MoF, and also data regarding appeal of the decision of the issued administrative act and court ruling taken. According to the Section 38<sup>3</sup> Paragraph 3 of the LAS MoF publishes information without identifying the person if upon previous assessment it has been ascertained that disclosure of data of the natural person to which a sanction or administrative measure has been applied, is not commensurate or that disclosure of data of the natural or legal person may pose a threat to stability of the financial market, the course of initiated criminal proceedings, or cause incommensurate damage to the persons involved.

**Lithuania:** The AVNT on its website publishes this information about sanction: the name of the auditor and (or) audit firm and sanction imposed (e. g., assignment to auditor to additionally develop his/her professional qualification particular number of hours, assignment to audit firm to eliminate identified deficiencies and the way to do so, warning, suspension of auditor's certificate for particular time period and instruction to auditor to retake particular qualification exam).

**Luxembourg:** The CSSF shall publish on its website any decision imposing a sanction without undue delay, after the person sanctioned has been informed of that decision. The publication shall include at least information concerning the type and nature of the breach and the identity of the natural or legal person on whom the sanction has been imposed. This publication shall take place once all the remedies have been

exhausted or have expired, except for sanctions laid down in points (c), (e) and (i) to (k) of Article 43(2). In these latter cases, the CSSF shall, as soon as reasonably practicable, also publish on its website information concerning the status and outcome of any action. Any decision annulling a previous decision to impose a sanction or a measure shall also be published.

**Malta:** The Board publishes sanctions by indicating the name of the individual or firm and a short description of the nature of the breach. However, sanctions are published on an anonymous basis, and in a manner which is in conformity with Maltese law, in any of the following circumstances: (a) where, in the event that the sanction is imposed on a natural person, publication of personal data is shown to be disproportionate by an obligatory prior assessment of the proportionality of such publication; (b) where publication would jeopardise the stability of financial markets or an ongoing criminal investigation; (c) where publication would cause disproportionate damage to the institutions or individuals involved.

**The Netherlands:** The AFM publishes a news article on her website in case of pecuniary sanctions. This contains the name of the audit firm, the amount of the pecuniary sanction, the reasons for the sanction, the status (i.e. if the audit firm can still appeal) and if necessary an update. In certain circumstances, the publication will be anonymous. There is also a link to the actual formal letter that was sent to the audit firm, which includes more detailed information on the case and the process. Any confidential information such as names of the external auditor, firm location and client information will be blacklined. Although not required by law, the AFM also publishes news articles about the results of cases from the Disciplinary Court for Auditors where the AFM filed a complaint, with links to the published court rulings. This publication will not include the name of the statutory auditor.

**Norway:** Report/decision to an auditor (natural person) is published anonymously. When the report/decision is directed to an audit firm, the name of the firm is disclosed. Name of client will not be published, nor any personal or firm sensitive information.

**Poland:** The published information about administrative decision includes information about the date of the decision, the date of validity, the date of lapse of publication of the violations committed, the penalty imposed, the punished entity (audit firm, members of the bodies, performing team, related persons who are not auditors), the name and registration number of the audit firm (if a notice was issued to make personal data public). The published information about court adjudication on disciplinary responsibility includes the date of the decision and its validity, the date of expiration of the publication, information about the violation committed, the type and amount of the penalty, the name and number of the auditor (if the court ordered to make personal data public).

**Portugal:** According to article 50 of the RJSA and the article 422(1) of the Portuguese Securities Market Code (CVM), the disclosure of CVM's decision can be made in full or by extract and includes the identification of the agent, the type and nature of the infraction, preceded by the purging of personal data that could jeopardize the personal safety of the person. According to the article 50(2) of the RJSA and the article 422(3) of the CVM, the disclosure may be made anonymously in the following cases: (i) summary proceedings when the sanction is suspended or when the unlawfulness of the act and the agent's fault are minimal, (ii) if the disclosure of the decision could jeopardize the efforts of an ongoing criminal investigation, (iii) when the disclosure of the decision may be contrary to the interests of investors, seriously affects the audit market or causes concrete damage to the people or entities involved, manifestly disproportionate in relation to the gravity of the alleged facts.

**Romania:** For the statutory audit activity, ASPAAS according to art. 42 (1) and (3) from the Law no. 162/2017 shall publish on its official website, after all rights of appeal have been exhausted or have expired, information on the type and nature of the breach and the identity of the natural or legal person on whom the sanction has been imposed and has remained final and in certain situations, stipulated by the law, the

sanction is published without indicating the identity of the sanctioned person. For the audit activity, other than statutory audit, CAFR publish on its official website information about sanctions applied which refers to the name of the financial auditor/audit firm, the number of the Sanctioning Decision applied, the sanction applied and a brief description of the breach. Those information does not contain any data about the entity or person who filed the complaint with CAFR. The disciplinary decision is not published in full.

**Slovakia:** UDVA shall publish information on the disciplinary measure or sanction (without monetary amount) on a specific name of the statutory auditor or audit firm by brief listing of the breaches (eg. breach of Section XX of Act No. 423/2015 Coll. and Article XX of International Standards on Auditing XXX). Name of the audited entity in the scope of inspection, details of the specific breach or the decision itself are not published.

**Slovenia:** Sanctions are published in the public register. Anonymized summaries of the measures are published on the APOA website and in the report of issued sanctions.

**Spain:** Only the data included in the dispositive part of resolutions imposing sanctions are published in the Official Register of Auditors, which includes: identification of the auditor or audit firm; identification of the audited entity and the financial year the audited financial statements refer to, where applicable; information relating the type of breach committed; information on the sanction(s) imposed on the individual auditor or on the audit firm and the auditor signing the audit report. This publication can be made anonymously if agreed by the Minister for Economic Affairs and Digital Transformation at the request of the parties concerned when resolving on the appeal lodged in due course. This is possible when the publication of the sanction might endanger the stability of the financial markets or a criminal investigation under way or when the publication of the sanction might cause disproportionate harm to the institutions or persons affected by the breach committed.

**Sweden:** An anonymized copy of the decision is published.

### Comments on Part E.1.: Audit framework breaches

#### 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

**Austria** - As APAB has not issued any sanctions or measures according to Art 30 ff EU-AD, no information can be provided as the question explicitly refers to such (“investigations on the basis of which sanctions have been imposed”). Please note that this statement only refers to decisions according to Art 30 ff EU-AD. APAB has carried out several inspections according to Art 26 EU-AR. However, the EU-AD considers inspections rightfully so as acts of quality assurance as also provided by Art 29 EU-AD. Hence, no investigations or sanctioning decisions as acts of public audit oversight according to Art 30 ff EU-AD have taken place in 2021.

**Bulgaria** - Most common Breaches are of the following obligations resulting from the EU-AD and EU-AR : Internal organization of audit firms [article 24a of the EU-AD] and Quality control assurance. Also they result from non-compliance with international auditing standards or national auditing standards or guidelines (Article 9 of the EU-AR and Article 26 (1) EU-AD) namely the lack (also inappropriate, insufficient) of audit evidence and documentation. Other frequently met breaches are non reporting certain information to the regulatory bodies. d) others.

**Croatia** - Most common breaches for which administrative measures and sanctions have been imposed relates to insufficient audit evidence (7 audit firms and 16 auditors employed in these firms), deficiencies in audit firms’ internal quality control systems (5 audit firms) and breach of administrative duties pursuant to the national regulation (3 audit firms).

**The Czech Republic** - Most common - non-compliance with ISA. Identified in 5 PIE cases, 34 non-PIE cases. Mostly non-compliance with ISA 230,330,500,540). Matters connected with the independence (often classified as a breach of the Code of Ethics) - 3 PIE cases. Breach of other duties of auditors - 3 non-PIE cases

**Denmark** - 1.1 Breach of the following obligations resulting from the EU-AD and EU-AR for instance: a) Independence [article 24 of the EU-AD. 1.2 Non-compliance with international auditing standards or national auditing standards or guidelines (Article 9 of the EU-AR and Article 26 (1) EU-AD) for instance: c) the lack (also inappropriate, insufficient) of audit evidence and documentation.

**Estonia** - The most common breaches for which sanctions were imposed in 2021 were breaches related to the organisation of the work and insufficient audit evidence and documentation which were present in the majority of instances of conducted investigations.

**Finland** - 1.1 Organisation of the work [article 24b of the EU-AD]. 1.2 Lack of due care, lack of documentation, lack of professional scepticism and lack of due care. 1.3 Negligence of providing documentation for supervision. 1.4 Violations against code of ethics: professional competence, integrity, objectivity and professional scepticism, and having regard to the public interest.

**France** - 1-1 : A,B, C. 1.2 : C(NEP 500), D(NEP 315, 330, 700, 100, 600). 1-3 : None. 1.4 :None.

**Germany** - 1.1.: 3 sanctions (all PIE) for breaches of Art. 10 EU-AR, 1 sanction (PIE) for the breach of Art. 8 EU-AR. 1.1a): 3 sanctions (all non-PIE) for the breach against the duty of independence. 1.2c): 10 sanctions (5 PIE and 5 Non-PIE) for insufficient audit performance. 1.2.d): 2 sanctions (all PIE) for substantively incorrect reporting in audit report (conditional intent). 1.3.: 2 sanctions (all PIE) for the breach of duty to cooperate in an enforcement proceeding, 11 sanctions (all non-PIE) for the performance of statutory audit without authorization according to national regulation, 1 sanction (non-PIE) for the inadmissible signing of the audit report by the report reviewer.

**Greece** - organisation of the work [article 24b of the EU-AD] the lack (also inappropriate, insufficient) of audit evidence and documentation,

**Hungary** - 1.1. d) Breaches to transparency report [article 13 EU-AR]: The transparency report is not sufficiently detailed (revenue, rotation policy). 1.2. c) The lack of audit evidence and documentation: - Lack of documentation of the work done by the expert. (ISA 230, ISA 500), - The audit documentation did not document the information related to the reasoning and the conclusions drawn from it. (ISA 220, ISA 250, ISA 330), - Lack of documentation of auditor procedures performed on significant balances. (ISA 300, ISA 315, ISA 330), - Lack of documentation related to materiality determination. (ISA 320, ISA 450, ISA 600). 1.3. Failure to disclose information to Authority (distribution of fees in relation to PIEs, failure to send supplementary reports to audit committees, failure to send transparency report, failure to inform about changes to transparency report). 1.4. The audit engagement agreement was concluded more than 90 days after the auditor was selected and the acceptance letter was issued.

**Ireland** - ACCA: ACCA had 7 Irish audit cases that were subject to sanction and administrative measures in 2021. 2 of these related to audit work (breach type 1.2), 1 related to money laundering (breach type 1.3), 1 related to a breach of our global practising regulations (breach type 1.4), 1 related to a breach of professional competence and due care (breach type 1.4), 1 was breach of misconduct (breach type 1.4) and 1 was a breach of professional behaviour (breach type 1.4). ACCA has only had 7 cases and there is no particular case type that we would consider to be 'common'.

ICAI: Most common issues in 2021. At the planning stage of the audit there was insufficient documentation and consideration of Ethical Standard requirements, in particular provision of non-audit services and long association. During audit file reviews common issues noted at planning included inadequate tailoring of letters of engagement for specialist/regulated clients, inadequate documentation of fraud, accounting systems and controls, audit risks and laws and regulations. At the fieldwork stage of the audit, we continue to note issues regarding lack of documentation and evidence on some audit files, including lack of evidence of audit work on turnover (in particular completeness testing), challenge and testing of management's assumptions, and related party transactions. At the completion stage of the audit issues around documentation of review of subsequent events and going concern are noted. For audits performed since the onset of the pandemic, we have noted that in some cases disclosure in financial statements regarding the impact of COVID-19 was inadequate or required improvement. At the whole firm level issues noted is some cases include lack of tailored procedures for regulated/specialist clients, lack of financial statement disclosure checklist or checklists not being appropriately used, ineffective ACR/ACR not being performed annually, and audit competence not maintained/not fully maintained. Also, in several cases, the RI review process was not operating effectively.

CPA: Deficiencies in audit firms' internal quality control systems.

**Italy** - The most common breaches for which administrative measures and sanctions have been imposed by CONSOB in 2021 are:

1.1 Breach of the following obligations resulting from the EU-AD and EU-AR: 9 sanctions

- Internal organization of audit firms [article 24a of the EU-AD]: 1 sanction for deficiencies in specific areas of the internal quality control system set up to ensure the quality of the statutory audit;
- Engagement quality control review [art. 8 of the EU-AR]: 7 sanctions due to non-compliance with the rules for the appointment or performance of EQCR;
- Quality assurance system [art. 29 of the EU-AD]: 1 sanction due to failure in implementing certain recommendations following the Report of quality assurance review.

## 1.2 Non-compliance with international auditing standards or national auditing standards or guidelines (Article 9 of the EU-AR and Article 26 (1) EU-AD): 9 sanctions

- the lack (also inappropriate, insufficient) of audit evidence and documentation: 9 sanctions for breach of various auditing standards (ISA Italy 500, 505, etc.).

**Latvia** - Sanctions or administrative measures were not applied against PIE's or non-PIE's sworn auditors and commercial companies of sworn auditors in year 2021.

**Lithuania** - Most common breaches related to the auditors: lack of documentation and audit evidence, failure in reporting (forming audit opinion), failure in performing final audit procedures, failure in performing procedures in respond to the evaluated risks. Most common breaches related to the audit firms: failure in performing monitoring activity, failure in providing annual independence declaration.

**Luxembourg** - Most common breaches relate to non-compliance with international auditing standards for which administrative measures and sanctions have been imposed.

**Malta** - 1.1 a) independence issues; 1.2 c) lack of audit evidence and documentation.

**Norway** - Non-compliance relates to other duties of other auditors/audit firms, especially anti money laundering. Also non compliance of obligations of ISA 315 (identifying and assessing the risks of material misstatement through understanding the entity and its environment), ISA 500 (audit evidence), ISA 330 (the auditors responses to assessed risks), ISA 240 (the auditors responsibilities relating to fraud in an audit of financial statements).

**Poland** - Total sanctions in 2021 – 48 (number without sanctions art. 30a 1b and 1d EU-AD). Audit annual fees (66 investigations) – 21% of sanctions. Failure to provide PANA with the audit firm's report for the previous calendar year or to comply with Article 14 of the EU-AR (32 investigations) – 8% of sanctions. Drafting, publishing, updating, informing the PANA on the transparency report (13 investigations). Audit annual fees and Failure to provide PANA with the audit firm's report for the previous calendar year or to comply with Article 14 of the EU-AR (57 investigations) – 21% sanctions. Drafting, publishing, updating, informing the PANA on the transparency report and failure to report a change of data on the list of the auditing firm – 4% sanctions. Generally more than 55% of audit firms sanctions are due to administrative duties. PANA, after complying with the audit firms' obligations (fee, annual reporting), issued 111 decisions to waive the penalty and discontinue the proceedings.

**Portugal** - The most common infractions in administrative offense proceedings decided by the CMVM throughout 2021 concern the following duties: (i) Duty to adequately document the audit evidence obtained and the conclusions drawn from that evidence [art. 9 EU-AR; art. 26 (1) EU-AD] – 32 infractions; (ii) Duty of rotation of the partner in charge for directing or performing the statutory audit of the accounts [art. 17 (7) EU-AR] – 11 infractions; (iii) Duty to perform the audit with professional skepticism [art. 21 (2) EU-AD] – 5 infractions; (iv) Duty to obtain adequate and sufficient audit evidence to support the auditor's opinion and conclusions [art. 9 EU-AR; art. 26 (1) EU-AD] – 1 infraction.

**Romania** - Point 1.2, a) – 19 deficiencies in audit firms' internal quality control systems. Point 1.2, c) – 36 cases of lack (also inappropriate, insufficient) of audit evidence and documentation. Point 1.2, d) – 3 cases of other breaches of Non-compliance with international auditing standards or national auditing standards or guidelines. Point 1.4 – 3 breaches of other national rules that provide additional solutions in Romania and other breaches of obligations.

**Slovakia** - 1.1 Independence (Article 5 of the EU-AR) - provision of prohibited non-audit services to audit client. - 1 breach. 1.2 various ISAs - eg. professional skepticism, audit evidence, audit documentation, fraud, audit report - 6 breaches. 1.4 Others: 1 breach - national law and Code of Ethics - withdrawal from the audit



contract without the use of audit procedures and assessment of alternative methods; 1 breach - national law and rules - obstruction of the performance of an inspection.

**Slovenia** - In 2021 APOA issued 7 sanctions among which one sanction was issued because auditor ignored the temporary prohibition that he got previously and was doing audits regardless. In inspection for other 7 subjects there were total of 135 findings, of which there were 67 significant firm-wide findings, 24 firm-wide findings, 23 significant file review findings and 21 file review findings. 1.1 breaches were breached 38 times, among which there were 24 significant findings the most common was breach related to a) independence 20 times. 1.2 was breached 92 times, of which there were 65 significant findings the most common was breach related to d) others 58 times. 1.3 was breached 2 times and was related to continuing education of audit staff and 1.4 was breached 3 times findings were related to untimely submission of documentation to APOA, reporting of NAS and Prevention of Money Laundering and Terrorist Financing Act. The most common breaches were breaches of ISQC1, Auditing act and ISA 220, which were breached 33, 21 and 12 times respectively.

**Spain** - Independence: Audit firm/auditor signing report: 3; Individual Auditor: 0. Infringement of the standards on auditing: Audit firm/auditor signing report: 5; Individual Auditor: 3. Failure to send to ICAC the annual information on the audit activity: Audit firm/auditor signing report: 17; Individual Auditor: 6. Failure to comply with the continuing education obligation: Audit firm/auditor signing report: 0; Individual Auditor: 8.

**Sweden** - 1.1 Independence. 1.2 Lack of audit evidence and documentation of work done. 1.3 Education, AML. 1.4 Assurance in conjunction with applications for government subsidies/aids from companies.

**Comments on Part 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**

**Bulgaria** - Most common cumulative breaches are related with not having the compulsory insurance for auditors and also breaches of auditing standards with regard to lack of evidence and methodology.

**Croatia** - "Most common cumulative breaches of law relates to obligation of audit firm to notify the Ministry of Finance:- of the first conclusion of the audit contract with the public-interest entity in the current business year, -about a refusal to issue an audit opinion on the financial statements or the issuing of an adverse or qualified opinion and of a material threat or doubt concerning the continuous functioning of the public-interest entity. Most common cumulative breaches of auditing standards are in relation to ISA 320, 315 (revised), 330, 540 (revised)."

**The Czech Republic** - Most common cumulative breaches lie in non-compliance with ISA and a breach of the Code of Ethics (often issues dealing with independence).

**Finland** "- Deficiencies in auditor's report - Lack of professional competence, objectivity and professional scepticism in the conduct of the statutory audit - Lack of proper documentation in auditor's organisation of work - Deficiencies in auditor's mandate / assignment"

**France** - Combination of inappropriate internal procedure for entity risk assessment / inadequate or insufficient audit evidence obtained/lack of professional scepticism/loss of independence.

**Germany** - The most common cumulative breach for which sanctions were imposed (19 PIE and 6 Non-PIE) was the cumulative breach of the duty to object to material accounting errors and an insufficient audit performance.

**Hungary** - The most common cumulative breaches at engagement level were e.g. audit report findings (KAM's) and disclosure findings, and at firm level e.g. findings on archiving and number of hours charged by the statutory auditor and the EQCR. (ISA 700, ISA 701, ISA 705; Article 13 and Article 14 EU-AR; ISA 230, ISQC1.45, ISQC1.29)

**Ireland** - "ISA (UK and Ireland) 200 - Overall objectives of the independent auditor and the conduct of an audit in accordance with International Standards on Auditing. ISA (UK and Ireland) 230 - Audit documentation. ISA (UK and Ireland) 330 - The auditor's responses to the assessed risks. ISA (UK and Ireland) 500 - Audit evidence. ISA (UK and Ireland) 530 - Audit sampling. ISA (UK and Ireland) 540 - Auditing accounting estimates, including fair value accounting estimates, and related disclosures. ISA (UK and Ireland) 620 - Using the work of an auditor's expert"

**Italy** - "The most common cumulative breaches for which administrative measures and sanctions have been imposed by CONSOB in 2021 are: - 6 sanctions: violation of article 9 of legislative decree n. 39/2010 (that requires auditors to adopt professional scepticism during the audit (art. 21 EU-AD)), with the violation of ISA Italy 500, ISA Italy 505; - 7 sanctions: violation of art. 8 of EU-RE and ISA Italy 220 due to non-compliance with the rules for the appointment or performance of EQCR."

**Latvia** - Sanctions or administrative measures were not applied against PIE's or non-PIE's sworn auditors and commercial companies of sworn auditors in year 2021.

**Lithuania** - ISA's 230, 240, 315, 330, 500 (501, 505), 700 (705, 706); ISQC 1.

**Luxembourg** - Most common breaches relate to an inappropriate application of ISA 540 Auditing accounting estimates and related disclosures and ISA 600 Group audit.

**The Netherlands** - " 1.1 a) Independence: 1x article 4 EU-AR, 1x article 5 EU-AR;- 1.2 a) Deficiencies in audit firms' internal quality control systems: 1x; - 1.2 c) inappropriate and insufficient audit evidence: 1x"

**Norway** - Cfr. above

**Poland** - "Most common cumulative breaches in investigations after inspections (investigations concern several to a dozen breaches, most are ongoing): - violation of the content of the report, the lack of evidence or breach of Article 10 EU-AR (33 investigations; breach in 29% of cumulative sanctions) - deficiencies in audit firms' internal quality control systems (30 investigations; breach in 46% of cumulative sanctions) - incorrect statement of independence requirements (13 investigations; breach in 8% of cumulative sanctions) - failure to comply with ethics, skepticism, independence, accepting benefits (13 investigations; breach in 46% of cumulative sanctions). Breaches statutes (11%), EU-AR (2%), ISQC (1,5%), others (1,5)%, ISAs (84%). In inspections are identified ISAs breaches: ISA315 – 18%, ISA240 – 11%, ISA500 – 11%, ISA330 – 8%, ISA230 – 7%, ISA320 – 6%, ISA700 – 4%, others (each less than 3%) – 35%."

**Portugal** - "The most common cumulative breaches are related to the following duties: (i) Duty to adequately document the audit evidence obtained and the conclusions drawn from that evidence (plus) Duty to obtain adequate and sufficient audit evidence to support the auditor's opinion and conclusions; (ii) Duty to adequately document the audit evidence obtained and the conclusions drawn from that evidence (plus) Duty to perform the audit with professional skepticism."

**Romania** - "Point 1.2: 58 breaches of non-compliance with international auditing standards or national auditing standards or guidelines (Article 9 of the EU-AR and Article 26 (1) EU-AD), which refers to 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 its procedure has not been completed so far. Point 1.4: 3 breaches of other national rules that provide additional solutions in Romania and other breaches of obligations: - 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 [Art. 30a (1c) EU-AD]. - 2 breaches of ISRS 4400 and ISAE 3000, sanctioned by CAFR with ""public warning""."

**Slovakia** - One sanction for 3 breaches - national act on statutory audit (sufficient time and sufficient resources allocated to audit engagement), Code of Ethics (professional competence and due care), local guidelines on duration of engagement, ISAs (audit documentation and audit evidence).

**Slovenia** - The Auditing Act requires the mandatory use of ISA standards, and so most of the breaches that led APOA to issue a measure are cumulative breaches of the law and auditing standards.

**Sweden** - Duty to obtain adequate and sufficient audit evidence to support the auditor's opinion and conclusions. Duty to adequately document the audit evidence obtained and the conclusions drawn from that evidence.

Comments on Part F.1: The resources of the investigations and sanctions department/unit/section, in your competent authority and if possible and applicable in the delegated body.

**Austria** - Sanctions are handled by the Legal Department (RIQ) (three employees); investigations are in principle conducted by (at least) one employee of the Legal Department and (at least) one employee of the Inspections Department (IU) (four employees).

**Bulgaria** - 13 employees are involved in the process of imposing sanctions. Investigations are conducted after receiving information for specific offence or on issues of great public interest.

**Cyprus** - The CyPAOB is in the procedure to hire permanent staff so at the point the services of external investigators are purchased to perform the investigation procedures.

**Croatia** - Service for the supervision of statutory auditors and audit firms, organizational unit of Independent Sector for the issuance of an approval for work and supervision of statutory auditors and audit firms within the Ministry of Finance conduct supervision (quality assurance and public oversight) and other procedures over statutory auditors and audit firms and other subjects to supervision established by the Audit Act and the Regulation (EU) No 537/2014, and impose supervisory measures e.g. sanctions and undertake other actions aimed at the removal of the identified illegalities and irregularities. Service has two employees, Head of inspections and senior supervisor.

**The Czech Republic** - Investigation as well as sanctioning proceedings for PIE statutory audit area are performed by the PAOB Disciplinary Committee (5 members, public function) supported by 1 lawyer (an employee) and the secretariat of PAOB. Breaches non connected with PIE statutory audits are sanctioned by the Chamber of Auditors (delegated body) - its Disciplinary Committee (7 members).

**Estonia** - The Oversight Board employs 3 full-time specialists engaging in investigations.

**Finland** - Within the PRH there is the Auditor Oversight Unit. Within the Auditor Oversight Unit there is an investigation team. Investigation team consists of 5 lawyers who concentrate on investigations. They may cooperate with inspection team members if necessary. On the average investigation team processes 50-80 cases in a year.

**Germany** - In 2021 the enforcement staff consisted of two legal experts (lawyers with the qualification to exercise the function of a judge), eight accounting and audit experts (six certified public accountants with a degree in business or economics, one CPA with a degree in business or economics, one accounting expert with a PhD in Business Administration) and one legal assistant.

**Greece** - HAASOB's Disciplinary Board is the competent body for the detection of violations of the legislation and the regulatory framework that governs the work of the statutory auditors and audit firms, including the regulatory decisions of the HAASOB, the Code of Ethics, quality assurance standards, as well as cases of noncompliance with the recommendations issued by the Quality Control Council the HAASOB, as a result of quality assurance inspections and the enforcement of sanctions. It consists of the seven-member Board of Directors of HAASOB, two members of the Legal Council of the State and two non-practitioners who are proposed by the Supervisory Board of the professional Body.

**Hungary** - The system of public oversight of statutory auditors shall be funded to ensure that it is able to function efficiently. The activities of the Authority are funded from two resources: state budget and public oversight fee. The persons functioning as inspectors in quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting combined with

specific training on quality assurance reviews. Number of inspectors at the Authority are 4 persons and 1 another person is responsible for sanctioning. Furthermore, there are persons with special expertise for quality assurance who may be assigned if it is needed, with a contract of services.

The Quality Control Committee of the Chamber (non-PIE inspection) has 51 inspectors. They are not employees of Chamber, they may be assigned with a contract of services. The Committee has 5 members who are responsible for sanctioning.

The Disciplinary Committee of the Chamber has 5 members.

**Iceland** - The Authority in Iceland consist of three members with one staff member. Special staff are hired for investigations. In 2021 14 persons were hired to conduct investigations on behalf of the Authority.

**Ireland** - The Authority's Enforcement Unit has one member of Staff (In house Counsel and auditing staff can be seconded). The delegated Bodies have staff comprising of varying numbers from in excess of 40 members of staff (ACCA is a global organisation) to small teams of between 7 and 2.

**Italy** - The resources assigned to Auditing Oversight Office (whose staff is composed by 18 individuals) that can be involved in investigations are represented by 12 staff members. However, these individuals are also partly dedicated to other oversight activities assigned to the office (e.g. inspections, standard setting and regulatory activities, etc.). The level of involvement of the staff dedicated to investigations depends on the number of cases occurring during the year and therefore the resources dedicated to investigations cannot be identified in a defined extent. Two staff members are usually assigned for each investigation, one senior and one junior. The investigation and sanctioning process involves as well resources from other Consob's departments (Inspectorate, in case of on-site inspections, Administrative Sanctions during the sanctioning proceeding phase, lawyers during the judicial proceedings when CONSOB's decisions are appealed).

**Latvia** - Investigation and sanctioning at MoF are conducted by 2 officials (lawyers) at Commercial Companies Audit Policy and Supervision Division of Department of Accounting and Audit Policy at MoF. Investigation and sanctioning at LASA are conducted by Quality Committee and Ethics Committee and a lawyer. Final decisions are taken by executive director of LASA.

**Lithuania** - AVNT has approximately 50 employees, Audit oversight division consists of 7 specialist (all of them full time or partly works with audit inspections, investigations and sanctions). There are 4 auditors controllers, who performs audit quality reviews of not PIE auditors (audit firms) on behalf of Lithuanian Chamber of auditors.

**Luxembourg** - The team is made of 9 inspectors which both performs inspection and investigation. It can rely on a pool of lawyers if needed.

**Malta** - One full-time member of staff backed by an investigations committee and, where applicable, a disciplinary committee both composed of five experienced non-practising professionals.

**The Netherlands** - The AFM has no legal or operational distinction between inspections and investigations and therefore we do not have a specific number of resources for investigations and sanctions.

**Norway** - Investigations and sanctioning is performed in the section responsible for inspections. A total of 14 audit inspectors and lawyers are assigned to audit supervision.

**Poland** - PANA conducts the proceedings and provides legal services by means of a separate organizational unit - the Department of Disciplinary, Administrative and Legal Services. It consists of 20 people (2 directors, 3 attorneys at law, 1 administrative assistant, 1 legislative assistant, 11 investigation positions, 2 audit analysts positions).

The statutory auditors' professional self-government conducts proceedings by means of 4 full-time clerks and selected law firm (disciplinary court, disciplinary advocate, attorney at law).

**Portugal** - All CMVM employees in the enforcement area have a Law degree, after which they have complement training in specific branches of law which are relevant to the function that they perform (post-graduation, master's and doctoral degrees), being, as a rule, registered with the Portuguese Bar Association.

The CMVM employees in the enforcement area generally associate previous professional experience in the private sector with subsequent work experience at the CMVM. Currently, the Law Department has 1 Director, 2 Coordinators, 2 Senior Jurists, 2 Jurists, 2 Senior Lawyers, 3 Lawyers and 1 Junior Lawyer. All CMVM employees in the enforcement area perform functions of instruction of administrative offence proceedings in matters that fall within the competence of the CMVM, not being exclusively dedicated to audit matters, and, in the case of the lawyers, they represent CMVM in the Court when the administrative offence proceedings of competence of CMVM are contested.

**Romania** - ASPAAS applies the sanctions through the Disciplinary Commission which consists of 4 members with legal or economic background on a level with long experience, representing National Bank of Romania, Financial Supervisory Authority, Ministry of Finance MFP and ASPAAS. ASPAAS, through the Investigation, Quality Assurance and Inspections Service (SIACI), fulfills the objective regarding the investigations, with the same inspectors that also performs inspections. The SIACI team consists of 5 senior inspectors, and 1 senior legal advisor. The CAFR's Disciplinary Commission is an independent body for investigating breaches related to audit activity, other than statutory audit, which consists of 3 full members, financial auditors elected by the CAFR Conference. The Disciplinary Commission is assisted by a technical secretariat, with legal studies, from the "Ethics, Legal and Investigations" Department of CAFR.

**Slovakia** - As described in section A, there is no separate investigation and sanction department in UDVA or SKAU. Investigations and sanctions are in the scope of the committees described in section A.

**Slovenia** - At the end of 2021 APOA had 9 employees. 2 employees from legal department were involved in investigations and sanctioning procedures.

Due to small number of employees, it is not possible to separate or exclude employees who cover only one field of APOA functions.

**Spain** - The sanctioning department is composed by the General Subdirector and General Deputy Subdirector (in charge of the revision of the documents to be issued in the sanctioning procedure (initiation agreement, draft resolution, resolution and appeal report), and 6 civil servants in charge of preparing those documents. The structure of the authority entity ICAC that is divided in two department one called Technical Control Department, in charge of inspections and investigations and other called Technical Standards on Auditing Department in charge of sanctioning procedures, as we said in point 2 above

**Sweden** - The inspections and investigations department is the same (integrated) and is comprised of lawyers and auditors. 15 in total.

### Comments on Part G.1. The framework and legal status of auditing standards in member states

**Austria** - According to Section 269a of the Federal Commercial Code, international auditing standards (ISA) are only considered legally binding after a corresponding decision of the European Commission has been issued.

**Belgium** - Audit standards are applicable in Belgium as soon as the formal approval process is completed. The Institute of Company Auditors prepares a draft standard. The High Council of Economic Professions and the Minister responsible for Economy approve the standard. The approved standards are binding on auditors.

**Bulgaria** - The legal status is grounded on the articles of the Independence Financial Audit Act.

**Cyprus** - Statutory auditors and audit firms shall carry out statutory audits in compliance with international auditing standards adopted by the European Commission in accordance with Article 26, paragraph 1 of Directive 2006/43/EC. (2) As long as the Commission has not adopted an international auditing standard covering the same subject-matter, statutory auditors and audit firms may apply the auditing standards they applied at the effective date of this Law. (3) For the purposes of clause (1), "international auditing standards" means International Standards on Auditing (ISAs), International Standard on Quality Control (ISQC 1) and other related Standards issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB), in so far as they are relevant to the statutory audit.

**Croatia** - ISA standards are implemented and legally obliging.

**The Czech Republic** - Pursuant to the Act no. 93/2009 Coll., ISA standards are legally binding as well as national standards adopted by the Chamber of Auditors (currently there are 2 such national standards.)

**Denmark** - ISA standards have not been implemented in Danish audit legislation. However, the audit legislation requires that an auditor shall perform the audit in accordance with generally accepted auditing practices and the ISA are considered to be generally accepted auditing practices. The Danish Business Authority is empowered to implement the ISAs into Danish legislation, when adopted by the European Commission in accordance with the EU audit directive.

**Estonia** - Standards for professional practice of sworn auditor in Estonia are established in § 46 of the Auditors Activities Act.

**Finland** - The international auditing standards (ISAs) are not directly and legally binding in detail. However ISAs are generally applied by the auditors and audit firms as part of good auditing practice. Also Audit Board and the courts of justice apply the general principles of ISA-standards as a source of good auditing practice.

**France** - In France, French national auditing standards (NEP) are legally binding.

**Germany** - In Germany, we have implemented national auditing standards, which comprise the requirements of the ISA standards. They are not legally obliging but, as they lay down the applicable professional opinion, they specify the legal auditing framework. Therefore, they are used as a benchmark for the assessment of the auditing procedure and the determination of potential breaches of professional duty.

**Greece** - ISA standards

**Hungary** - According to Paragraph b) of Subsection (5) of Section 4 of Act on Audit, The Chamber shall draw up - subject to approval by the Authority - and regularly update the national standards for audits, advisory

services, assurance services, and other related services, as well as internal quality assurance review, including the internal organization of statutory auditors and audit firms and the arrangement of audit work.

The Chamber shall adopt a decision concerning the standards specified in Paragraph b) of Subsection (5) of Section 4 of Act on Audit in harmony with the international standards on auditing promulgated as a Community legislation in the Official Journal of the European Union.

The Authority - acting within its official capacity - shall have powers to monitor and evaluate the various components of the system of public oversight of statutory auditors, such as the drafting and approval of Hungarian national auditing standards, the Chambers code of ethics, and the national standards relating to quality control.

Statutory auditors and audit firms shall have the obligation to carry out their duties conscientiously and circumspectly, in agreement with the oath and in compliance with the relevant legal regulations and the standards referred to in Paragraph b) of Subsection (5) of Section 4.

Statutory auditors and audit firms shall maintain professional scepticism provided for in international standards on auditing.

The international standards on auditing with Hungarian specificities, adopted as Hungarian national auditing standards, can be found here:

[https://mkvk.hu/tudastar/standardok/konyvvizsgalati\\_standardok/standardok\\_20210101](https://mkvk.hu/tudastar/standardok/konyvvizsgalati_standardok/standardok_20210101)

[https://mkvk.hu/hu/tudastar/standardok/egyeb/egyeb\\_standardok\\_20200925](https://mkvk.hu/hu/tudastar/standardok/egyeb/egyeb_standardok_20200925)

**Iceland** - Auditors must comply with the Act on Auditors. In the Act it is stated that audits must be in line with good audit practices and it is further stated that good audit practices shall be interpreted in line with the law, regulations and auditing standards that apply.

**Ireland** - ISA's, auditors are required to comply with their bodies code of ethics, professional competence, licencing etc.

**Italy** - In Italy the process of drawing up the auditing standards for audits of financial statements is established by Art. 11 of Legislative Decree no. 39/2010. The law establishes that the national auditing standards are developed, taking into account the ISA, by the profession jointly with MEF and Consob. To this end, a permanent technical working group has been established with the participation of representatives of the audit supervisory authorities (CONSOB and the MEF) and of the professional bodies. The working group issues the auditing standards ISA Italy, which represent the ISA issued by the IAASB, translated into Italian as well as adapted and integrated with national laws and specific considerations aimed at supporting their application in the Italian legislative system. At the end of the drafting process, these principles are adopted with a decision of the MEF, having heard the opinion of Consob. ISA Italy national standards are published on the MEF website."

**Latvia** - According to the Section 1 Paragraph 1 Subparagraph 12 of the Law on Audit Services International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and determined by the Latvian Association of Sworn Auditors have been recognized in Latvia. Such standards as - International Standards on Auditing, International Standards on Review Engagements, International Standards on Quality Control and notifications and standards related thereto, in so far as they are related to audit services – are legally binding for sworn auditors and commercial companies of sworn auditors by the Law on Audit Services.

**Lithuania** - Audit of financial statements must be carried out in compliance with the international auditing standards.



**Luxembourg** - In the absence of adoption of the ISAs by the European Commission, Luxembourg adopted them by regulation.

**Malta** - Subsidiary legislation 281.02 Accountancy Profession (Accounting and Auditing Standards) Regulations. Compliance with "generally accepted auditing standards" which means adherence to international auditing standards: Provided that international auditing standards as adopted by the EU on a particular subject-matter apply instead and to the exclusion of international auditing standards covering the same subject-matter.

**The Netherlands** - National auditing standards which are based on the ISAs.

**Norway** - According to the Auditors Act Section 9-4 (3), the auditor shall carry out the audit in accordance with good audit practices. ISA standards etc will normally be considered to be good audit practices.

**Poland** - National auditing standards adopted by the National Council of Statutory Auditors, approved by the PANA Council. National law requires the use of standards adopted by EU regulations - since they have not been adopted, national standards are applied.

**Portugal** - The framework in our jurisdiction is ISA standards.

**Romania** - Currently, in Romania is adopted the Handbook of International Quality Control, Auditing, Review, Other Assurance and Related Services - 2018 Edition. We mention that the translation of the 2020 edition of the Handbook is in progress and ASPAAS' intention is to adopt it by the end of 2022.

**Slovakia** - ISA standards plus local guidelines issued by UDVA and SKAU.

**Slovenia** - ISA standards are implemented and legally obliging.

**Spain** - National standards based on ISAs issued by IFAC, adapted to the Spanish circumstances and legislation. These standards are prepared, adapted or revised by the recognized professional associations representing those engaging in audit activities, subject to public consultation during a period of two months and shall be valid on publication, through a resolution of the Accounting and Auditing Institute, in its "Official Gazette".

**Sweden** - A mix of national law and ISA standards.

### Comments on Part G.2.: Additional factors - criteria taken into consideration when sanctioning audit firms

**Austria** - No additional legal criteria are being applied or are being provided in national legislation.

**Belgium** - No additional legal criteria are being applied. General observation about our national legislation: upon referral of an auditor to the Sanctions Commission of the FSMA, the audit firm representing such auditor, if any, may be referred only for distinct misconduct on the part of the audit firm itself.

**Bulgaria** - There are no additional factors except those which are covered in the Directive. The same factors apply for both audit firms and individual auditors.

**Cyprus** - The Disciplinary Committee shall, for the assessment of the disciplinary sanction to be imposed, take into account inter alia the following: (a) the gravity and duration of the breach; (b) the degree of responsibility of the responsible person; (c) the gravity and duration of the breach and the extent and gravity of the impact on public; (d) the risk for the reliability and proper operation of the auditing institution; (e) the financial strength of the responsible person as indicated by its turnover if it is a statutory audit firm or by his or her annual income if he or she is a statutory auditor; (f) the amounts of the profits gained or losses avoided by the responsible person in so far as they can be determined and generally any profit made by the responsible person; (g) whether the responsible person is a key partner; (h) the level of cooperation of the responsible person with the competent authority; (i) previous breaches by the responsible person.

**Croatia** - When deciding on the type of action to be taken or the type of supervisory measures to be imposed Ministry of Finance shall be obliged to take into account all relevant circumstances, including, where appropriate, the following: 1. seriousness and duration of the illegality and irregularity 2. level of responsibility of the subject to supervision 3. financial strength of the subject to supervision their annual income indicates 4. amount of the realized gain or prevented loss of the subject to supervision, if it is possible to establish them 5. level of co-operation of the subject to supervision with the Ministry of Finance 6. previous violations of the provisions of this Act and of the Regulation (EU) No 537/2014 committed by the subject to supervision.

**The Czech Republic** - Gravity and duration of the breach: number and importance of findings, impact on the audit opinion, gravity of breach reflecting possible effect on public/third party interests (reflecting the character, size of the audited client). Level of co-operation: Level of active communication, proactive application of remedial measures. Financial situation of the auditor - amount of fees for the statutory audits and PIE statutory audits.

**Denmark** - We mostly use the criteria in art. 30b subparagraph 2 a) ,b), f), whether the breach may affect third party decisions or public attention.

**Estonia** - Established in the § 15 of the Regulation for disciplinary proceedings ( in Estonian: Distsiplinaarmenetluse kord; only available in Estonian on the Oversight Board website) when sanctioning both audit firms and individual auditors the Oversight Board takes into account mitigating circumstances 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. The Oversight Board also carefully weighs aggravating circumstances 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.

**Finland** - In general none. Same criteria as in Art. 30b subparagraph 2 are applied.

**France** - The legal criteria can be described as follows: (a) the gravity and the duration of the breach; (b) the degree of responsibility of the responsible person; (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; (d) the amounts of the profits gained or losses avoided by the responsible person, in so far as they can be determined; (e) the level of cooperation of the responsible person with the competent authority; (f) previous breaches by the responsible legal or natural person.

Additional factors may be taken into account by competent authorities, where such factors are specified in national law. The criteria don't differ from those for sanctioning individual auditors. These criteria are enacted by Article L 824-12 of the commercial code.

**Greece** - For the purposes of determining the nature and the level of sanctions, the following shall be taken into account: (a) the gravity and duration of the infringement, (b) the degree of liability of the person responsible, (c) the financial strength of those liable, for example as shown by the total turnover of the liable entity or the annual income of the liable person, where the person concerned is a natural person, (d) the amount of profits earned or losses avoided by the person liable, if they can be determined, (e) third party damage caused by the infringement to the extent that it can be determined, (f) the degree of cooperation between the liable person and the HAASOB, (g) past infringements of the liable person. There is no difference from sanctions on auditors or audit firms.

**Hungary** - According to Act on Audit when determining the type and level of sanctions and measures, the following relevant circumstances shall be taken into account: a) the gravity and the duration of the breach; b) the degree of responsibility; c) the financial strength of the responsible person; d) the amounts of the profits gained or losses avoided; e) the level of cooperation of the responsible person in the proceedings; f) previous breaches by the responsible audit firm or registered statutory auditor.

There are no additional factors due to art. 30b subparagraph 2 of EU-AD and the criteria for sanctioning audit firms doesn't differ from criteria for sanctioning individual auditors.

**Iceland** - The factors stated in the Icelandic Act are in line with the EU Directive and Regulation.

**Ireland** - The Authority has its sanctions guidance it follows. The delegated Bodies follow their own published guidance.

**Italy** - Art. 194-bis of the Legislative Decree no. 58 of 24 February 1998 prescribes the following additional criteria for administrative measures and sanctions: "g-bis) the criticality of the benchmark for financial stability; h) potential systemic consequences of the violation; h-bis) measures adopted by the person responsible for the breach, after the breach itself, to prevent it being repeated in the future."

**Latvia** - According to Section 38<sup>2</sup> Paragraph 5 of the Law on Audit Services there are no additional criteria for sanctioning commercial companies of sworn auditors except of those which are mentioned in Article 30b Subparagraph 2 of EU-AD. These criteria do not distinguish between sworn auditors and commercial companies of sworn auditors.

**Lithuania** - Taking decision on the issuance of an instruction or the imposition of a sanction, AVNT additionally must have regard to the circumstances aggravating or mitigating the responsibility of the responsible natural or legal person. Mitigating circumstances are when responsible natural or legal person: 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.

**Luxembourg** - The CSSF applies the disposition of art 30b of the directive when sanctioning audit firms without any additional factors.

**Malta** - When determining the type and level of administrative sanctions and measures, the Board and, or its disciplinary committees take into account all relevant circumstances, including where appropriate:

(a) the gravity and the duration of the breach; (b) the degree of responsibility of the responsible person; (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; (d) the amounts of the profits gained or losses avoided by the responsible person, in so far as they can be determined; (e) the level of cooperation of the responsible person with the Board; (f) previous breaches by the responsible legal or natural person.

**The Netherlands** - Almost all criteria of art. 30b subparagraph 2 of EU-AD have been included in national laws. In addition, the AFM uses criteria based 'general principles of good governance', which are based on case law, and proportionality.

**Norway** - According to Auditors Act section 14-6, FSA may also take into consideration losses inflicted on any third party as a result of the infringement. The criteria for sanctioning are the same for audit firms as for individual auditors.

**Poland** - The national legislation does not provide criteria other than those indicated in Article 30b subparagraph 2 of EU-AD. In 2019, additional criteria for adjudicating the punishment for disciplinary violations have been added to the national legislation (this criteria however clarify criteria from Article 30b): the amount of profits gained or losses avoided by the accused, to the extent to which they can be determined; the history of the accused's professional service; prior disciplinary offences, if any; the consequences of the committed disciplinary offence to the injured party or business operators, the type and gravity of breaches of the accused auditor's obligations.

**Portugal** - The determination of the fine and the accessory sanctions is based on the specific illegality of the fact, the fault of the agent, the benefits obtained and the prevention requirements, taking into account the economic situation and the agent's conduct. When Audit firms are at stake, in determining the specific illegality of the fact and the guilt, the following is considered, among others: 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.

**Romania** - Law no. 162/2017 does not establish other criteria than those provided in art. 30b first subparagraph of EU-AD but leaves the possibility to take into account other factors if such factors are provided by national law.

**Slovakia** - Additional factors taken into account: the extent of consequences of the unlawful actions, breach of several obligations.

**Slovenia** - Auditing act applies the same criteria for sanctioning as set by art. 30b subparagraph 2 EU-AD. If auditor's report is materially misstated that can be the reason for withdrawal of approval, for less significant breaches milder sanctions are applied. Criteria for sanctioning audit firms and criteria for sanctioning individual auditors are the same.

**Spain** - Article 80 of the Law on auditing include the following graduating criteria: a) The nature and importance of the breach. b) The severity of the harm or damage caused or potentially caused. c) The existence of intentionality. d) The importance of the audited entity, measured in terms of the total asset section, its annual turnover or the number of its employees. e) The unfavourable consequences for the national economy. f) The previous behaviour of the parties at fault. g) The ameliorating circumstance of having proceeded to perform, at their own initiative, actions aimed at remedying the breach or at mitigating its impact.

The breaches of the duty of independence regarding the same audited entity, will be sanctioned as a continuous violation, when it refers to the issuance of two or more audit reports of annual accounts, financial statements or accounting documents drawn up by this entity and by entities related thereto, corresponding to as many successive financial years, as long as these violations result from the same and only occasion, situation or service or from a preconceived plan. In this case, the applicable sanction must be imposed in its upper half.

In the event that a single fact constitutes two or more violations or when a violation is a necessary means to commit another, the sanction established for the most serious violation will be applied in its upper half, but it cannot exceed the sanction resulting from the sum of those that would apply if the different violations were sanctioned separately. When the calculated sanction exceeds this limit, the sanction will be the sum of those that would be established if the breaches were imposed separately.

### Comments on Part G.3: Possible changes in the EU legal framework - Comments

**Austria** - The legislative framework at European level should clearly state that the publication of sanctions has to contain personal data to make this a feasible way of communication from the NCA to the public. In addition the sanction according to Art. 30a (1b) EU-AD (publication of a breach) should not be restrained by data protection law. Finally, the European Commission should adopt ISA.

**Bulgaria** - We might propose the EU Commission to adopt compulsory auditing standards to be applied in EU. Also we would suggest adopting on EU level specific limited in number violations of ISA which are to be implemented on national level. Also it would be good to have common grounds for imposing supervisory measures.

**Cyprus** - We could suggest the imposition of specific fines to be imposed directly by the Oversight Body in the case of not complying with specific requirements of the legislation so as the fines are imposed quicker and the disciplinary procedures in the case of not so important disciplinary offences. This will make the disciplinary procedure easier since only the serious cases will be referred before the Disciplinary Committee.

**The Czech Republic** - More harmonization regarding the kind of breaches/non-compliance that shall be sanctioned + regular official opinions containing interpretation of ISA to specify what is/what is not allowed.

**Finland** - The public statement which indicates the person responsible and the nature of the breach, published on the website of the competent authority [Art. 30a (1b) EU-AD] is not a working sanction and it should be removed from the Directive. More harmonisation within the EU is needed. EU wide sanctions should focus on financial sanctions, temporary prohibitions, withdrawal of approval and notices. Other sanctions should be removed. Options should be limited to the minimum. The term “administrative measure” as a concept parallel to a sanction should be defined.

**France** - Facilitate the collection of any useful information provided by audit firm/auditor by allowing the investigator to demand such information in a workable layout (additional coercive power).

**Germany** - As is suggested by the question and as was noted in the response to the EU Consultation, further harmonization is key to ensure that all member states have at their disposal meaningful instruments to deter and discourage breaches against professional and legal duties (that being said, we do not see the danger of any meaningful “opinion shopping” by auditors, i.e. that they steer their activities towards countries with sanctions that may be perceived as less painful). With regard to the sanctioning of audit firms, this would mean that monetary sanctions are not capped in a way that they can no longer be considered effective. Regarding transparency, regulators should be able to communicate to the public in broad terms whether an investigation was initiated and what the status quo is. More transparency would be helpful e.g. in connection with the outreach to audit committees, and the communication of inspection reports to them.

**Greece** - For more harmonisation we suggest that a common methodology between members could be initiated on pecuniary penalties thus adjusting a common maximum amount

**Hungary** - We would welcome guidance on how the principle of gradualism is applied in practice when imposing sanctions.

**Ireland** - Harmonisation of investigations and sanctioning may be difficult because of differing countries law. For example, Ireland is a common law jurisdiction and other European countries follow a civil code. An agreement on the meaning of terminology might assist on terms like “withdrawal” and temporary prohibition”. The Authority considers that transparency is achieved by publication of decision reasons and sanctions.

**Italy** - Article 30 (a) "Sanctioning powers" of Directive 2006/43 (which provides for the applicable range of sanctions) could be improved in order to increase the harmonization of sanctions, through the more precise identification of the types of sanctions to be applied with respect to the nature and severity of the breaches detected.

**Latvia** - Please refer to the answers to the questions 5 and 6 below.

**Luxembourg** - Investigation and sanctioning of auditors and audit firms could be enhanced directly in the directive to increase consistency across member states.

**Malta** - More harmonisation of auditing standards at EU level.

**The Netherlands** - The AFM refers to her response to the consultation Strengthening of the quality of corporate reporting and its enforcement (<https://www.afm.nl/~profmedia/files/publicaties/2022/afm-response-ec-consultation-corporate-reporting-enforcement.pdf?la=nl-NL>)

**Poland** - Digitalization of conducted proceedings, clarification of the responsibility of members of audit firm bodies imposing an inappropriate tone from the top, definition of basic procedural guarantees for auditors and audit firms, development of a minimum framework for criminal liability, specification of rules for the running of investigation limitation periods, determination of stages of action preceding the initiation of proceedings, common grounds for participation of dedicated courts (common and self-government) in sanctioning, establishment of a liability framework for obstruction of investigation / inspection. Consistency in the application of sanctions (Development of criteria to gain a better understanding of article 30 b, implementation of European auditing standards and developing sanctions on EU level for its breaches, minimum and maximum penalties and minimum and maximum penalty ranges. The information exchange system in question 6.

**Portugal** - In our opinion the European legal framework seems to be, at the present time, sufficient and adequate, and now needs to be applied, through decisions in administrative offences proceedings, for its consolidation in the legal order. To improve transparency on the enforcement activities of each of the national authorities, it may be relevant do create an European database on the decisions rendered in each country, which will allow to gather decisions over the same conduct and identify convergence opportunities.

**Slovakia** - Given the size of our market, the current situation is sufficient.

**Slovenia** - Because foundations are key to the stability of any structure, we suggest that Commission finally decides about adoption if the ISA standards. The unification of the framework of audits would have an impact on the unification of work and powers of competent authorities.

**Spain** - Harmonization in the field of inspections is advanced, although there is still room for improvement. The application of standardized work programs (CAIMs) means that we cover the same areas in different jurisdictions when inspections are carried out. The room for improvement in the investigations is found in the review of the audit files. We do not have such an advanced standardization as in the case of the review of the quality control system. The harmonization of the investigations and the sanctioning process requires an additional effort on the part of the European supervisors. A more harmonized law together with an equally harmonized control system would imply a greater transfer of information between European supervisors and, therefore, the efficiency of our work.

### Comments on Part. G.5: Effectiveness and robustness of sanctioning at national level

**Austria** - As long as ISA are not legally binding (see G1) there is no sanctioning power for misconduct of auditors or audit firms. Currently the threat of an investigation is higher than the fear of sanctions to improve audit quality. Sanctions help to improve behavior where they can be imposed, we see a declining number of late reports of fees and of the yearly report about continuous education/training.

**Bulgaria** - Sanctioning motivates improvement in the audit practice and definitely helps to limit violations in future and as a whole brings improvement of audit quality.

**Cyprus** - Yes ofcourse sanctioning helps to improve audit quality in practice. No sanctions are imposed yet by CyPAOB but we believe that the sanctions are a pressure for audit firms / auditors to follow and comply with the legislation.

**Croatia** - Sanctioning help to improve audit quality in practice.

**The Czech Republic** - Sanctioning system is in force for a short time yet to evaluate its effectiveness but it seems that sanctioning has a deterrent effect.

**Denmark** - Sanctioning helps to improve audit quality in practice.

**Estonia** - The Oversight Board notes that sanctioning seems to pose enough of a deterrent for both individual auditors and audit firms, leading to, as a whole, an improvement in audit quality in practice.

**Finland** - We believe that the sanctions have a deterrent effect. The auditors and audit firms take the sanctions seriously and try to avoid them. One reason is that the sanctions are published and registered in the register of auditors and audit firms. Sanctions have a market impact too, because the companies which appoint an auditor pay attention to the sanction record of an auditor candidate. Sanctions don't work alone, but in conjunction with inspections and other supervision of auditors. Sanctions play a role on system of supervision.

**France** - The system of sanctions at the national level is effective but increasing the options available to sanction audit firm/auditors could enable reinforcement of the deterrent effect and help to improve audit quality.

**Germany** - We believe that the sanctioning system is reasonably robust and effective; that being said, the maximum fine in itself (1 Mio Euros), compared to jurisdictions such as the UK and the US, may not be a strong deterrence as far as audit firms are concerned.

**Greece** - Although sanctioning does not aim to punish the auditor but to enhance conforming with the existing regulation it does in this manner help in practice to improve audit quality since it deters the auditors from similar breaches.

**Hungary** - In our opinion, sanctions are effective enough at national level, the sanctions has a deterrent effect and by this help to improve audit quality.

**Iceland** – We believe that the sanctioning system is effective.

**Ireland** - The Authority considers that sanctioning at national level is robust in that there is a regulatory process in place to ensure timely investigations and outcomes. The Authority considers that sanctioning, having regard to our guidance ensures that auditors and audit firms who fall below expected standard will be sanctioned. The Authority considers that there is a deterrent effect on auditors and audit firms. The periodic inspection of audit firms confirms that the quality of audits is improving.



**Italy** - We do believe that the sanctioning system has a deterrent effect even if its impact is difficult to evaluate.

**Latvia** - Sanctions and supervision measures are not repressive but dissuasive in order to deter future offenses. Investigations and appropriate penalties help to prevent and correct inadequate execution of a statutory audit. In our view, it is useful to also apply principle “Consult first” before to decide on the application of sanctions. MoF as a competent authority uses this principle time to time, because applying this principle often prevents a possible infringement. By using principle “Consult first” we intend to achieve that applicable requirements are clearly understandable to statutory auditors and audit firms. Fulfilment of requirements rather than punishment must be ensured within the framework of control activities.

**Lithuania** - The list of sanctions is optimal as it variates from soft sanctions (i. e. assignment for the auditor to develop additionally his professional qualification particular number of hours) to withdraw or suspension of the auditor’s certificate. The wide range of sanctions contributes to the improvement of audit quality.

**Luxembourg** - The sanctioning process has a deterrent effect on the audit market in that it encourages audit firms to do a better job. For less serious cases, a sanction is not always justified and accompanying measures can produce similar effects.

**Malta** - Sanctions have a deterrent effect, but legislation is in process for more robust sanctioning.

**The Netherlands** - The AFM refers to her response to the consultation Strengthening of the quality of corporate reporting and its enforcement (<https://www.afm.nl/~profmedia/files/publicaties/2022/afm-response-ec-consultation-corporate-reporting-enforcement.pdf?la=nl-NL>)

**Norway** - FSA is of the opinion that sanctioning is effective and believe it will help to improve audit quality. Administrative fines for breach of obligations in the audit and auditors act was first imposed in 2021, and has not yet been used in Norway.

**Poland** - Inspections conducted before the 2020 (establishment of PANA) have not been as detailed as PANA’s inspections (instead of several days – over a dozen days). It is not possible to compare the number of proceedings from previous years. The number of PANA proceedings is increasing and the number of statutory auditors’ professional self-government proceedings is decreasing. In more than 66% of PANA’s inspections proceedings are initiated. The number of proceedings initiated may remain at a similar annual level (gradually decreasing) until PANA completes a full cycle of audits of all audit firms (approximately 2027). PANA has implemented an electronic registration and reporting system for audit firms in 2020. Violations of audit firms’ administrative duties (comparing 2021 to 2022) are at similar levels. The number of these violations is assumed to decrease in future years. Measurable effects of PANA’s assessment of sanctioning will not be possible after the end of 2022.

**Portugal** - The sanctioning actions can guide conduct for the future and improve the quality of audit work. This is not unrelated to the fact that the CMVM has issued decisions on essential matters, such as independence and documentation duties, and that it has published these decisions on its website, which allows the entire audit market to know the standard of conduct that the CMVM intends the auditors to adopt.

**Romania** - The effectiveness and robustness of sanctioning system at national level in Romania is assessed using the results of inspections, which show an increase in audit quality in last few years, so that all statutory audit engagements inspected during 2021 were at an appropriate level of compliance with professional standards, with minor and / or optional recommendations to improve the audit practice, or were at an acceptable level of audit practice with mandatory recommendations for improvement within the deadlines set by the inspection team, while in 2020 only 55% of the statutory audit engagements inspected were at this level, in 2019 they were 71%, and in 2018 17%.

**Slovakia** - It depends. In our experience, the sanctions don't bring the expected improvement in audit quality. One of the reason can be a fluctuation in the audit profession.

**Slovenia** - Due to major legal changes from the beginning of 2019, the effectiveness of the new regulation has not yet been fully tested. In any case, sanction discourages infringements and is one of the factors in improving the quality of audit work, as evidenced by APOA's experience since its inception.

**Spain** - Yes it can have a deterrent effect in relation to certain type of infringements (continuing education requirements, the obligation to send the annual information to ICAC for oversight purposes).

**Sweden** - Absolutely. Without sanctions as the ultimate effect of non-compliance with standards and laws the audit quality would without a doubt suffer.

### Comments on Part G.6: EU information exchange system and additional powers of competent authorities in the functioning of investigation and sanctioning

**Bulgaria** - We propose in the EU Regulation to be included respective specific sanctions for the most important offences including for violating the international auditing standards and also for not providing cooperation to the regulatory bodies.

**Cyprus** - Additional powers have to be given to the Competent Authorities regarding the direct communication and imposition of sanctions to the Audit Committees.

**The Czech Republic** - Eg. EU database of all final decisions published in English in a full scale (not public, accessible for internal use of regulators only) could help to increase a harmonisation of sanctioning procedures within EU.

#### **Finland**

- a) There should be more harmonisation regarding the range of sanctions between member states.
- b) Possibly a common CEOB database of sanctioning decisions (in English) could work.
- c) At least more information about the prominent investigation cases should be shared (in English).
- d) NCAs should inform each other about withdrawals of approval, not just about temporary prohibitions.
- e) All NCAs should have the power to investigate all auditor's professional activity – not just statutory audit.
- f) The sanctioning decisions could explain in detail, what the auditor did wrong and explain what the auditor should have done differently i.e. correctly.

**France** - Cf. Question 4. Probably, increasing exchange information between European regulators could be helpful to gain better knowledge about serious breaches or infringement committed by audit firm/auditor and so, would allow to identify more efficiently the relevant topics for investigations.

**Germany** - See our answers to questions 3 to 5. We also believe that a stronger CEOB would be helpful in facilitating and coordinating the exchange between NCAs in the member states in order to institutionalize exchanges of information and best practices among members. Lastly, no system of investigation and sanctioning is functioning properly without the necessary resources at the NCAs. Being able to recruit and retain knowledgeable staff is key, but sometimes a challenge in the public pay scheme.

**Greece** - Additional powers of competent authorities in the functioning of investigation and sanctioning could be provided in the EU level framework concern the monitoring of Audit Committees and sanctioning of Audit Committee members. As a factor in investigations and sanctioning that would effectively and efficiently increase the quality and reliability of statutory audits we consider the ability to convince the auditor of the breach determined and the sanction suggested so as to avoid the appeal and deter from similar breaches in future.

**Ireland** - The Authority considers that the open sharing of information between competent authorities is of benefit in terms of considering for example the background to a particular case. However, whilst it may assist in determining possible breaches, sanctions and relevant consideration for sanctions are considered at national level having regard to legislation and guidance. The Authority publishes its decisions and invariably the auditor or audit firm is named. This acts as a deterrent to other auditors/audit firms and in turn improves audit quality.

**Italy** - We believe that powers in art. 23 of EU-AR are sufficient. "Sanctioning powers" of art. 30 (a) of AD (which provides for the applicable range of sanctions), as mentioned above, could be improved in order to increase the harmonization of sanctions, through the more precise identification of the types of sanctions to be applied with respect to the nature and severity of the breaches detected.

**Latvia** - MoF has not had difficulties to apply in practice investigation and sanctioning powers provided for in the Audit Directive and the Audit Regulation so far. Therefore, we consider that existing provisions of these EU legal acts regarding investigation and sanctioning powers of competent authorities are set at a sufficient level and there is no necessary to foresee additional powers.

MoF as a competent authority does not have practical experience on information exchange and cooperation in investigations relating to the carrying-out of statutory audits with competent authorities of other EU Member States. Therefore, it is not possible for us to determine how an information exchange system, for example among EU Member States, could provide additional possibilities in the effective application of sanctions and determining breaches.

**Luxembourg** - Competent authorities should be allowed to perform a look through of audit files by having the possibility to question directly the audit client when there is a lack of audit evidence in the audit file provided by the audit firm.

**Malta** - More communications about the functioning of investigation and sanctioning could lead to an improved information exchange system.

**The Netherlands** - The AFM refers to her response to the consultation Strengthening of the quality of corporate reporting and its enforcement (<https://www.afm.nl/~profmedia/files/publicaties/2022/afm-response-ec-consultation-corporate-reporting-enforcement.pdf?la=nl-NL>)

**Poland** - In principle, all tasks in the detailed scope investigation and sanctioning system are carried out by PANA - after taking over tasks from the statutory auditors' professional self-government (as of 1.1.2020). Remote proceedings and hearings; faster rules for dealing with entities that have not submitted (audited) financials to business registers; regulation of legal presumptions (no documented action by auditor = no action). The information exchange system could be linked to the proposed ESAP regulations to allow supervisors to search for the amount of penalties imposed according to additional criteria (keywords) referring to common grounds in EU law. Additional system of detailed exchange on violations and penalties imposed on the largest audit firms in the EU (possibility to limit repetition of mistakes in other countries). Development of a "ranking" system of assessments of audit firms regarding the fulfilment of administrative obligations and breaches identified during inspections.

**Portugal** - In terms of sanctioning powers, we consider that the European legal framework is adequate and sufficient. The CMVM has carried out investigations and applied sanctions without identifying any flaws in its powers.

**Romania** - The effectiveness and robustness of sanctioning system at national level in Romania is assessed using the results of inspections, which show an increase in audit quality in last few years, so that all statutory audit engagements inspected during 2021 were at an appropriate level of compliance with professional standards, with minor and / or optional recommendations to improve the audit practice, or were at an acceptable level of audit practice with mandatory recommendations for improvement within the deadlines set by the inspection team, while in 2020 only 55% of the statutory audit engagements inspected were at this level, in 2019 they were 71%, and in 2018 17%.

**Slovakia** - Thorough control of elimination of deficiencies and implementation of recommendations.

**Slovenia** - From conversations with colleagues from other Member States, we find that we have relatively extensive powers in Slovenia. Perhaps a wider scope of powers could extend the competences of CAs in other Member States as well, thus increasing the harmonization of competences in the EU.

**Spain** - The provisions needed to ensure that the competent authorities have sufficient resources and a higher harmonization in the sanctions imposed (the level of the fines).

### Comments on Part G.7: Functioning of the investigation and sanctioning system in jurisdiction

**Austria** - As described under G5, we expect a further decrease in late reportings.

**Bulgaria** - We do not envisage an increase in the number of sanctioning cases.

**The Czech Republic** - Since the number of auditors performing PIE statutory audits is decreasing and a large percentage of PIE statutory audits are performed by big4 companies, in a longer time perspective there might be a decline in the number of offences connected with PIE statutory audits. On the other hand, the impacts of current political and economic instability may result in more risks connected with audits, including PIE ones.

**Finland** - We expect that the quantitative level of sanctioning cases will remain about the same. Depending on the resources of the investigation team, more cases could be chosen for investigation from the NCAs own initiative, i.e. without any tip or whistle blowing or a complaint from outside.

**Greece** - We envisage an increase of the number of sanctioning cases due to an increase in inspections and especially concerning the thematic investigations.

**Hungary** - Based on the quality control and disciplinary proceedings results for 2021, we are confident that fewer cases will be sanctioned in the coming years.

**Malta** - A gradual increase in sanctioning cases is anticipated in view of a more robust legal framework and in conjunction with what will be agreed at EU level.

**The Netherlands** - The AFM refers to her response to the consultation Strengthening of the quality of corporate reporting and its enforcement ([https://www.afm.nl/~/\\_profmedia/files/publicaties/2022/afm-response-ec-consultation-corporate-reporting-enforcement.pdf?la=nl-NL](https://www.afm.nl/~/_profmedia/files/publicaties/2022/afm-response-ec-consultation-corporate-reporting-enforcement.pdf?la=nl-NL))

**Norway** - FSA expects an increase of sanctioning cases going forward as the new Auditors Act grants FSA more administrative measures, including infringement penalties. Previously, the sanctioning powers consisted of i) withdrawal of authorisation and ii) to criticize the auditor/audit firms.

**Poland** - Investigations initiated after inspections will increase in 2022 and then remain at a similar (decreasing) level for the next 5 years. Proceedings for other violations of administrative duties by audit firms (e.g. administrative duties pursuant to the national regulation implemented such as audit annual fees and continuing education) will decrease starting from 2022. Breaches of auditors' administrative duties (fees, training) will, in line with the multi-year trend, likely remain at a similar level. The duration of disciplinary proceedings will gradually decrease. The parties in the course of an evidentiary process can make multiple requests to the authority to gather and present additional evidences. The length of proceedings depends on the cooperation of the audit firm / auditor and reasonable activity.

**Portugal** - We expect that the number of sanctioning cases will remain at the same level than in previous years.

**Romania** - As it is intended to increase the number of inspectors and implicitly the number of inspections performed, it is possible to estimate an increase in the number of breaches identified. At the same time, it is intended to create a distinct structure of investigations (to separate the investigation and the inspection process/ activities).

**Slovakia** - In 2021, the number of sanction proceedings increased. Some of them are still open. In 2021, UDVA increased the number of internal inspectors with an audit experience in order to increase the quality and quantity of inspections.

**Slovenia** - We don't have any additional comments and at the moment we don't expect any significant changes.

**Spain** - We expect the same level of sanctioning cases, since there no increase foreseen in the resources in the sanctioning department and an increase in the regulatory activities is expected (the recourses assigned to the Standards on Auditing Department are also in charge of developing the legislation and the standards applicable to the audit activity)

## Appendix No 2: Copy of the original CEAOB Enforcement Questionnaire



COMMITTEE OF  
EUROPEAN  
AUDITING  
OVERSIGHT  
BODIES

CEAOB Enforcement sub-group

## ENFORCEMENT QUESTIONNAIRE ON SANCTIONING STATISTICS REGARDING YEAR 2021

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

### Terms:

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

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

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

“**PIE**” refers to Public-Interest Entities.

“**ARD**” refers to EU-AD and EU-AR.

**Legal ground:** This questionnaire is based on Member States duty to cooperate in line with Article 33 of the EU-AD and CEAOB’s mission to facilitate the exchange of information, expertise and best practices in line with Article 30(7) and 30(11) of the EU-AR. The questionnaire concerns the investigations and sanctioning by competent authorities or delegated authorities in the calendar **year 2021**. **The responses of the questionnaire will be used for public reporting purposes in compliance with the CEAOB’s work plan 2022 and the CEAOB Enforcement sub-group’s work plan 2022.**



**Statistics:** Please give statistics which reflect the decisions based on legislation in your jurisdiction in line with the ARD. The reported statistics should be decisions taken by your national competent authority, and (if applicable, combined with) the decisions by the delegated body/authority. The questions and requests for statistics refer only to calendar year 2021.

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

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

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

**Responses:** Please provide your responses **by 31 March 2022 at the latest**.

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

**General information:**

Jurisdiction: \_\_\_\_\_

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

**A. General information**

1. Jurisdiction and name of the competent authority which is responsible for delegating or conducting investigations. What is the national legal basis for investigation (Publication place of legal act: – e.g. Journal of Laws and date of entry into force)? Describe briefly the department/unit/section of the competent authority or the delegated body responsible for investigations and their tasks and powers, in particular any recent legal changes in their duties and powers ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Jurisdiction and name of the competent authority	Title of the relevant law or legal text	Date of entry into force
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Comments:

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2. Jurisdiction and name of the competent authority which is responsible for sanctioning. What is the national legal basis for sanctioning (Publication place of legal act: e.g. Journal of Laws and date of entry into force)? Describe briefly the department/unit/section of the competent authority or delegated body responsible for sanctioning and their tasks and powers, in particular any recent legal changes in their duties and powers ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Jurisdiction and name of the competent authority	Title of the relevant law or legal text	Date of entry into force

Comments:

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3.1 Has your jurisdiction delegated investigation tasks to another body / authority? State the distinction between PIEs and non-PIEs auditors/audit firms if applicable.

	Yes	No
Auditors (PIEs)		
Auditors (non-PIEs)		
Audit firms (PIEs)		
Audit firms (non-PIEs)		

3.2 Has your authority delegated investigation tasks to another body? State the distinction between PIEs and non-PIEs auditors/audit firms if applicable.

	Yes	No
Auditors (PIEs)		
Auditors (non-PIEs)		
Audit firms (PIEs)		
Audit firms (non-PIEs)		

4.1 Has your jurisdiction delegated sanctioning tasks to another body / authority? State the distinction between PIEs and non-PIEs auditors/audit firms if applicable.

	Yes	No
Auditors (PIEs)		
Auditors (non-PIEs)		
Audit firms (PIEs)		

Audit firms (non-PIEs)		
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4.2 Has your authority delegated sanctioning tasks to another body? State the distinction between PIEs and non-PIEs auditors/audit firms if applicable.

	Yes	No
Auditors (PIEs)		
Auditors (non-PIEs)		
Audit firms (PIEs)		
Audit firms (non-PIEs)		

### Powers of the competent authority (Article 23 of the EU-AR)

5. Describe the competent authority's additional powers if any, other than its supervisory and investigatory powers imposed by Article 23 (3) of the EU-AR (for example powers to: access data related to the statutory audit or other documents, obtain information related to the statutory audit from any person, refer matters for criminal prosecution, request experts to carry out verifications or investigations, take administrative measures, and impose administrative measures and sanctions referred to in Article 30a of Directive EU-AD). ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method). Please list below (powers and authorities).

Comments:

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6. Describe the way the competent authority exercises its supervisory and investigatory powers (Article 23(4) of the EU-AR). Please mark "Yes" or "No" and fill in the additional comment field, if necessary ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Directly	In collaboration with the professional body	In collaboration with other independent national authorities	By application to the competent judicial authorities
Yes/No	Yes/No	Yes/No	Yes/No
Additional comment	Additional comment	Additional comment	Additional comment

### Information about proceedings

7. Explain details of conducted proceedings concerning time frame, stages and responsible delegated authority or the competent authority (3000 characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method). For instance:

- separation of duties of the competent authority / delegated authority with respect to the area of the investigation and the area of the administrative/sanctioning procedure,
- the legal time limit to initiate proceedings after audit or other services were provided by statutory auditor/ auditory firm,
- the duration of proceedings determined in national law before sanctions are imposed,
- the possibility of extension of particular time limits or deadlines of proceedings determined in national law,
- the various stages in your investigation process: the informal (factual) and formal (according to the national law) phases of proceedings (investigations) – milestones.

Comments:

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### Information about pecuniary sanctions

8. Indicate the lowest and the highest pecuniary sanctions imposed in 2021 on natural or legal persons in your jurisdiction?

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

Comments ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

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9. Provide information on the potential minimum and the maximum level of the pecuniary sanctions on natural and legal persons in your jurisdiction (binding legal framework).

	Minimum (Individual) €	Maximum (individual) €
Auditors (PIEs)		
Auditors (non-PIEs)		

Audit firms (PIEs)		
Audit firms (non-PIEs)		

Comments ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

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## B. Statistics 2021 - Administrative measures and sanctions

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

	<b>Mandatory administrative measures and sanctions that the competent authority or the delegated authority/body has taken/imposed.</b> Art. 30 a EU-AD Art. 23 (3) (f) of the EU-AR	<b>How many administrative measures and sanctions did the national competent authority and/or the delegated authority impose in total in 2021?</b>  Kindly distinguish the PIE and non-PIE sanctions on the basis of the engagement in question.  Note: Where a single case covers several sanctions, please report <u>each sanction</u> separately.	<b>Notes and comments. National add-ons etc.</b>
1	Withdrawal of approval [Art. 30 (3) of EU-AD]  <i>Note: Report in this section all administrative measures and sanctions which have the same/similar permanent impact as a withdrawal of approval (such as withdrawal of special qualifications as a statutory auditor, restriction, exclusion from profession etc.) which prevents a person or a firm</i>	Number (PIE): Number (non-PIE): Others:	

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

6	A temporary prohibition, for a certain duration, banning a member of an audit firm or a member of an administrative or management body of a PIE-entity from exercising functions in audit firms or public-interest entities <i>[Art. 30a (1e) EU-AD]</i>	Number (PIE): Number (non-PIE): Others:	
7	The imposition of administrative pecuniary sanctions on natural and legal persons <i>[Art. 30a (1f) EU-AD]</i>	Number (PIE): Number (non-PIE): Others:	

### C. Other administrative measures and sanctions (which are not covered by the EU-AR or EU-AD).

<p><b>Any other administrative measures or sanctions imposed which are not covered by the EU-AD or EU-AR.</b></p> <p><b>Please kindly provide details and any relevant statistics</b></p>	<p><b>Sanction</b></p>	<p><b>How many such administrative measures and sanctions did the competent authority impose in 2021?</b></p> <p><b>Distinguish the PIE and non-PIE sanctions on the basis of the engagement in question.</b></p> <p><b><i>Note: Where a single case may cover several sanctions, please report <u>each sanction</u> separately.</i></b></p>	<p><b>Notes and comments: National add-ons etc.</b></p>
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### D. Publication of administrative measures and sanctions

1. When does your competent authority / delegated body publish the administrative measures and sanctions on the official website? Does the competent authority / delegated body publish the administrative measures/sanctions before they become final and legally binding? ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Comments:

2. How does the competent authority / delegated body publish the administrative measures and sanctions on its official website? Please 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) ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Comments:

3. How long does the publication of any administrative sanction remain on its official website? Is this period longer than five years after all rights of appeal have been exhausted? ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

Comments:

#### E. Audit framework breaches

*In the following section you are asked about the most common issues in investigation/sanctioning cases and related statistics.*

*Follow the principle “report sanction only once”.*

- *In question no 1 concerning “most common breaches” focus on main (leading) breaches in investigations on the basis of which sanctions have been imposed. Indicate this breaches even if other additional breaches were identified and if they are addressed as additional or related ones to the main breaches.*
- *In question 1 choose the perspective (framework or standards) of presented breaches, however treat provided points only as common ground directions. In question 1.1 and 1.2 cross reference. Some breaches could be potentially indicated in 1.1 and simultaneously in 1.2. Try to show breaches as clearly as possible. For example, if generally breach of Internal organization of audit firms was identified – the answer could be provided from perspective in 1.1, however if it is more clear to connect breaches with certain auditing standards the answer could be provided from perspective in 1.2. Pay attention that question 1.2 is more open (option – “others”).*

*In any case in question 1 report the breaches only once. If breach is presented as breach of obligation from EU law, do not present this obligation on other points in question 2. If you believe that no main breach can be indicated (synonymous breaches) or the amount of breaches is great – try to answer question 2.*



— In question 2 provide the information of most common cumulative breaches namely (most common groups of breaches). Explain especially if more than one of the breaches have been identified as main.

1. Provide information about 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? If possible, indicate the total number of breaches of each type (1.1-1.4). ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method)

1.1 Breach of the following obligations resulting from the EU-AD and EU-AR for instance:

- a) Independence [article 24 of the EU-AD, article 4, 5 and 17 of the EU-AR]
- b) Internal organization of audit firms [article 24a of the EU-AD]
- c) Organisation of the work [article 24b of the EU-AD]
- d) Breaches to transparency report [article 13 EU-AR].

1.2 Non-compliance with international auditing standards or national auditing standards or guidelines (Article 9 of the EU-AR and Article 26 (1) EU-AD) for instance:

- a) deficiencies in audit firms' internal quality control systems,
- b) the lack of, or inappropriate, monitoring of high-risk audited entities,
- c) the lack (also inappropriate, insufficient) of audit evidence and documentation,
- d) others.

1.3 Breach of other duties of auditors/audit firms (e.g. administrative duties pursuant to the national regulation implemented such as audit annual fees and continuing education)

1.4 Others (national rules that provide additional solutions in the Member States and other breaches of obligations like "Code of Ethics" [Article 21 (1) EU-AD].

Comments:

2. Provide information about 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? ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method)

Comments:

**F. Employees involved in investigations and sanctions (with regard to 2021).**

1. Describe the resources of the investigations and sanctions department/unit/section, in your competent authority and if possible and applicable in the delegated body [such as number of staff]. For the purpose of the response please provide a brief description and exclude the inspection department/unit/section and other functions ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

2. How many investigations are there per full time employee involved in investigations and sanctions?

*Indicate the employee's percentage of worktime [full-time equivalent (FTE) working hours] allocated to conducting investigations and sanctions (especially if employees take on other responsibilities), number of investigations allocated to the provided number of employees.*

(A) Total number of investigations	
(B) Number of employees	(C) Working time
	Full time (100% of minimum working hours)
	Part time (50% of minimum working hours)
	Other time (... %)
(D) Investigations per employee	=A/(B*C)

Comments ([1000] characters maximum including spaces and line breaks, i.e. stricter than the MS Word characters counting method).

#### **G. Framework related to investigation and sanctioning.**

1. Explain what is the framework and legal status of auditing standards in your jurisdiction (national standards, ISA standards, mixed framework)? What standards are implemented in your jurisdiction and what standards are legally obliging?

Comments:

2. What criteria (additional factors due to art. 30b subparagraph 2 of EU-AD) does your competent authority or delegated body apply when sanctioning audit firms? How do these criteria for sanctioning audit firms differ from criteria for sanctioning individual auditors?

Comments:

3. What possible changes in the EU legal framework or more harmonisation of investigation and sanctioning of auditors and audit firms could you suggest? How could investigation and sanctioning powers of audit supervisors be harmonised and strengthened? How could transparency on the conduct and results of enforcement activities by national authorities be increased?

Comments:

4. Has a legislative or consultation process been initiated in order to amend the powers of competent authority or delegated body?

Comments:

5. How does the competent authority or delegated body envisage the effectiveness and robustness of sanctioning at national level? For instance, does sanctioning have a deterrent effect in your experience? Does sanctioning help to improve audit quality in practice?

Comments:

6. What additional powers of competent authorities in the functioning of investigation and sanctioning could be provided in the EU level framework? Explain how an information exchange system, for example among Member States, could provide additional possibilities in the effective application of sanctions and determining breaches? Have you identified factors in investigations and sanctioning that would effectively and efficiently increase the quality and reliability of statutory audits?

Comments:

7. Do you have any additional comments concerning the functioning of the investigation and sanctioning system in your jurisdiction? For example: Do you envisage that the number of sanctioning cases will remain at the same level or do you anticipate an increase or decrease in cases? Explain why.

Comments:

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#### H. Confirmation and consent clause

The respondent recognises that the responses given are used for public reporting by the CEAOB. The CEAOB may decide not to publish certain parts of the aggregated responses or individual responses to this questionnaire. Individual responses can be underlined in the public report if there is general interest about the information, for instance in a jurisdiction there are exceptional details in the statistics.

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

The responses were filled by: \_\_\_\_\_ (name and contact information) date \_\_\_\_\_/\_\_\_\_\_/2022

Further information can be given by (contact information):

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