



## REPORT ON THE 2018 CEAOB ENFORCEMENT QUESTIONNAIRE

The following report is a summary of responses to the CEAOB questionnaire, which addresses investigations and sanctioning by competent authorities and delegated authorities in calendar year 2017. The responses of the questionnaire are used for public reporting purposes in compliance with the CEAOB's work plan 2018 and the CEAOB Enforcement sub-group's work plan 2018.

### **About the survey**

In June 2018 The CEAOB Enforcement subgroup launched a survey about statistics of sanctions and administrative measures on year 2017. The questionnaire was addressed to EU Competent Authorities in Auditor Oversight, based on Article 23 of the Regulation 537/2014 and Directive 2006/43/EC, Article 30f (1).

### **Legal ground**

This questionnaire is based on Member States duty to cooperate in line with Article 33 of Directive 2006/43/EC and CEAOB's mission to facilitate the exchange of information, expertise and best practices in line with Article 30(7) and 30(11) of the Regulation 537/2014. The questionnaire addresses investigations and sanctioning by competent authorities or delegated authorities in calendar year 2017. The responses of the questionnaire will be used for public reporting purposes in compliance with the CEAOB's work plan 2018 and the CEAOB Enforcement sub-group's work plan 2018.

### **Statistics**

The questionnaire focused on administrative measures and sanctions which are linked to PIE or non-PIE statutory audits i.e. statutory audit engagements. The respondents were requested to fill in statistics, which reflect the decisions based on legislation in the jurisdiction by the competent authority in line with the ARD. The responses should also cover the decisions made by a delegated authority or body. The questions and requests of statistics refer to calendar year 2017 only. If there was not yet history for year 2017 the respondents were asked to leave the response space empty. The questionnaire was addressed to collect information primarily on the oversight of statutory audit and statutory auditors and audit firms. The respondents were asked to exclude investigation and sanctioning of non-audit services of auditors and audit firms. However some respondents reported administrative measures and sanctions, which are linked with non-audit services in the field "Number (Others)".

In this survey administrative measures imposed on auditors vis-à-vis audit firms was not distinguished.

## Terms and definitions

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

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

## Responses

28 responses were received - 27 from EU Member States and 1 from an EEA state. Responses were received from the following national competent authorities (NCAs) in the table below.<sup>1</sup>

Responses were received from the following jurisdictions - from the national competent authorities (NCAs).

Jurisdiction	Organization
Austria	Abschlussprüferaufsichtsbehörde, APAB (Audit Oversight Body of Austria, AOBA)
Belgium	College van toezicht op de bedrijfsrevisoren/Collège de supervision des réviseurs d'entreprises (Belgian Audit Oversight College, BAOC)
Bulgaria	Комисия за публичен надзор над регистрираните одитори (Commission for public oversight of statutory auditors)
Cyprus	ΑΡΧΗ ΔΗΜΟΣΙΑΣ ΕΠΟΠΤΕΙΑΣ ΕΛΕΓΚΤΙΚΟΥ ΕΠΑΓΓΕΛΜΑΤΟΣ, ΑΔΕΕΛΕΠ (Cyprus Public Audit Oversight Board)
Czech Republic	Rada pro veřejný dohled nad auditem (Public Audit Oversight Board, PAOB)
Denmark	Erhvervsstyrelsen (Danish Business Authority)
Estonia	Audiitortegevuse järelevalve nõukogu (Auditing Activities Oversight Board)
Finland	Patentti- ja rekisterihallitus (Finnish Patent and Registration Office, Audit Oversight Unit)
France	Haut Conseil du commissariat aux comptes, H3C (High Council For Statutory Audit)
Germany	Abschlussprüferaufsichtsstelle APAS beim Bundesamt für Wirtschaft und Ausfuhrkontrolle (Auditor Oversight Body, AOB)
Greece	Hellenic Accounting and Auditing Standards Oversight Board, HAASOB
Hungary	Könyvvizsgálói közfelügyelet (Auditors' Public Oversight Authority)

<sup>1</sup> Responses were not received from EU jurisdiction Croatia and not from EEA jurisdictions Iceland and Liechtenstein

Ireland	Irish Auditing & Accounting Supervisory Authority
Italy	Commissione Nazionale per le Società e la Borsa, CONSOB
Latvia	Latvijas Republikas Finanšu ministrija, Ministry of Finance of the Republic of Latvia
Lithuania	Audito apskaitos turto vertinimo ir nemokumo valdymo tarnyba, AVNT (Authority of audit accounting property valuation and insolvency management, AAAPVIM)
Luxembourg	Commission de Surveillance du Secteur Financier, CSSF
Malta	Accountancy Board
Netherlands	Autoriteit Financiële Markten, AFM (Dutch Authority for the Financial Markets)
Norway	Finanstilsynet (Financial Supervisory Authority of Norway, FSA)
Poland	Komisja Nadzoru Audytowego (Audit Oversight Commission)
Portugal	Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, CMVM)
Romania	Autoritatea pentru Supravegherea Publica a Activitatii de Audit Statutar (ASPAAS) - Authority for Public Oversight of the Statutory Audit Activity (ASP)
Slovakia	Úrad pre dohľad nad výkonom auditu, UDVA (Auditing Oversight Authority)
Slovenia	Agencija za javni nadzor nad revidiranjem (Agency for Public Oversight of Auditing)
Spain	Instituto de Contabilidad y Auditoría de Cuentas, ICAC (Accounting and Auditing Institute)
Sweden	Revisorsinspektionen (Swedish Inspectorate of Auditors)
United Kingdom	Financial Reporting Council Limited, FRC

### Notes

The statistics don't comprise non-sanctioning decisions i.e. where the competent authority concluded that sanctioning was not necessary when the case was closed.

France (H3C) noted that it doesn't yet have decisions which are based on ARD, but it has reported statistics which base on previous legislation and that those decisions were made under the reporting period 2017. Ireland reported statistics which base on previous legislation. Ireland noted that those decisions were made under the reporting period 2017. Also Slovenia noted that ARD was not implemented in Slovenia until the beginning of 2019, therefore Slovenia didn't provide any statistics for year 2017.

## Statistics 2017 - Administrative measures and sanctions

The responses reflect the statistics of decisions on administrative measures and sanctions based on new legislation in the relevant jurisdiction by the competent authority in line with the ARD.<sup>2</sup>

The respondents were asked to include administrative measures and sanctions which a delegated authority or body has imposed in line with the ARD on basis of delegation of tasks (Art. 24 of the EU Regulation No. 537/2014).

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<sup>2</sup> The following general notes were made by some respondents:

**Cyprus:** The CyPAOB was designated by legislation on 2 June 2017 with the task of the public oversight and disciplinary control of the statutory auditors and audit firms whose home state is the Republic of Cyprus. So relating to the investigations carried out in 2017 relating to PIE auditors the administrative measures and sanctions will be imposed in year 2018 after a referral of each case to a disciplinary investigation. The sanctions will be imposed by the Disciplinary Committee of CyPAOB. In addition to the above, the CyPAOB has signed a delegation agreement with the The Institute of Certified Public Accountants of Cyprus on 12 September 2017 and has delegated the task of investigations and disciplinary sanctions and measures related to the quality assurance reviews and investigation of statutory auditors and audit firms of non-public interest entities.

**Norway:** Administrative measures and sanctions had not been delegated to another authority or body. Please notice that the FSA supervises in accordance with Norwegian law and that the provisions of the Directive and the regulation must be reflected in Norwegian Law to be applicable.

**Portugal:** We would like to recall that although sanctioning powers under EU-AD are attributed to CMVM, the Portuguese Auditors Bar Association ('OROC') - which is the professional body in Portugal - is attributed with disciplinary powers over auditors. By virtue of these powers, OROC may suspend (or ban) auditors' registration with OROC. As the auditors' registration with OROC is a condition precedent for the registration with CMVM, we share information concerning suspensions (or bans) enforced by OROC.

**Romania:** The Directive 43/2006 have been transposed in Romanian law on 15.07.2017. Starting to this date ASPAAS become the competent authority for oversight statutory audit in Romania. Up to this date, the competent authority for sanctions according to ARD, has been professional body Romanian Chamber of Auditors (CAFR) and oversight by The Public Interest Oversight Body of Accounting Profession (CSIPPC- the Oversight body up to 15.07.2017, when the Directive 43/2006 have been transposed. In 2017 no administrative sanctions have been applied according to Art. 30a(1a) EU-AD

### Aggregated statistics and comments by respondents:

<p><b>Question number</b></p> <p><b>Number of responses given to the question</b></p> <p>Note that the number of responses reflects all responses given into a specific data request i.e. also zero responses are included.</p>	<p><b>Mandatory administrative measures and sanctions of the following may the competent authority take/impose?</b></p> <p><b>Art. 30 a EU Directive Art. 23 (f) of the EU Regulation No. 537/2014</b></p>	<p><b>How many of the administrative measures and sanctions did the competent authority impose in year 2017?</b></p> <p><b>Distinct PIE and non-PIE sanctions on basis on the engagement in question.</b></p> <p><b>Note: One case may cover several sanctions, please report <u>each sanction</u> distinctively.<sup>3</sup></b></p>	<p><b>How many of the administrative measures and sanctions did the <u>delegated authority or body</u> (if any) impose in year 2017?</b></p> <p><b>Note: One case may cover several sanctions, please report <u>each sanction</u> distinctively.<sup>4</sup></b></p>	<p><b>Notes and comments: National add-ons etc.</b></p>
<p><b>1</b></p> <p>21 responses</p>	<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</p> <p>Art. 30 a (1.a) EU-AD</p>	<p>Number (PIE): 39</p> <p>Number (non-PIE): 70</p> <p>Others: 20</p>	<p>Number (PIE): 2</p> <p>Number (non-PIE): 169</p> <p>Others: 18</p>	<p><b>Czech:</b> There occurred also 2 cases in which an audit company (1) or an auditor (1) were found guilty but without getting imposed any sanction. In section 'Other' are reported the breaches of obligatory professional education. Two other auditors were found guilty in this area but without getting imposed any sanction.</p> <p><b>Poland:</b> Untill now sanctions concerned only statutory auditors. "Numbers (others)" refers to non-participation in obligatory training.</p>
<p><b>2</b></p> <p>20 responses</p>	<p>a public statement which indicates the person responsible and the nature of the breach, published on the website of competent authority</p> <p>Art. 30 a (1 b) EU-AD</p>	<p>Number (non-PIE): 16</p>	<p>Number (non-PIE): 38</p> <p>Others: 8</p>	<p><b>Czech:</b> The Disciplinary Committee of the Chamber is obliged to release the decision that came into power in the registry of auditors. This step must follow fairly strict rules according to the Act on Auditors, especially concerning the anonymization of auditor's client.</p> <p><b>Estonia:</b> Auditing Activities Oversight Board has published on the website ajn@ajn.ee all quality control results of the audit firms. The indicated number shows the number of audit firms who has materially violated the provisions of legislation regulating the activities thereof or their quality of audit service does not conform to the requirements.</p> <p><b>Germany:</b> Any sanction or administrative measure in respect of which all rights of appeal have been exhausted or have expired has to be published on the AOB's official website (or the Chamber of Public Accountants regarding delegated cases). However the publication must <u>not</u> include any personal data revealing the identity of the natural person on whom the sanction has been imposed. Therefore Germany reported no such publications.</p>

<sup>3</sup> For instance, in a case of multiple sanctions, an auditor can be imposed a fine and a reprimand by the same decision in the same case. Both sanctions were requested be filled in respectively. Sanctions and administrative measures imposed on auditors and audit firms were requested be reported respectively. If were are other parties, which had been sanctioned, such as former auditors, the sanctions were requested be reported in the comment field.

<sup>4</sup> For instance, in a case of multiple sanctions, an auditor can be imposed a fine and a reprimand by the same decision in the same case. Both sanctions were requested be filled in respectively.

				<p><b>Poland:</b> No such kind of sanctions based on new legislation.</p> <p><b>Romania:</b> In 2017 no administrative sanctions have been applied according to Art. 30a(1b) EU-AD</p>
3 19 responses	a temporary prohibition, of up to 3 years' duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/ or signing audit reports Art. 30 a (1 c) EU-AD	<p>Number (PIE): 2</p> <p>Number (non-PIE): 1</p> <p>Others: 4</p>	<p>Number (PIE and non-PIE): 28</p>	<p>Respondents were asked to mention the duration of each prohibition.</p> <p><b>Czech:</b> 18 (months)-18-18-18-12</p> <p><b>Luxembourg:</b> 1 year</p> <p><b>Netherlands:</b> 0-3 months: 12; 1 year: 4; 1 year&lt;X≤ 2 years: 3 = in total 19 persons</p> <p><b>Portugal:</b> The Portuguese Auditors Bar Association ('OROC') has taken a decision to compulsorily suspend one statutory auditor on the list of members for a 5-year period as from 8th August 2017 onwards.</p> <p><b>Spain:</b> These sanctions have been imposed because of infringements that are not related to an audit work and therefore the distinction between PIEs and non-PIEs is not made.</p>
4 18 responses	a declaration that the audit report does not meet the requirements of Art. 28 of EU-AD, or where applicable, Art. 10 of EU-AR Art. 30 a (1 d) EU-AD	<p>Number PIE: 1</p> <p>Number (non-PIE): 3</p>		<p><b>Norway:</b> The declaration is solely communicated to the auditor/audit firm directly.</p>
5 18 responses	a temporary prohibition, for a certain duration, banning a member of an audit firm or a member of an administrative or management body of a PIE-entity from exercising functions in audit firms or public-interest entities Art. 30 a (1 e) EU-AD		<p>Number (non-PIE):45</p> <p>Others: 12</p>	<p><b>Ireland:</b> The duration of each prohibition was at the discretion of the Registration Committee of the recognised accountancy body.</p> <p><b>UK:</b> The duration of each prohibition in relation to PIE audits is determined or approved by an independent tribunal.</p>
6 19 responses	the imposition of administrative pecuniary sanctions on natural and legal persons Art. 30 a (1 f) EU-AD	<p>Number PIE: 48</p> <p>Number (non-PIE): 65</p> <p>Others: 10</p>	<p>Number (PIE): 20</p> <p>Number (non-PIE): 188</p> <p>Others: 84</p>	<p><b>Czech:</b> Numbers are focused only on those pecuniary sanctions that came into power during 2017.</p> <p><b>Norway:</b> The FSA does not have the legal option to impose administrative pecuniary. However, this will be a legal option according to new legislation in the near future.</p> <p><b>Poland:</b> PIE - 10 audit firms &amp; 10 statutory auditors; non-PIE - 33 audit firms &amp; 21 statutory auditors; Others - 9 statutory auditors - non-participation in obligatory training</p>

				<p><b>Estonia:</b> Because material violation of the bases of sworn auditor's activities or professional activities.</p> <p><b>Greece:</b> -4.000,00 EURO for pie sanctions on statutory auditor -3.000,00 EURO for non-pie sanctions on statutory auditor -5.000,00 EURO for ISQC-1 on the audit firm</p> <p><b>Spain:</b> These sanctions have been imposed because of infringements that are not related to an audit work and therefore the distinction between PIEs and non-PIEs is not made.</p>
7 17 responses	withdrawal of approval (Art. 30 (3) of EU-AD	Number PIE: 37  Number (non-PIE): 19	Number (non-PIE): 117  Others: 3	<p><b>Hungary:</b> The administrative measure or sanction on an anonymous basis in any of the special circumstance described in Art. 30c (2) EU Directive.</p>

## Other administrative measures and sanctions:

8 21 responses	Any other administrative measures or sanctions which don't derive from EU-AD or EU-AR, such as "warning", "reprimand", "caution" or "exclusion from the profession". Explain and give relevant statistics.	Sanction:	PIE	Non-PIE	Others (incl. delegated and all those sanctions and administrative measures, which don't fit into the previous categories)
		Close follow-up		Lux: 3 Malta: 1	
		Training measures		Lux: 1	
		Warning	Cyprus: 4 Finland:1 Sweden: 2	Finland: 4 Latvia: 2 Sweden: 20 Romania <sup>5</sup> 295	Finland: 10
		Penalty for not delivering requested information		Netherlands <sup>6</sup> : 1	
		Call to order	Belgium: 7	Belgium: 14	Belgium: 5
		Reprimand	Czech: 4 Germany: 2 Sweden: 1	Czech: 1 Estonia: 1 Finland :2 Germany:15 Ireland: 10 Sweden: 11	Finland: 2 <b>Ireland: 9<sup>7</sup></b>
		Severe Reprimand <sup>8</sup>		United Kingdom: 4	United Kingdom: 1 <sup>9</sup>

<sup>5</sup> Romania: During year 2017 CAFR (the professional body), applied - 3 sanctions for a behavior that led to impossibility of conducting the quality inspections- 292 sanctions for non-fulfillment in time the obligations as CAFR member

<sup>6</sup> Netherlands: A penalty-notification has been issued to an audit firm for not delivering requested information. The fine has not been imposed as the firm provided the AFM with the requested information with-in the requested date of the penalty-notification.

<sup>7</sup> All instances were either a reprimand or a severe reprimand by the recognised accountancy bodies.

<sup>8</sup> Comment from UK: A severe reprimand was deemed appropriate where the disciplinary matter was of a medium to high severity but not the extent that membership status should be affected.

<sup>9</sup> Non-PIE delegated



		Public Reprimand	Norway: 3	Czech: 10 <sup>10</sup> Norway: 7	
		Audit Compliance Review (ACR)		Malta: 1	
		Hot/cold file review requirement		Malta: 4	UK: 26 <sup>11</sup>
		Caution		Norway: 14	
		Suspension: Suspend a registered auditor's right to conduct a statutory financial audit for public-interest entities for a period of up to three years	Bulgaria: 1		
		Penalty			Slovakia: 2
		Withdrawal of special qualifications (for example: IFRS)	Hungary: 8		
		Withdrawal or imposition of conditions on audit certificate		Ireland: 12	Ireland: 2 (non-pie delegated)

<sup>10</sup> **Czech:** In comparison with the previous sanction, it seems to be more serious especially due to its publicity.

<sup>11</sup> **UK:** Hot file review requires the file to be reviewed externally before the audit report is signed and the results of the review are submitted to the delegated body. All of the figures were provided by the delegated bodies – 13 non-PIE engagements were subject to a hot/cold review and 13 PIE engagements. 2 non-PIEs had this requirement imposed on them and 4 others had it imposed on them. Firms were required to submit the external cold file review of the subsequent year's audit of 11 specified audit engagements to demonstrate that sufficient improvements had been made in these audits. Firms were also required to submit cold file reviews of unspecified files to demonstrate that appropriate audit quality standards were being achieved. 11 non-PIEs had this requirement imposed on them and 9 others had it imposed on them.

		<b>Exclusion from profession</b>		Estonia: 3 <sup>12</sup>	
		<b>Exclusion from membership</b>			Ireland: 5 (non-pie delegated) <sup>13</sup>
		<b>Restriction / Exclusion</b>			UK: 3 (non-pie delegated) <sup>14</sup>
		<b>Conditions</b>			UK: 26 (non-PIE delegated) <sup>15</sup>
		Other		Ireland: 2	Ireland 3 (non-pie delegated) <sup>16</sup>

<sup>12</sup> In **Estonia** the Oversight Board may deprive of the qualification of a sworn auditor in the case of repeated or material violation of the bases of sworn auditor's activities or professional activities. The qualification of a sworn auditor was deprived from 3 persons.

<sup>13</sup> **Ireland**: Five instances of the recognised accountancy body imposing an exclusion from membership of the body.

<sup>14</sup> **UK**: Three non-PIE members were excluded. Two firms were restricted from accepting any new audit clients until sufficient improvement was demonstrated in their audit work.

<sup>15</sup> **UK**: Withdrawal of relevant person's audit certificate - 5 non-PIE Suspension of relevant person's audit certificate - 1 non-PIE Impose conditions on a relevant person's audit certificate - 2 non-PIE Imposition of conditions on audit certificates by a regulatory assessor - 18 non-PIE

<sup>16</sup> **Ireland**: non-PIE: One instance of a prohibition on using the description of the recognised accountancy body and one instance of a cold file review condition. Other: One instance of a hot file review imposed, one instance of a file submitted for cold file review and one instance of a submission of a list of audit clients to facilitate orderly wind-down of audit activities.

## 9 Range of pecuniary sanctions

The respondents were asked about the range of pecuniary sanctions (fines or similar) according to their national law in their jurisdictions. The respondents were asked to indicate the level of the minimum and the maximum of pecuniary sanctions in euros. Note that all national currencies are not originally stipulated in euros. Thus some of the numbers in the following are rounded into euros and vary due to currency changes.

Jurisdiction	Minimum audit firms €	Minimum individual auditors €	Maximum audit firms €	Maximum individual auditors €	Comments
Austria	-	400	-	350 000	Pecuniary sanctions under the Austrian Audit Oversight Act can only be imposed on natural persons. If a legal entity conducts a breach, any possible pecuniary sanctions are to be imposed on the entity's legal representative(s).
Belgium			2 500 000	2 500 000	Or up to three times the loss avoided or the profit gained through the breach.
Bulgaria	250	250	2 500	2 500	The sizes of pecuniary sanctions are for not so strong infringements of Audit act. The pecuniary sanctions for infringements of Audit Regulation, Audit Directive and applicable auditing standards are at the amount of up to 10 per cent of total net sales revenue for the preceding financial year considering the date when the infringements was detected, however not less than 1 000 euros.
Cyprus	-	-	1 000 000	100 000	Audit Firms: In the case of recurrence for audit firms the pecuniary fine can rise up to 2 000 000 € Individual Auditors: In the case of recurrence for individual auditors the pecuniary fine can rise up to 200 000 €
Czech Republic	1	1	380 000	380 000	The amount of pecuniary sanction can differ according to seriousness of the misconduct. Not all the breaches of law can be fined up to 380 000 euro.
Denmark	-	-	200 000	80 000	
Estonia	200	200	32 000	6 400	A fine imposed on a member of the Board of Auditors as a disciplinary penalty shall not be less than 200 euros. A fine imposed as a disciplinary penalty on a member of the Board of Auditors who is a natural person shall be up to 6,400 euros. A fine imposed as a disciplinary penalty on a member of the Board of Auditors who is a legal person shall be up to 32 000 euros.
Finland	-	-	-	50 000	The pecuniary sanction applies only to violation of cooling-off period when the auditor etc. takes up a key management position in the audited entity against Section 11 Chapter 4 in Finnish Auditing Act (in compliance with Art 22a in EU Audit Directive).
France	-	-	1 000 000 or the average of audit fees for 3 years or for the year concerned	250 000	There is another panel of pecuniary sanctions for the breaches made by other people than auditors. Depending on the breach, the maximum amount can be 50 000 € or 250 000 € for individual person, or 500 000 € or 1 000 000 for entities.
Germany	-	-	500 000	500 000	
Greece	-	-	100 000	100 000	
Hungary	1 700	350	1 700 000	350 000	
Ireland	-	-	100 000 multiplied by the number of statutory auditors in the firm at the time that the relevant contravention occurred	100 000	

Italy	1 000	1 000	500 000	500 000	The range of possible pecuniary sanctions is between euro 1 000 and euro 150 000 for auditors (both individual or audit firms) of non-PIEs. These sanctions are issued by the Ministry of Economics and Finance. The range of possible pecuniary sanctions is between euro 10.000 and euro 500 000 for auditors (both individual or audit firms) of PIEs. These sanctions are issued by CONSOB.
Latvia	-	-	14 200	7 200	There is no minimum pecuniary sanctions for both audit firms and individual auditors established by national law.
Lithuania	100	100	100 000	100 000	The Authority impose a fine in the following cases:1) where a legal person carries out the audit of financial statements in the absence of a certificate of an audit firm or where the certificate of the audit firm has been suspended; in the amount from EUR 1 000 up to EUR 100 000; 2) where a natural person who is engaged in economic and commercial activities and/or a legal person fails to comply with the instructions of the Authority specified in paragraph 3 of this Article, fails to provide to the Authority the information indicated in this Law or hinders the performance of a quality review, inspection and investigation of the audit of financial statements and an investigation of a breach; in the amount from EUR 100 up to EUR 10 000, and where the natural and/or legal person is the auditor of a public-interest entity, the audit firm of a public-interest entity and/or a public-interest entity; in the amount from EUR 1 000 up to EUR 100 000; 3) where a natural person who is engaged in economic and commercial activities and/or a legal person fails to comply with the requirements set forth in Regulation (EU) No 537/2014 - in the amount from EUR 1 000 up to EUR 100 000.
Luxembourg	500	500	1 000 000	500 000	
Malta	23.29 per day	23.29 per day	60 000	60 000	
Netherlands	-	-	4 000 000	8 300	
Norway	-	-	-	-	The FSA does not have the legal option to impose administrative pecuniary. However, this may be a legal option according to new legislation in the near future.
Poland	-	-	10% of annual revenues	58 000	
Portugal	1 000	1 000	5 000 000	5 000 000	
Romania	2 150	2 150	4 300	4 300	
Slovakia	-	-	1 000 000	30 000	
Slovenia	-	-	-	-	Audit Directive not implemented to date (no statistics available in line with ARD).
Spain	1	1	6% of the audit fees in the last financial year	36 000	Audit firms: Sanctions for minor breaches up to 6 000 euros. Sanctions for serious breaches up to 3% 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. Minimal amount 12 000 euros. Sanctions for very serious breaches between 3% and 6% 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. Minimal amount 24 000 euros. Auditors signing the audit report on behalf of an audit firm. Sanctions for minor breaches No pecuniary sanction foreseen. Sanctions for serious breaches between 3 000 and 12 000 euros. Sanctions for very serious breaches between 12 001 and 24 000 euros. Individual auditors: Sanctions for minor breaches up to 6 000 euros. Sanctions for serious breaches between two to five times the amount invoiced for the audit engagement in which the breach was committed. Minimum amount 6 001 euros and maximum amount 12 000 euros. This maximum shall not be applicable where the breach refers to an audit engagement 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 6 001 euros and a maximum of 18 000 euros. Sanctions for very serious breaches between six to nine times the amount invoiced for the audit engagement in which the breach

					was committed. Minimum amount 18,001 euros and maximum amount 36 000 euros. This maximum shall not be applicable where the breach refers to an audit engagement 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. Optional measure in case of infringement related to PIEs audits. The sanctions imposed and the minimum and maximum amounts may be increased by up to 20%.
Sweden	500	500	2% of their annual revenue	100 000	
United Kingdom	-	-	See note	See note	The FRC does not have a maximum limit when it comes to imposing fines on audit firms or individuals. The sanction would need to be decided by or, in the case of settlement, approved by the Tribunal. Fines have been set at up to £10 million on firms but could be more in cases of a failure of integrity.

### Tentative observations

In comparison to the First CEAOB Enforcement Questionnaire, which addressed administrative measures and sanctions from year 2016, in general terms, there has been notable increase in the number of administrative measures and sanctions in year 2017. However these two surveys are not directly comparable, because the methodology used in the survey is different between these two CEAOB surveys. Also during the first CEAOB Enforcement Survey (conducted in 2017) many member states were still at the early stage of their Audit Reform implementing processes.

There seems to be significant differences in NCAs' approach when imposing administrative measures sanctions on auditors and audit firms. The numbers of administrative measures and sanctions don't seem to compare with the size of the population of auditors nor any other generally known indicator.

Member States have implemented many "other" administrative measures or sanctions which don't directly derive from EU-AD or EU-AR, such as "warning", "reprimand", "caution" or "exclusion from the profession". These other administrative measures and sanctions are used rigorously as it shows in the statistics. The survey did not address the possibility that there is a longer history behind these sanctions than the implementation of EU Audit Reform 2014. Thus the reason for high variety of different sanctions in EU/EEA may result from historic development. This CEAOB survey report doesn't explain the rationale and criteria behind the administrative measures and sanctions, but the report is merely descriptive. Many of the reported "other" administrative measures and sanctions may have similar application criteria but nevertheless different title. The reader of the report should also notice that the titles of the administrative measures and sanctions are mostly translations into English.

EU Audit Reform has been implemented recently. Many Members States haven't yet imposed administrative measures and sanctions, which directly derive from legislation which is in compliance with the EU Audit Reform legislation.

### Appendix

Copy of the Enforcement Questionnaire on Sanctioning Statistics regarding year 2017

# ENFORCEMENT QUESTIONNAIRE ON SANCTIONING STATISTICS REGARDING YEAR 2017

This questionnaire is addressed to EU Competent Authorities in Auditor Oversight, based on Article 23 of the Regulation 537/2014 and Directive 2006/43/EC, Article 30f (1).

**Legal ground:** This questionnaire is based on Member States duty to cooperate in line with Article 33 of Directive 2006/43/EC and CEAOB's mission to facilitate the exchange of information, expertise and best practices in line with Article 30(7) and 30(11) of Regulation. The questionnaire addresses investigations and sanctioning by competent authorities or delegated authorities in calendar year 2017. The responses of the questionnaire will be used for public reporting purposes in compliance with the CEAOB's work plan 2018 and the CEAOB Enforcement sub-group's work plan 2018.

**Statistics:** Please give statistics which reflect the decisions based on legislation in your jurisdiction by your competent authority in line with the ARD. The responses should also cover the decisions made by a delegated authority or body. The questions and requests of statistics refer to calendar year 2017 only. If there is not yet history for year 2017 please leave the response space empty. The questionnaire is addressed to collect information primarily on the oversight of statutory audit and statutory auditors and audit firms. Exclude investigation and sanctioning of non-audit services of auditors and audit firms.

**Terms:** The terms used in this questionnaire reflect the terms and definitions used in EU Audit Directive (2006/43/EC) of May 2006 and the Regulation 537/2014. This questionnaire covers PIE and non-PIE auditors and audit firms respectively. EU-AD = Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, EU-AR = 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.

**Responses:** Please provide your responses using this electric format **by 23 October 2018 at the latest**.

**Inquiries:** If you have questions about answering please contact [pasi.horsmanheimo@prh.fi](mailto:pasi.horsmanheimo@prh.fi).

## Contact information:

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

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

The following responses were filled by: \_\_\_\_\_ (name and contact information) date \_\_\_\_\_/\_\_\_\_\_/2018

Further information can be given by (contact information):  
\_\_\_\_\_

## Statistics 2017 - Administrative measures and sanctions

In your response, the statistics<sup>1</sup> should reflect decisions on administrative measures and sanctions based on new legislation in your jurisdiction by your competent authority in line with the ARD.

Please also include administrative measures and sanctions which a delegated authority or body has imposed in line with the ARD on basis of delegation of tasks Art. 24 of the EU-AR and Article 32(4) of the EU-AD.

Number (PIE) and Number (non-PIE) in the questionnaire refer to sanctions following auditors' engagements which have been investigated. Number others refers to other sanctions which are not linked to any specific audit engagement (eg. sanctions following from negligence of paying statutory fees, failure to provide requested information for oversight purposes, breach of duty of cooperation).

	Mandatory administrative measures and sanctions that the competent authority or the delegated authority/body has taken/imposed. Art. 30 a EU Directive Art. 23 (f) of the EU Regulation No. 537/2014	How many of the administrative measures and sanctions did the competent authority impose in year 2017?  Distinct PIE and non-PIE sanctions on basis on the engagement in question.  Note: One case may cover several sanctions, please report <u>each sanction</u> distinctively. <sup>2</sup>	How many of the administrative measures and sanctions did the <u>delegated authority or body</u> (if any) impose in year 2017?  Note: One case may cover several sanctions, please report <u>each sanction</u> distinctively. <sup>2</sup>	Notes and comments: National add-ons etc.
1	notice requiring the natural or legal person responsible for the breach to cease the conduct and to abstain from any repetition of that conduct Art. 30 a (1.a) EU-AD	Number (PIE): Number (non-PIE): Number (others):	Number (PIE): Number (non-PIE): Number (others):	
2	a public statement which indicates the person responsible and the nature of the breach, published on the website of the competent authority Art. 30 a (1 b) EU-AD	Number (PIE): Number (non-PIE): Number (others):	Number (PIE): Number (non-PIE): Number (others):	
3	a temporary prohibition, of up to 3 years' duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/ or signing audit reports Art. 30 a (1 c) EU-AD	Number (PIE): Number (non-PIE): Number (others):	Number (PIE): Number (non-PIE): Number (others):	Mention the duration of each prohibition.
4	a declaration that the audit report does not meet the requirements of Art. 28 of EU-AD, or where applicable, Art. 10 of EU-AR Art. 30 a (1 d) EU-AD	Number (PIE): Number (non-PIE): Number (others):	Number (PIE): Number (non-PIE): Number (others):	
5	a temporary prohibition, for a certain duration, banning a member of an audit firm or a member of an administrative or management body of a PIE-entity from exercising functions in audit firms or public-interest entities Art. 30 a (1 e) EU-AD	Number (PIE): Number (non-PIE): Number (others):	Number (PIE): Number (non-PIE): Number (others):	

<sup>1</sup> The statistics don't cover decisions where the competent authority concluded that sanctioning was not necessary when the case was closed.

<sup>2</sup> For instance, in a case of multiple sanctions, an auditor can be imposed a fine and a reprimand by the same decision in the same case. Both sanctions should be filled in respectively. Report sanctions and administrative measures imposed on both auditors and audit firms. If there are other parties, which have been sanctioned, such as former auditors, please report the sanctions in comment field.

6	the imposition of administrative pecuniary sanctions on natural and legal persons Art. 30 a (1 f) EU-AD	Number (PIE):  Number (non-PIE):  Number (others):	Number (PIE):  Number (non-PIE):  Number (others):	
7	withdrawal of approval (Art. 30 (3) of EU-AD	Number (PIE):  Number (non-PIE):  Number (others):	Number (PIE):  Number (non-PIE):  Number (others):	
8	Any other administrative measures or sanctions which don't derive from EU-AD or EU-AR, such as "warning", "reprimand", "caution" or "exclusion from the profession". Explain and give relevant statistics.  Sanction: _____  Sanction: _____  Sanction: _____	Number (PIE):  Number (non-PIE):  Number (others):	Number (PIE):  Number (non-PIE):  Number (others):	Explain.
9	Range of possible financial sanctions (fines or similar)  Minimum:  Maximum:	Number (PIE):  Number (non-PIE):  Number (others):	Number (PIE):  Number (non-PIE):  Number (others):	Explain basis for sanctioning.

Comments: