Introduction

- Public Oversight System
- Standards setting
- Quality Assurance
- Investigation & Disciplinary procedures
**Public Oversight: Audit Directive**

- Public oversight 'system'
- Final and ultimate responsibility of the oversight
  - Access to the profession
  - Public register
  - Standards on auditing
  - Permanent education
  - Quality assurance, investigations and disciplinary procedures

**Public Oversight - Belgium**

- Composition: majority of non-professionals
- Funding: no undue influence of the profession
- Transparency: working programme, activity report
- Coordination and cooperation of the system (national and European): HCEP in Belgium

- High Council for the Economic Professions (HCEP)
- Chamber of Disciplinary Transfer and Indictment (CDTI)
- Minister of Economy
- Disciplinary authorities
- Advisory and Supervisory Committee on the independence of the statutory auditor (ACCOM)
- Public Prosecutor
Public Oversight - Principles

- “Oversight” & delegated activities
- Fundamental democratic principles of separation of powers:
  - Legislative (standards setting)
  - Executive (inspections; investigations)
  - Judicial (disciplinary)

Public Oversight System
- Standards setting
- Quality Assurance
- Investigation & Disciplinary procedures

Standards setting
- IAASB (IFAC) – standards on auditing:
  - Clarified ISAs
  - Official translation into:
    - French (CNCC, France & IBR-IRE, Belgium)
    - Dutch (NBA, The Netherlands & IBR-IRE, Belgium)
- IESBA (IFAC) – Code of Ethics
  - Risks & safeguards approach
  - Prohibitions
Auditor’s independence

• EC Green Paper 2010 – some proposals
  • Prohibition of non audit services (vs. self review-threats)
  • External rotation (vs. internal rotation)
  • Appointment & remuneration by third parties (vs. workers’ council; audit committee; shareholders’ committee; etc.)

Auditor’s independence

• Comments
  • Relation with the 2008 financial crisis?
  • Not proportional to the objective – alternatives
  • Contrary to EU competition rules
  • Not compliant with international rules
  • Legal Affairs Committee EP – 24.05.2011

Standards setting

• Clarified ISAs (2012 PIE’s; 2014)
• Exposure draft (public consultation) by the IRE/IBR
• Approval (endorsement) by the Public Oversight system
  – HCEP
  – Minister of Economy
• Publication in the Belgian Official Gazette
Quality assurance system

CDTI (on proposal by the IBR-IRE):
– approval of the inspectors
– approval of the annual list of quality assurance reviews
– evaluation of the conclusions of the quality assurance reviews

PIES
• External inspector
• Every 3 years

Non-PIE’s
• Inspector (auditor)
• Every 6 years
### Quality assurance system

- Report by the inspector
- Proposal by the IBR-IRE
- Decision by CDTI
  - Close the case
  - Recommendations to registered auditors
  - Intermediate (advanced) quality review
  - Transfer to the Disciplinary Commission (after recommendations)

### Public Oversight System

- Standards setting
- Quality Assurance
- Investigation & Disciplinary procedures

### Investigation

- Investigation by
  - IBR-IRE or
  - CDTI (experts)
- Proposal by IBR-IRE or experts
- Decision by CDTI
  - Close
  - Investigation
  - Disciplinary
Investigation

CDTI:
– indictment of disciplinary cases
– access to individual files at any time
– possible assignment of an expert
– require IRE-IBR to start an investigation
– require IRE-IBR to perform additional investigation
– regulate the procedures started by complaints
– require IRE-IBR to impose an injunction to an auditor to make an end to a contested situation.

Disciplinary procedures

• Procedure filed by IBR-IRE (in line with CDTI)
• Decision by disciplinary authorities
  – Disciplinary Commission
  – Commission of Appeal

Conclusion

• Public oversight - separation of powers
  – Standards setting
  – Quality assurance - Investigations
  – Disciplinary
  – New engagements – cap on liability
  – Harmonised international ethical rules
  – Credibility of the public oversight system
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