



International Forum of Independent Audit Regulators

Report on 2014 Survey of Enforcement Regimes

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Definitions¹

The following definitions were applied for purposes of the Survey and, unless otherwise indicated, have the same meaning throughout this report:

Adjudication: An adjudication is a determination by a tribunal or other body as to whether:

- (1) allegations have been established with adequate evidence or proof; and
- (2) sanctions should be imposed against a regulated audit firm or individual accountant.

Audit Laws: Audit laws are laws, rules and/or standards governing the audits of financial statements and quality control in firms performing such audits.

Auditor: An auditor is an audit firm or individual accountant conducting audits of financial statements.

Disciplinary Measure/Sanction: A disciplinary measure, or a sanction, is a penalty, punishment, restriction, or other measure imposed as a means of enforcing compliance with or deterring violations of audit laws, as opposed to a remedial measure taken voluntarily as a result of inspection or other regulatory oversight.

Disciplinary Proceeding: A disciplinary proceeding is a process carried out by a government entity or an entity designated by law to determine whether an auditor has violated audit laws or other auditor duties and whether disciplinary measures or sanctions are warranted.

Enforcement: Enforcement is oversight activity directed at addressing violations of audit laws, which may result in imposition of penalties, punishments, restrictions, or other disciplinary measures/sanctions. Enforcement activities are distinguished from inspections, which are aimed at establishing whether there are deficiencies in a firm's audits or quality controls and monitoring improvements in those audits and quality controls.

Enforcement Program: An enforcement program is comprised of those elements of an IFIAR member's organization that are responsible for enforcement, including investigations.

¹ The definitions used in this report are materially identical to the definitions of key terms provided to the respondents with the Survey questions, except for the inclusion of two additional definitions: "Enforcement Program" and "Litigate/Litigation."

GPPC firm: A GPPC firm is an audit firm belonging to the global networks of BDO, Deloitte Touche Tohmatsu, EY, Grant Thornton, KPMG, or PricewaterhouseCoopers.²

Investigate/Investigation: To investigate is to collect evidence or other information to assess whether audit laws have been violated and whether a disciplinary proceeding should be initiated. As such, investigation is part of the overall enforcement process.

Litigate/Litigation: Litigation is the regulator's participation in an adjudication.

Public interest entity: A public interest entity is:

- (1) an entity that has securities (equity or debt) traded on securities markets and exchanges; or
- (2) an entity:
 - a. defined by regulation or legislation as a public interest entity; or
 - b. for which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation may be promulgated by any relevant regulator, including an audit regulator.

Remedial Measure/Remediation: A remedial measure is a step taken by an audit firm to correct a deficiency in its audits or quality controls identified in the course of a regulatory inspection or other regulatory oversight. Remediation is the process of correcting such a deficiency based on such a legal or regulatory requirement. A remedial measure may be voluntarily undertaken by an auditor or imposed by a regulator.

Settlement: A settlement involves a decision by a regulated firm or individual auditor to accept a sanction instead of contesting the allegations in an adjudication.

Tribunal: A tribunal is a person or body empowered to make an independent determination as to whether:

- (1) allegations have been established with adequate evidence or proof; and
- (2) sanctions should be imposed against a regulated audit firm or individual accountant.

² Please note that this definition is based on, but slightly different from, the definition of GPPC firm used in the 2013 Survey of Inspection Results for Audit Firms conducted by IFIAR. The entities included should be identical.

Executive Summary

The International Forum of Independent Audit Regulators (IFIAR) has conducted a Survey on Enforcement Regimes (the Survey) concerning the enforcement regimes of the IFIAR members. The purpose of the Survey is to develop an understanding of the mandates, objectives, and legal authority of members' enforcement regimes, with the goal of sharing information and fostering discussion of current and emerging enforcement issues, methodologies, and techniques.

The Survey sought information from IFIAR members concerning: (i) the powers of members' enforcement programs; (ii) the structure of their enforcement programs; (iii) the handling of enforcement matters; (iv) the reporting of enforcement matters; (v) history and trends relating to enforcement; (vi) other relevant authorities; and (vii) ideas for enforcement-related reform.

Thirty-two members of IFIAR have submitted responses to the Survey. This report is a summary and analysis of their responses. It is intended to be used for informational purposes and should not be read to recommend best practices on behalf of IFIAR.

Key findings in the Survey responses include:

- **Powers of Enforcement Programs (pages 12-17)**
 - Every respondent but one (97%) reported that it has the authority to investigate potential violations of Audit Laws. Most respondents share enforcement authority for Audit Laws, and may refer potential violations of Audit Laws to other authorities. About three-quarters (72%) of the respondents may litigate enforcement cases with their own personnel, while the remainder must refer their matters to other authorities for litigation.
 - About two-thirds (69%) of respondents have enforcement authority not only over Audit Laws but also over non-audit-related conduct that reflects on integrity or fitness.
 - Almost all respondents (94%) reported that they have enforcement authority over both audit firms and individual auditors, while fewer than half (41%) have such authority over other individuals or entities associated with an audit engagement.
 - The most commonly available sanctions among respondents are de-registration, reprimand or censure, bans on practicing, and monetary penalties. More than half of respondents also have the authority to censure, restrict activities, require remedial measures, and issue a public warning.
 - Slightly more than half of respondents (53%) reported that their enforcement authority extends to firms domiciled outside their borders.
 - All respondents have the authority to enforce ethics laws, regulations, or codes for professional accountants, including independence rules.

- Structure of Enforcement Programs (pages 17-20)
 - Half of respondents (50%) reported that their enforcement functions are located within stand-alone public audit oversight authorities. While most respondents (78%) indicated that they distinguish between enforcement and inspection processes, approximately half (52%) stated that they maintain separate enforcement and inspection staffs.
 - Respondents indicated that they have adopted a range of models for adjudicating enforcement matters. The most common models are a governing body or board of the organization, or administrative due process within member performed by staff who also have enforcement-related duties.

- Handling of Enforcement Matters (pages 20-25)
 - In identifying potential enforcement matters, the most commonly used sources reported by respondents are inspections, referrals from other regulators, tips, and complaints.
 - Respondents identified a relatively consistent set of criteria in determining whether to pursue a potential matter, including materiality, investor harm, the nature of the accounting and auditing issues involved, and other public interest considerations. Many respondents also cited resource constraints as relevant.
 - Investigative powers were relatively consistent across respondents. Ninety-one percent (91%) have the authority to compel the production of documents, answers to specified questions, and oral testimony. Most (78%) also have the power to inspect physical premises. However, these powers are subject to a number of limitations.
 - About two-thirds of respondents (69%) reported that they do not have the authority to resolve enforcement matters by settlement in lieu of full adjudication.
 - Although Respondents reported a variety of models for the adjudication of litigated or contested enforcement matters, two models predominate: adjudication by a court and adjudication by the board or governing body of the member's organization.
 - Respondents were roughly equally split as to whether their adjudications are public or non-public, with some indicating that it would depend on the circumstances.
 - Most respondents reported that their enforcement programs are subject to various periods of limitation (e.g., the lapse of time). These time limits range from one month to twenty years, depending on the jurisdiction and type of case, with five years the most commonly cited limit.

- Reporting of Enforcement Matters (pages 25-26)
 - Respondents possess widely varying levels of authority and discretion to publicize information about enforcement matters. Some respondents have no authority to publish specific information, while others are required to or have wide discretion to publish various types of information at various stages of the investigative process. Most frequently, respondents stated that they may publish information when a decision is made (initially or on appeal) or a sanction imposed in a disciplinary proceeding.
 - About three-quarters (78%) of respondents also indicated that they publish aggregated data about their enforcement programs, typically in annual or other periodic public reports.

- History and Trends (pages 27-33)
 - While respondents indicated that their enforcement programs are of varying ages, one-third (33%) of respondents who reported the age of their enforcement programs reported that they existed under their current organizational structure prior to 2000. But the largest proportion of respondents (63%) indicated that they were created between 2001 and 2013.
 - More than half of respondents (66%) indicated that they have imposed at least one sanction or remedial measure on a global network firm and on a partner of such a firm. Fewer than half have imposed a monetary penalty on a global network firm or partner (39%), a bar on practicing against a global network partner (29%), or deregistration or de-licensing of a global network firm (23%).
 - Only one respondent has taken action against a firm or auditor outside its own jurisdiction.
 - The most frequently cited trends observed by respondents related to misstatements in financial statements were issues relating to related party transactions, revenue recognition, and provision and contingent liabilities.
 - The most common trends relating to audit process issues were fair value measurement and management estimates, due care and professional skepticism, and audit documentation. Independence-related issues were another commonly cited trend regarding quality control.
 - The most common trends relating to non-audit conduct were discreditable acts (such as tax fraud) and auditing without holding a license.
 - The most commonly cited issues faced by enforcement programs were challenges relating to the principles-based nature of the ethics codes and independence rules for auditors.

- Other Relevant Authorities (pages 34-35)
 - Most respondents reported that they may share enforcement-related information with other domestic and foreign regulators under certain circumstances, including under multilateral or bilateral international agreements.

- Ideas for Reform (page 35)
 - Respondents identified a number of potential ideas for reform that they have adopted or considered in their jurisdictions. A commonly cited theme was structural or organizational improvements, and the expansion of the regulator's authority, such as ability to impose sanctions, ability to share information with other regulators, or ability to publicize information relating to enforcement matters.

No one enforcement program is optimal and members' enforcement programs are evolving. At the same time, certain key issues emerge as critical decision points for regulators considering the implementation or improvement of their enforcement programs, which are noted below. IFIAR is not recommending specific best practices relating to the enforcement of Audit Laws based on the Survey, but provides some useful ideas that IFIAR members may wish to consider.

- While almost all regulators have enforcement authority over audit firms and individual auditors, fewer than half have such authority over other persons and entities associated with an audit. Regulators may wish to consider whether their enforcement authority is tailored to their goals of enhancing investor protection and improving audit quality.

- A wide variety of sanctions may be imposed by audit regulators, though each regulator possesses a unique range of available sanctions. Decision-makers may wish to examine the sanctions available to other regulators and consider whether to seek the authority to impose other sanctions in their own enforcement programs.

- Enforcement cases may be adjudicated in a number of ways, ranging from adjudication by internal staff members, who are often knowledgeable about applicable audit laws, rules, and regulations, to adjudication by fully external tribunals that may not be particularly familiar with such matters. In implementing an adjudicatory system, regulators may wish to consider the appropriate balance between the potential efficiency of internal adjudication governed by fair procedures and the greater potential appearance of objectivity that may result from the use of models that rely on impartial adjudicators.

- Some audit regulators have the authority to announce cases and sanctions only when final, while others have the discretion to announce matters, even at the investigatory stage. This determination involves policy questions relating to the value of public disclosure of information so that it can be used by investors, audit committees, the audit profession, and others, as well as the potential for reputational damage or perceived unfairness. Audit regulators, to the extent they have the discretion, may wish to consider the appropriate balancing of these interests in determining their approach to public disclosure.
- As cross-border audit activity and investigatory activity with international dimensions become more common, the need to share confidential information with other regulators becomes increasingly important. The results of this Survey may assist regulators in exploring ways of enhancing and smoothing the sharing of confidential information across borders.

Introduction

IFIAR is an organization comprised of audit regulators from around the world that are independent from the audit profession.³ IFIAR, currently comprised of 51 members, focuses on:

- Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity with a focus on inspections of auditors and audit firms;
- Promoting collaboration and consistency in regulatory activity; and
- Providing a platform for dialogue with other international organizations that have an interest in audit quality.

IFIAR established the Enforcement Working Group (EWG) to promote stronger coordination in the area of enforcement, including investigations, in order to enhance investor protection and improve audit quality. The objectives of the EWG are to:

- Develop an understanding of IFIAR members' enforcement regimes with the goal of sharing information, including a discussion of current and emerging enforcement issues;
- Hold periodic Enforcement Workshops to provide a forum for all IFIAR member enforcement professionals to exchange information, share ideas, promote professional development and enhance effectiveness; and
- Develop and strengthen bilateral relationships among enforcement officials from IFIAR Members with the goal of facilitating enforcement cooperation on matters of mutual interest.

The EWG is chaired by Takashi Nagaoka from the Financial Services Agency of Japan, with Claudius Modesti of the Public Company Accounting Oversight Board in the U.S. serving as Vice Chair. The EWG also includes IFIAR members from Australia, Finland, Germany, the Netherlands, Portugal, Switzerland, Chinese Taipei, and the United Kingdom.⁴

The Terms of Reference for the EWG contained in the IFIAR Officers' Work Plan for term of April 2013 through April 2015 call for the EWG to conduct a survey for the purpose of developing an understanding of IFIAR members' enforcement regimes. As agreed upon in the Work Plan, the purpose of the survey was to better understand members' mandates

³ More information about IFIAR and its activities may be found at www.ifiar.org.

⁴ More information about the EWG and its activities on behalf of IFIAR may be found at www.ifiar.org/Working-Groups/Enforcement-Working-Group.aspx.

and objectives, with the goal of sharing information, including a discussion of current and emerging enforcement issues, methodology, and techniques.

To these ends, the EWG began by conducting a Pilot Survey on the enforcement regimes of the EWG's members. The ten members of the EWG each completed the survey and then participated in the preparation of a report on the Pilot Survey's findings. This report was presented to the full IFIAR membership at the IFIAR Plenary Session in April 2014.

From the outset, the EWG contemplated using the Pilot Survey as a basis for conducting a similar survey of the full IFIAR membership. After compiling and presenting the results of the Pilot Survey, the EWG developed a new questionnaire for the full Survey, based in large part on the Pilot Survey but reflecting changes and improvements based on the EWG's experience with the Pilot Survey. The Survey was designed to elicit useful information about enforcement powers and activities conducted by an IFIAR member's organization primarily concerning audits of financial statements but also addressing other accounting services and activities. The Survey sought information from IFIAR members concerning: (i) the powers of the members' enforcement programs; (ii) the structure of their enforcement programs; (iii) the handling of enforcement matters; (iv) the reporting of enforcement matters; (v) history and trends relating to enforcement; (vi) other relevant authorities; and (vii) ideas for enforcement-related reform. The Survey also included a definitions section for key terms used in the questions.

Because of variations in the laws of IFIAR members, the Survey provided respondents with definitions of key terms and informed them that the terms used in the Survey were not meant to be interpreted as technical terms of art. Respondents were encouraged, if needed, to provide explanatory information concerning how their laws, rules, policies, and practices distinguish matters or define key terms or standards.

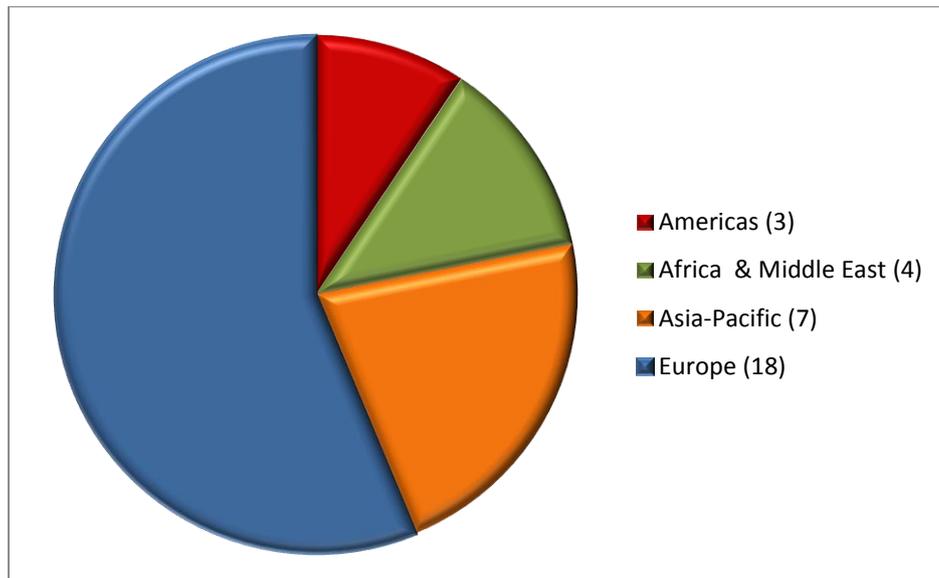
Survey Methodology

The questionnaire for the Survey, which is attached to this report, contains seven sections and a total of 63 questions. The EWG implemented an online portal for IFIAR members to complete and submit their responses to the Survey. Each IFIAR member received a link and login credentials to access the Survey by email on July 9, 2014. Responses were sought by October 10, 2014.

As of February 5, 2015, thirty-two IFIAR members located in all regions have submitted responses to the Survey. This report is based on the submissions of these members.⁵

⁵ Some Survey questions were not answered by all respondents (e.g., not all respondents answered optional questions). Unless otherwise noted, percentages, tables, and other data presented in this report are based on the total number of Survey respondents. This report should be used for informational purposes only.

Survey Participants by Region



Results of Survey

I. Powers of Enforcement Programs

The first section of the questionnaire included 13 questions (questions 1 through 13) seeking information about the extent of respondents' enforcement powers, including the scope of their respective authority and the range of sanctions available to them.

- General Enforcement Authority Relating to Audit Laws: All but one respondent (97%) indicated that they have the authority to investigate potential violations of Audit Laws. Eighty-five percent (85%) of the respondents have the power to refer potential violations of Audit Laws to another body. A similar percentage of respondents may impose sanctions directly, as opposed to by referral to a separate authority. Sixty-nine percent (69%) of respondents share enforcement authority for Audit Laws with another body in their jurisdiction.

About three-quarters (72%) of respondents indicated that disciplinary matters developed by their organizations may be litigated by their own personnel (as well as by other authorities, in some cases). One-quarter (25%) of respondents indicated that the disciplinary matters they develop are litigated by a separate authority, such as a public prosecutor or a magistrate.

- Enforcement Authority Over Non-Audit Conduct: About two-thirds (69%) of respondents indicated that their authority extends to conduct not directly relating to auditing that reflects on integrity or fitness to audit, such as forgery or personal tax fraud.

- **Types of Audits Subject to Enforcement Authority:** As indicated in the table below, all respondents indicated that they have enforcement authority over audits of public interest entities (PIEs), while authority over the audits of other types of entities varies.

Type of Audited Entity	Number of Respondents With Enforcement Authority
PIEs	32 (100%)
Non-PIE Private Sector Entities	23 (72%)
Public-Sector Entities	17 (53%)
Other Entities	7 (24%)

The Survey asked respondents to provide definitions for PIEs used in their jurisdictions. A number of respondents indicated that they define PIE in substantially the same way as defined in the Survey:

A public interest entity is: (1) an entity that has securities (equity or debt) traded on securities markets and exchanges; or (2) an entity: (a) defined by regulation or legislation as a public interest entity; or (b) for which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation may be promulgated by any relevant regulator, including an audit regulator.

Others provided their own definitions, which typically included publicly traded companies. In many cases, jurisdictions have also defined a PIE to include other categories of entities, such as insurance companies, banks, and other financial institutions.

- **Types of Parties Subject to Enforcement Authority:** Nearly all respondents have enforcement authority over both audit firms and individual auditors. However, as shown in the table below, fewer than half have such authority over other individuals and entities associated with an audit (such as non-auditor personnel, outside specialists, etc.).

Type of Party	Number of Respondents With Enforcement Authority
Individual auditors	30 (94%)
Audit firms	30 (94%)
Other individuals or entities associated with audit engagement	13 (41%)
Other	8 (26%)

- Scope of Enforcement Authority by Type of Party:** The Survey also asked respondents for additional detail about the types of conduct that fall within the scope of their enforcement authority over various types of individuals and entities. As summarized in the following table, nearly all respondents have enforcement authority over audit firms and individual auditors regarding deficiencies in individual audit engagements or a failure to cooperate by providing documents or truthful information. Many respondents also have enforcement authority over audit firms and individual auditors regarding deficiencies in a firm’s quality control or conduct not directly related to auditing that reflects on integrity or fitness to audit. However, generally less than a third of respondents have enforcement authority over other individuals or entities associated with an audit in these areas.

	Audit Firms	Individual Auditors	Other Individuals or Entities Associated with Audit
Deficiencies in individual audit engagements	87%	94%	29%
Deficiencies in firm’s quality control	91%	72%	22%
Failure to cooperate (by providing documents or truthful information)	87%	87%	37%
Conduct not directly related to auditing that reflects on integrity/fitness to audit	59%	62%	19%

- Sanctions Available by Type of Party:** The Survey also asked respondents to indicate what sanctions are available as to the various categories of individuals and entities over which they have enforcement authority. For both firms and individual auditors, most respondents indicated that they have the authority to issue a reprimand or censure, impose a monetary penalty, revoke a registration or license, or institute a ban. Many regulators also may require the performance of remedial measures or restrict the activities of a firm or auditor. Some regulators, however, indicated that

they have the authority to sanction other individuals or entities associated with an audit.

	Audit Firms	Individual Auditors	Other Individuals or Entities Associated with Audit	Other (as described in Section III)
Public Warning	17 (53%)	17 (53%)	4 (13%)	3 (10%)
Reprimand or Censure	25 (78%)	26 (81%)	5 (16%)	4 (12%)
Money Penalties or Fines	25 (78%)	24 (75%)	10 (31%)	4 (12%)
De-registration or De-licensing	28 (87%)	26 (81%)	3 (9%)	4 (12%)
Dissolution of Audit Firm	13 (41%)	9 (28%)	2 (6%)	1 (3%)
Temporary or Indefinite Ban on Practicing	25 (78%)	26 (81%)	7 (22%)	3 (9%)
Restrictions on Activities	20 (62%)	19 (59%)	7 (22%)	3 (9%)
Remedial Measures or Commands	21 (66%)	21 (66%)	6 (19%)	3 (9%)
Third-Party Monitor	9 (28%)	9 (28%)	3 (9%)	1 (3%)
Imprisonment	4 (12%)	10 (31%)	3 (9%)	2 (6%)
Other Criminal Penalties	4 (12%)	7 (22%)	2 (6%)	1 (3%)

The Survey also asked respondents whether they ever impose confidential or non-public sanctions. Approximately forty percent (42%) of the respondents who answered this question indicated that they do impose nonpublic sanctions. The remainder do not.

Respondents were also asked if they had the power to use other tools and measures (e.g., thematic reports) designed to modify behavior and reduce violations of Audit Laws, in addition to or instead of sanctions. Most respondents (78%) indicated that they do have such authority. The most commonly cited measures were public reports of various types. One-quarter (25%) of the respondents indicated that they may publish reports concerning individual cases, including targeted warnings concerning the relevant conduct. Approximately one-third (31%) of the respondents also publish annual or other periodic reports concerning enforcement matters. A

couple of respondents cited the ability to conduct roundtables and conferences as a measure to modify behavior and reduce violations. One respondent said it had the authority to issue private reports as a measure beyond the imposition of sanctions.

- **Enforcement Authority Over Foreign Audit Firms:** Slightly more than half (53%) of respondents indicated that their enforcement authority extends to firms domiciled outside their borders. Respondents with such extraterritorial authority were also asked to describe its scope. While the scope of this authority varied among respondents, most indicated that their enforcement authority extends to any firm that is registered with or otherwise entered into their regulatory regime, regardless of where the firm is domiciled. For example, members of the European Union (EU) or the European Economic Area (EEA) require auditors from outside the EU or EEA to register as “third-country auditors” if they audit companies within the member’s jurisdiction. Third-country auditor registration subjects the firms to the enforcement authority of the member. Several respondents (9%) also reported that they have entered into bilateral agreements with other jurisdictions that provide for cooperation in enforcement and other matters.
- **Enforcement of Ethics Laws:** All respondents indicated that they have the authority to enforce ethics laws, regulations, or codes for professional accountants, including rules governing independence requirements. One-quarter (25%) of respondents said that they enforce the ethics code issued by the International Ethics Standards Board for Accountants (IESBA Code), without modification. However, slightly more than half of respondents (56%) stated that they enforce the IESBA Code with modifications by laws, rules, or regulations. Another six respondents (19%) said they enforce ethics rules originally developed in their jurisdiction or region.

II. Structure of Enforcement Programs

The second section of the questionnaire included 10 questions (questions 14 through 23) concerning the structure of the respondents’ enforcement functions, including the size of the enforcement program, the relationship between enforcement functions and inspection functions, and the organization’s adjudicatory processes. Certain of the questions in this section relating to the size of the member’s staff, their professional background, and funding were designated as optional.

- **Location of Enforcement Function:** Half (50%) of the Survey respondents reported that their enforcement function is located within a stand-alone public audit oversight authority. Some (19%) indicated that their enforcement function is located within the audit oversight unit of a broader financial markets regulator, and one stated that its enforcement function is located within the enforcement unit of a broader financial markets regulator. About one-quarter (28%) of respondents stated that

they have other regulatory structures. In approximately half of these instances, the respondent indicated that the enforcement function is shared among multiple authorities or administrative subdivisions.

- Relationship to Inspections Function: While most respondents (78%) reported that they distinguish between enforcement and inspections processes, respondents who reported that the functions are distinguished also provided detailed information concerning how the distinction is maintained. In many cases, respondents indicated that the two functions are housed in different organizational units. In others, the distinction is not organizational, but rather more functional, based on the different purposes of the enforcement and inspections functions.

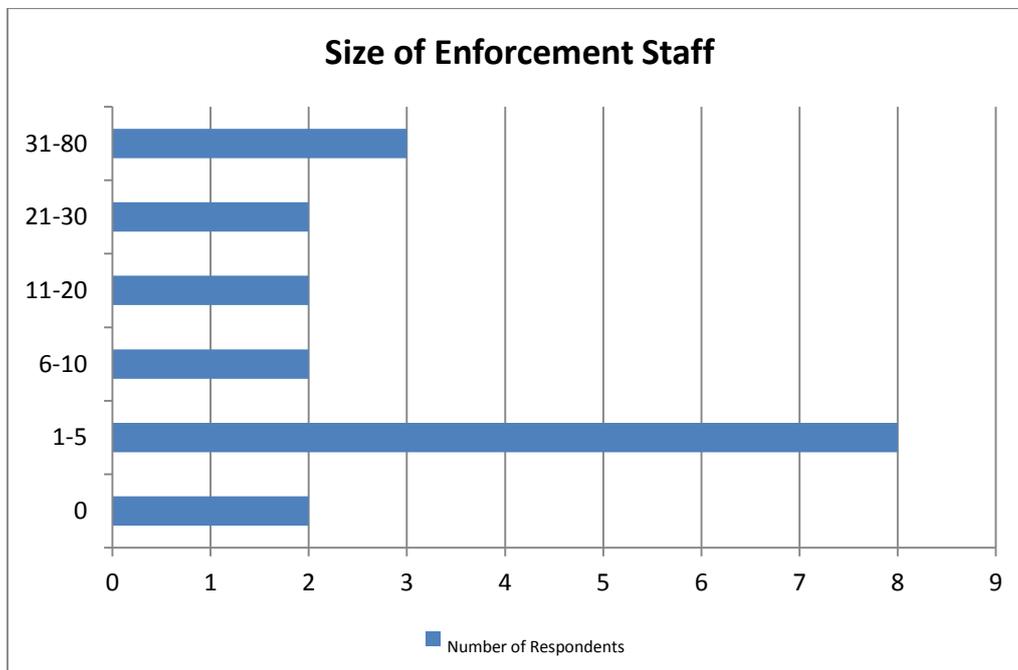
Respondents were also asked whether they maintain separate enforcement and inspections staffs with different reporting lines. Half (50%) stated that they do maintain such separate staffs. Those who reported separate staffs were also asked about lines of communication that exist between the staffs. Many respondents indicated that there exists a formal reporting or referral mechanism between the enforcement and inspections functions. At the same time, some respondents also reported that communication can be more informal.

The Survey also asked respondents whether they distinguish between remedial measures resulting from an inspection and enforcement measures or sanctions. Two-thirds of respondents (69%) indicated that they do distinguish between these two types of measures. Those respondents were also asked how they make this distinction. While explanations varied, many respondents cited the voluntary nature of measures resulting from inspection activity, as opposed to compulsory enforcement sanctions. Many respondents also stated that enforcement sanctions were reserved for conduct that is more severe or that raises public interest issues.

- **Adjudicatory Models:** Survey respondents reported a wide range of models for considering evidence in disciplinary proceedings and adjudicating proceedings involving auditor misconduct. Respondents could select more than one option, since some members may adjudicate different matters in different ways.⁶

Adjudicatory Model	Number of Respondents Using Model
Governing body or board of member	15 (47%)
Administrative due process within member performed by staff who also have enforcement-related duties	15 (47%)
Judicial court	10 (31%)
Stand-alone tribunal or panel	6 (19%)
Administrative law judge or panel within member organization separate from enforcement staff	7 (22%)
Other	4 (12%)

- **Staffing and Expertise:**⁷ Staffing levels among respondents vary widely, as reflected in the following table. Respondents were asked to indicate the number of full-time equivalent (FTE) positions in their organizations dedicated to enforcement.



⁶ Respondents were asked for more detail on their adjudication models in Section III of the Survey (Handling of Enforcement Matters).

⁷ Questions 19-23, relating to staffing levels, professional expertise, budget, and funding were designated as optional questions.

Of the respondents who provided information on staffing size, the mean⁸ staffing level reported was about 18 and the median⁹ was 5.¹⁰

Respondents reported more commonality in the professional qualifications of their staffs. Nearly all respondents indicated that their professional staffs are comprised, at least in large part, of attorneys or legal counsel and former auditors. Some respondents also employ other professionals, such as paralegals, forensic accountants, and certified fraud examiners.

- Funding Approaches: Many respondents indicated they do not maintain a separate budget for enforcement and were unable to provide information concerning the budgetary allocation for the enforcement function. Therefore, it is not possible to draw a meaningful conclusion regarding most respondents' budgetary allocation for the enforcement function.

Respondents were also asked to describe the sources of their funding. The two most commonly reported funding models were (1) funding out of general government appropriations, and (2) funding by fees paid by audit firms, auditors, and/or professional accountancy bodies. Under a third model reported by two respondents, funding is derived from fees paid by publicly traded companies and other market participants. Several respondents provided no information on their funding models.

Methods of calculating enforcement budgets varied among respondents based on the variety of organizational structures represented. Most respondents who provided a response to this question indicated that the enforcement budget is subject to the review and approval of the respondent's oversight authority or another governmental body.

⁸ The term "mean" is defined as "[o]f or relating to an intermediate point between two points or extremes." *Black's Law Dictionary* (8th ed. 2004).

⁹ The term "median" is defined as "[l]ocated in or related to the precise midpoint in a range of values or quantities, such that half of them fall above the midpoint and half below." *Black's Law Dictionary* (8th ed. 2004). All means and medians reported in this report have been rounded to the nearest whole number.

¹⁰ Regulators whose enforcement function encompasses matters beyond enforcement of Audit Laws (such as regulators whose enforcement function is contained within a broader enforcement unit of a financial regulator) may not have limited their response to FTEs dedicated to the enforcement of Audit Laws. The two respondents who reported the largest enforcement staffs also reported that their enforcement function is not housed within a standalone audit regulator. Thus, for comparability's sake, we have not included their responses in this table or in the calculation of mean staffing levels.

III. Handling of Enforcement Matters

The third section of the questionnaire included 17 questions (questions 24 through 40) seeking detailed information concerning the processes and procedures utilized by respondents in identifying potential enforcement cases, carrying out investigations, and other aspects of their enforcement programs.

- Case Identification: The Survey asked respondents to describe the sources of information they use in identifying potential enforcement matters. Respondents were permitted to select all options that applied. As summarized in the following table, responses indicate that nearly all respondents reported that inspections, referrals from other authorities, and tips, complaints and whistleblowers were sources of information. Moreover, at least three-quarters of respondents cited press and media reports, and internal fact-finding and risk analysis as additional sources of case identification information.

Source	Number of Respondents Using Source
Inspections	30 (94%)
Referrals from other authorities	29 (91%)
Tips, complaints, and whistleblowers	29 (91%)
Press and media reports	28 (87%)
Internal fact-finding and risk analysis	25 (78%)
Review and analysis of public filings by regulated entities	20 (62%)
Monitoring of third-party claims (such as private lawsuits)	15 (47%)
Other	2 (6%)

One of the two respondents who selected “other” indicated that fact-finding in an enforcement matter may commence after a recommendation is made by another body. The other respondent indicated that some enforcement matters derive from information supplied by other units within the respondent’s organization, such as the unit focused on financial reporting.

- Criteria for Pursuing Investigation: Survey respondents consider a relatively consistent set of criteria in determining whether to pursue investigation of an enforcement matter. The criteria used by respondents are summarized in the following table.

Criterion	Number of Respondents That Consider Criterion
Materiality	27 (84%)
Investor harm	25 (78%)
Nature of accounting and auditing issues involved	24 (75%)
Public interest considerations other than investor harm	23 (72%)
Resource constraints	11 (34%)
Other	8 (25%)

Respondents who elected “other” indicated that they may consider, among other things, how long ago the conduct had occurred, whether there is “reasonable doubt” about the auditor’s conduct or “reasonable grounds” to pursue an investigation, and additional criteria either not specifically identified or that may be identified in the future.

- **Procedures for Approving the Commencement of Investigations:** As a result of the varying organizational structures, respondents have adopted varying procedures for approving the commencement of enforcement investigations. The two most common models are (1) approval by an individual who is the head of the organization or of the organizational unit responsible for enforcement activity, or (2) approval by the governing board or body, or by a subcommittee thereof. In addition, some respondents indicated that investigations are at least initially commenced by their staff generally, or by a small group of senior leaders in the organization.

Most respondents (68%) indicated that they do not have multiple levels of formality of investigation requiring different levels of approval. However, ten respondents (31%) reported that they do make such distinctions between different types of investigations. Respondents that make such distinctions typically reserve certain investigative tools (such as compulsory production of documents) and/or require referrals to other groups or management tiers for the more formal type of investigation.

- **Investigative Powers:** The Survey sought information from respondents concerning the investigative tools that are available to them in enforcement investigations. Several tools are available to the majority of respondents, as shown in the following table.

Investigative Power	Number of Respondents With Investigative Power
Compel the production of documents	29 (91%)
Compel answers to specified questions	29 (91%)
Compel oral testimony	28 (87%)
Inspect Physical Premises	25 (78%)
Other	7 (22%)

Respondents who indicated they had “other” investigative powers mentioned, among other things, the power to compel written testimony, the power to order an expert witness to provide an opinion, and the authority to access computer systems and copy data.

Asked whether their exercise of investigative powers was subject to any limitations, respondents pointed to, among other things:

- Principles of human rights and due process
 - Rights to refuse to provide information on the ground that the information may tend to incriminate
 - Privileged communication by or to a legal practitioner
 - Privacy rights relating to personal dwellings
 - Privacy rights under banking and financial laws
 - Jurisdictional limitations
 - Obligation not to disturb functioning of the investigated firm
 - Restriction on investigating a firm already under inspection by another authority
 - Availability of certain powers only in formal investigations
- **Determination to Take Enforcement Action:** Respondents follow a variety of models concerning the determination of whether to take enforcement action upon the conclusion of an investigation. Most commonly (53%), this decision is made by the organization’s governing body or board, or by a committee established by the governing body or board for this purpose. One-quarter of respondents (25%) indicated that the decision is made by a single chief executive or other senior manager, while others (13%) reported that the decision is made by a group of senior managers or staff members.
 - **Settlement Authority:** About two-thirds of respondents (69%) do not have the authority to settle enforcement matters without adjudication. About one-third indicated that they do have such authority. As to respondents that have settlement authority, procedures for approval of settlements vary according to their organizational structures.

- **Adjudicatory Models:** Respondents reported a variety of models for the adjudication of litigated or contested enforcement matters. However, two models predominate: (1) adjudication by a court; and (2) adjudication by the board or governing body of the member’s organization. Several respondents also indicated that contested matters are adjudicated by a disciplinary or similar committee, which is part of the member’s organization or a related organization. Another model adopted by several respondents is adjudication by an administrative law judge, hearing officer, or special tribunal. Some respondents also reported that the structure of their enforcement programs contain elements of several of the identified models.

Asked whether their adjudications are public or non-public, eleven respondents (35%) indicated that they have public adjudications and ten (32%) indicated that they are nonpublic. Another ten respondents (32%) provided other answers, most often that the adjudication may be public or nonpublic depending on the circumstances. Of these other respondents, approximately half indicated that proceedings are presumptively public, unless there are other circumstances.

Respondents utilize differing adjudicatory processes, which depend heavily on their organizational structures and the associated adjudicatory models they have adopted. Two features commonly present in respondents’ disciplinary processes are: (1) an opportunity for the individual auditor or audit firm to present a defense; and (2) an opportunity for the individual auditor or audit firm to appeal or otherwise seek review of an adverse decision in a court or other body. Individual auditors or audit firms subject to an adverse decision often may challenge the decision through multiple tiers of appellate review.

- **Evidentiary Burdens:** The Survey asked respondents to indicate what standard of proof applies in adjudicated proceedings in order to determine whether to impose sanctions or remediation. The following table summarizes the information provided by the respondents who identified at least one standard of proof.

Standard of Proof Applied in Adjudicated Proceedings	Number of Respondents Applying the Standard
Preponderance of the evidence	14 (44%)
Proof beyond reasonable doubt	11 (34%)
Other standard	10 (31%)
No specific standard	6 (19%)

However, Respondents were able to select more than one standard in the event that different standards apply in different proceedings. Of those who indicated that another standard applies, several clarified that the standard depends on the type of proceeding and, at least in some cases, is either “preponderance of the evidence” or “proof beyond a reasonable doubt.”

Nearly all respondents (93%) indicated that the evidentiary standard on appeal is the same as the standard in the initial adjudicated proceeding.

- **Durations of Investigations and Limits on Their Length:** The Survey sought information from respondents concerning how long their enforcement process typically takes, not including the time of appeal, from the initiation of an investigation to closure and resolution (distinguishing, if necessary, among different kinds of cases), and whether the duration of those enforcement matters are subject to limits on length (e.g., statutes of limitation) based on the passage of time since the conduct occurred.

Respondents reported varying typical lengths of enforcement matters. Most responses clustered around one year for typical cases, while a few respondents reported shorter typical durations. Several respondents noted, however, that complex cases can take significantly longer, up to three or more years. Six respondents (19%) said the circumstances vary too much to make any general statement as to duration, and three others (9%) said they have insufficient experience in enforcement matters to report any estimate.

Most respondents (69%) reported that there are time limits, such as statutes of limitations, that govern their ability to bring charges, claims, or allegations. While the applicable statute of limitations varies in many jurisdictions depending on the type of case (such as whether the matter is administrative, criminal, or civil) or the type of sanction imposed, the most commonly cited limit was five years. Other respondents reported time limits ranging from approximately one month to two, three, six, seven, ten, or twenty years for at least some kinds of cases. Longer periods tend to apply to criminal matters or other matters involving potentially egregious conduct.

IV. Reporting of Enforcement Matters

The fourth section of the questionnaire included 5 questions (questions 41 through 45) requesting information about respondents’ practices concerning the public reporting of enforcement and disciplinary matters.

- **Authority to Publicly Disclose Information:** Respondents reported differing degrees of discretion concerning their authority to publicly disclose information relating to

enforcement matters at various stages of the enforcement process. While most respondents indicated at least some ability or requirement to make public disclosures, a few (9%) reported that their enforcement matters are entirely nonpublic (except, in some cases, on an anonymized basis in periodic reports). Of those respondents who reported some ability to make public disclosures, the two most frequently cited stages of the enforcement process at which disclosure may be made were (1) upon the issuance of a decision or imposition of a sanction in a disciplinary proceeding, and (2) upon the issuance of a decision in an appeal or the expiration of time for seeking appeal. Smaller numbers of respondents reported greater flexibility to make public disclosure, including upon the commencement of an investigation, during the course of an investigation, upon the institution of a disciplinary proceeding, or upon the commencement of an appeal.¹¹

Of the twenty-nine respondents with the authority to make public disclosures, most reported that the authority extends to disclosure of the name of any firms involved (93%), the names of any individuals involved (83%), and a general description of the misconduct (76%). A smaller percentage stated that they may also disclose a specific description of the relevant facts (52%).

Respondents were also asked what media they utilize to make public disclosures of enforcement matters. Most reported that they use their organizational websites (83%) and issue press releases or other news releases (59%). A smaller number distribute information directly to press or media contacts (31%) or conduct news conferences (24%). A number of respondents indicated that they use other avenues for dissemination, including use of official government publications, public speeches, and the use of websites or other official publications of professional bodies.

- Aggregate Public Reporting: Apart from public disclosure of information relating to individual enforcement matters, the Survey also asked respondents whether they report to the public on benchmarks or performance metrics, such as aggregate figures in an annual report or budget document. Most respondents (78%) reported that they do make such aggregate disclosures. These disclosures are often made in quarterly or annual reports.

¹¹ Respondents were able to select as many responses to this question as applicable.

V. History and Trends

The fifth section of the questionnaire included 8 questions (questions 46 through 53) concerning the history of respondents' enforcement programs, including patterns and trends in the imposition of sanctions, the settlement of cases, and international enforcement.

- Age of Enforcement Programs: Respondents were asked to indicate when their enforcement programs, as they currently exist, were established. Of the twenty-seven respondents who reported the age of their enforcement programs, a majority (63%) were created between 2001 and 2013.
- Number of Firms and Individuals Subject to Authority: Respondents were asked to provide information concerning the number of firms and individuals subject to their authority over the last three full calendar years. The following table summarizes the information provided by the respondents who indicated that they had authority over at least one firm and/or individual in the specified year:¹²

	2011		2012		2013	
	Firms	Individuals	Firms	Individuals	Firms	Individuals
Highest	7,375	773,200	7,239	797,543	6,962	821,952
Lowest	1	56	1	1	1	1
Mean	1,044	42,067	1005	39,593	1,011	40,752
Median	206	2,867	208	2,692	216	2,541

- Measures of Enforcement Activity: The Survey asked respondents to provide information, for each of the last three full calendar years, as to the number of matters they had under investigation, the number of matters that were completed, the number of matters in which charges were brought to settlement or litigation, the number of individuals sanctioned, and the number of firms sanctioned. The following tables summarize the responses received.

¹² The percentage of respondents who reported that they had authority over at least one firm for each of the years 2011-2013 was 78% for 2011, and 84% for 2012 and 2013. The percentage of respondents who reported that they had authority over at least one individual for the years 2011 to 2013 was 66% for 2011, and 72% for 2012 and 2013. In addition, at least one respondent (the respondent reporting the highest number of individuals under its jurisdiction) has authority over all accountants, not just auditors.

Number of Matters Under Investigation

Respondents were asked to provide information regarding the number of matters under investigation for each of the years 2011 through 2013. A majority of the respondents reported at least one matter under investigation (59% in 2011, 63% in 2012, and 56% in 2013), and many respondents (31%) reported at least 20 matters under investigation for each of those years.¹³

	2011	2012	2013
Highest	270	298	293
Lowest	1	1	1
Mean	53	46	49
Median	30	20	23

Number of Matters Completed

Respondents were asked to provide information regarding the number of enforcement matters completed for each of the years 2011 through 2013. A majority (56%) of the respondents reported completing at least one matter, and many respondents (31%) reported at least 20 matters that were completed for each of those years.¹⁴

	2011	2012	2013
Highest	309	282	268
Lowest	1	1	1
Mean	62	51	54
Median	29	24	26

¹³ These tables compile and summarize the responses of at least "1" to each question. Non-responses and responses of "0", which together represent all the responses not reflected in these tables, were not included because in some instances such responses may mean that there was no active enforcement program in the respondent's jurisdiction during the specified year. Non-responses may also indicate that the information was simply unavailable, not that there was no activity.

¹⁴ These tables compile and summarize the responses of at least "1" to each question. Non-responses and responses of "0", which together represent all the responses not reflected in these tables, were not included because in some instances such responses may mean that there was no active enforcement program in the respondent's jurisdiction during the specified year. Non-responses may also indicate that the information was simply unavailable, not that there was no activity.

Number of Matters Brought to Settlement or Litigation

Respondents were asked to provide information regarding the number of matters in which charges were brought to settlement or litigation for each of the years 2011 through 2013. Fewer than half of the respondents reported bringing at least one matter to settlement or litigation (38% in 2011, 41% in 2012, and 34% in 2013), but of those respondents who reported bringing at least one matter to settlement or litigation, more than half (on average 59%) reported five or more matters brought to settlement or litigation during each of those years.

	2011	2012	2013
Highest	66	67	60
Lowest	1	1	1
Mean	17	17	23
Median	5	7	8

Number of Individuals Sanctioned

Respondents were asked to provide information regarding the number of individuals sanctioned for each of the years 2011 through 2013. A majority of the respondents reported sanctioning at least one individual (56% in 2011, 63% in 2012, and 53% in 2013). In addition, of those respondents who reported sanctioning at least one individual, nearly half (44%) reported sanctioning ten or more individuals in 2011 and approximately half reported sanctioning ten or more individuals in 2012 and 2013.

	2011	2012	2013
Highest	89	61	54
Lowest	1	1	1
Mean	17	17	15
Median	7	9	10

Number of Firms Sanctioned

Respondents were asked to provide information regarding the number of firms sanctioned for each of the years 2011 through 2013. Fewer than half of the respondents reported sanctioning at least one firm (34% in 2011, 45% in 2012, and 34% in 2013). In addition, of those respondents who reported sanctioning at least one firm, four (36%) in 2011, three (27%) in 2012, and three (27%) in 2013 reported sanctioning ten or more firms.

	2011	2012	2013
Highest	23	21	43
Lowest	1	1	1
Mean	8	5	9
Median	4	3	6

- **Past Sanctions Imposed:** The Survey asked respondents to indicate whether their organizations have, to date, imposed certain categories of sanctions on specific categories of individuals or entities. Respondents who reported imposing sanctions reported as follows:

Sanctions	Number of Respondents That Have Imposed
Any sanctions or remedial measures against a GPPC member firm¹⁵	20 (66%)
Any sanctions or remedial measures against a GPPC firm partner	20 (66%)
Monetary penalties against a GPPC firm or GPPC firm partner	12 (39%)
Bar on practicing against a GPPC firm partner	9 (29%)
De-registration or de-licensing against a GPPC firm partner	7 (23%)

The Survey also asked respondents to provide information concerning the range of sanctions that have been imposed, some of the more significant sanctions imposed, and the kinds of conduct for which more significant sanctions have been imposed. Many respondents indicated that the most serious sanctions they impose are

¹⁵ The Survey defined GPPC firm as follows: “A GPPC firm is an audit firm belonging to the global networks of BDO, Deloitte Touche Tohmatsu, EY, Grant Thornton, KPMG, or PricewaterhouseCoopers.”

revocations of registration and suspensions or bars from practice.

Some respondents also noted that large monetary sanctions have been imposed in certain cases. In 2013, one respondent imposed a fine of about €16.9 million¹⁶ on a large accounting firm for failing to act with appropriate objectivity and independence. That fine is the subject of an appeal and is likely to be reduced. That same respondent also imposed a fine and costs of about €2.4 million against a firm for conduct falling short of the standards reasonably expected by a firm. Another respondent indicated that it has imposed monetary penalties of about €1.15 million and about €1.5 million against large audit firms for audit failures, and about €1.5 million penalty against a large firm for permitting a former partner to undertake activities prohibited by a suspension order.

- Prevalence of Settlement: The Survey asked respondents to indicate the percentage of their enforcement matters that have resulted in settlement, as opposed to full adjudication, over the last ten years. Many respondents indicated that they do not have the authority to enter into settlements, and one respondent indicated that this information is not publicly available. Of the six respondents who did provide this information, the responses were:
 - 80%
 - 75%
 - 67% for individuals; 100% for firms
 - 50%
 - 23.81%
 - Less than 10%

- Extraterritorial Enforcement: The Survey asked respondents to provide information about the number and nature of enforcement cases they have brought against audit firms or auditors outside the respondents' own jurisdictions. Only one respondent indicated that it has taken such action. That respondent stated that it has brought seven settled cases against audit firms and auditors based outside the respondent's jurisdiction.

- Observed Trends: The Survey asked respondents to identify the most common trends they have observed in enforcement matters and the trends that pose the greatest risk to investors, stakeholders, and others. The Survey provided a number of

¹⁶ Approximate figures based on then current conversion rates.

options and invited respondents to select as many as they have observed. The following table summarizes the responses:¹⁷

Trend	Number of Respondents That Have Observed
<i>Issues Relating to Misstatements in Financial Statements Subject to Audits</i>	
Related party transactions	19 (59%)
Revenue recognition	18 (56%)
Provision and contingent liabilities	17 (53%)
Financial statement disclosure	16 (50%)
Impairment of non-financial assets	15 (47%)
Inventory	14 (45%)
Financial instruments	13 (42%)
Other ¹⁸	7 (23%)
<i>Issues Relating to Audit Processes</i>	
Fair value measurement/ management estimates	21 (66%)
Due care/professional skepticism	21 (66%)
Audit documentation	21 (66%)
Use of experts and specialists	19 (59%)
Audit risk assessment	19 (59%)
Fraud testing	16 (50%)
Group audits	18 (56%)
Confirmation process	16 (50%)
Going concern	16 (50%)
Internal control testing	15 (47%)
Review and supervision	14 (44%)
Substantive analytical procedures	13 (41%)
Other ¹⁹	5 (16%)
<i>Issues Relating to Quality Control</i>	

¹⁷ In preparing this report, the EWG considered the results of IFIAR's 2013 *Global Survey of Audit Inspection Findings* (see <https://ifiar.org/IFIAR-Global-Survey-of-Inspection-Findings.aspx>) that identified IFIAR Members' respective inspections of audit firms, which was released on April 10, 2014. The issues identified in the 2013 Inspection Survey and the observed trends identified in this Survey indicates that there may be similar concerns regarding deficiencies in, and concerns about, audit performance in Members' respective inspections of audit firms and enforcement programs.

¹⁸ Other issues in this category identified by respondents included expense deferral, off-balance sheet arrangements, share capital, and audit sampling, among others.

¹⁹ Other issues in this category identified by respondents included objectivity and communications with audit committees.

Trend	Number of Respondents That Have Observed
Independence	19 (59%)
Engagement quality control review	16 (50%)
Client risk assessment, acceptance, and continuance	15 (47%)
Other ²⁰	7 (22%)
Issues Relating to Non-Audit Conduct	
Discreditable acts (such as tax fraud)	7 (22%)
Auditing without holding license	7 (22%)
Other ²¹	6 (19%)

- **Challenges:** Respondents were asked to identify challenges they have faced in their enforcement programs. Four options were presented, with an additional option to describe other challenges. The responses were as follows:

Challenge	Number of Respondents That Identified
Challenges relating to the principles-based nature of the ethics codes and independence rules for auditors	16 (50%)
Challenges in connection with public reporting of information	9 (28%)
Challenges relating to international investigations	7 (22%)
Changing conceptions of the “public interest” in the audit context	1 (3%)
Other	5 (16%)

Challenges identified by respondents who selected “other” included, among other things, access to documents in group audits, failures to cooperate by firms or auditors under investigation, difficulties in obtaining evidence due to intentional concealment, lapse of time, and conflicts with other authorities, and the lack of specialized audit-related knowledge among judges.

²⁰ Other issues in this category identified by respondents included human resources issues, failure to comply with audit partner rotation requirements, policies and procedures, training, and internal inspections, among others.

²¹ Other issues in this category identified by respondents included breaches of non-competition agreements and ethical issues.

VI. Other Relevant Authorities

The sixth section of the questionnaire posed 8 questions (questions 54 through 61) seeking information about other authorities in the respondent's jurisdiction with enforcement authority over audit-related conduct to provide institutional context, and asking about the respondent's ability to share confidential information domestically and internationally.

- Shared Enforcement Authority: Most respondents indicated that other authorities, including professional bodies, in their jurisdictions also have the authority to enforce Audit Laws. These other authorities include, depending on the jurisdiction, public prosecutors, private professional bodies, and other government agencies. The specific degree to which the respondent's authority overlaps with these other entities, as well as the sanctions that may be imposed by the other authorities, vary by jurisdiction. Roughly half of the respondents that indicated that other authorities, including professional bodies, in their nations also have the authority to enforce Audit laws, reported that at least one of the agencies or bodies with which they share enforcement authority is independent of the audit profession.
- Information-Sharing with Other Authorities: With respect to information-sharing, most respondents indicated that they have the ability to share otherwise nonpublic information with other domestic and foreign regulators under certain conditions. The scope of this authority, and the approval protocols for exercising it, vary by jurisdiction. For example, respondents belonging to EU Member States reported that they are subject to a statutory duty to share information with other EU audit oversight bodies; but other information-sharing with foreign non-EU audit regulators regarding enforcement matters typically requires, among other things, entry into a bilateral or other agreement. More than half of respondents reported that they have entered into at least one such information-sharing agreement with a foreign regulator.

Respondents were also asked to describe any restrictions on their ability to share information. As noted above, EU member respondents noted certain applicable EU directives.²² Other respondents noted restrictions set forth in their domestic laws or in their bilateral agreements with other authorities. The nature of these restrictions

²² The EU respondents noted several other cumulative restrictions based on certain EU directives. This includes, among other things, that EU audit regulators can only share information with non-EU regulators that have been declared adequate by the European Commission, and that only information which relates to audits of companies which have issued securities in that non-EU country or which form part of a group issuing statutory consolidated financial statements in that non-EU country, can be shared. Moreover, the transfer of personal data should be in accordance with the EU Data Protection Directive, the non-EU audit regulator may only use the information for its audit oversight functions, and the provision of the information may not adversely affect the sovereignty, security, or public order of the EU or of the requested EU Member State. Finally, information can only be shared if no judicial proceedings have already been initiated in respect of the same actions and against the same persons in the requested EU Member State.

varies widely, but many respondents noted that information-sharing may be predicated on assurances of confidentiality and/or a demonstrated need for the information. Some respondents also noted that information-sharing may be subject to restrictions on the uses to which the shared information may be put.

VII. Ideas for Reform

The final section of the questionnaire included 2 questions (questions 62 and 63) inviting respondents (i) to identify legislative or regulatory improvements that they have considered, would like to see enacted, or have put in place, and (ii) to describe any other questions not asked in the survey that might have elicited helpful information. As to other potential questions, no respondent suggested a specific additional question that could have elicited helpful information.

As to potential reform ideas, specific ideas suggested in respondents' responses, some of which may be relevant only within the respondent's own jurisdiction, included:

- Making disciplinary proceedings and outcomes public
- Additional sanctions, such as increased monetary penalties
- Additional investigative tools, such as the ability to compel the production of documents that are not owned by the auditor under investigation
- Expanded ability to share information, particularly with other independent audit regulators
- Organizational and structural improvements, such as the centralization of the audit oversight function in single entity
- Amendments to ensure conformance to EU directives and regulations
- Expansion of authority to cover audit firms as well as individual auditors
- Ability to inform audit clients when audits are not done properly

Conclusion

The responses submitted by IFIAR members to the Survey reveal a variety of approaches to the investigation and adjudication of matters involving the enforcement of Audit Laws. But they also demonstrate a unanimous commitment to the importance of an effective enforcement program in audit regulation. The survey results also show that IFIAR members face many shared challenges in implementing an enforcement program that is tailored to each regulator's own needs and goals of enhancing investor protection and improving audit quality. IFIAR members have observed a range of trends in their jurisdictions – ranging from areas presenting heightened risk of misstatements in audited financial statements to deficiencies in the processes employed by regulated auditors.

These findings should facilitate further discussions among IFIAR members, as well as within members' own jurisdictions, concerning the most effective and efficient ways of addressing these trends and otherwise working for the protection of investors and the improvement of audit quality.

Observations on Significant Issues

Certain issues emerge from the survey results as important considerations for audit regulators as they determine, within the context of the broader legal and regulatory framework of their jurisdictions, how best to implement or improve their enforcement programs :

- **Scope of Enforcement Authority**: Regulators follow a variety of approaches to the scope of their enforcement authority. While almost all have enforcement authority over audit firms and individual auditors, only some have such authority over other persons and entities associated with an audit. To the extent these other persons and entities are relevant to audit quality, regulators may wish to consider whether their enforcement authority is tailored to their goals of enhancing investor protection and improving audit quality.
- **Range of Available Sanctions**: A wide variety of sanctions may be imposed by audit regulators, though each regulator possesses a unique range of available sanctions. A wider variety of sanctions may give audit regulators more flexibility in how to resolve matters. Audit regulators may wish to examine the sanctions available to other regulators and consider whether to seek the authority to impose other sanctions in their own enforcement programs.
- **Models for the Adjudication and Resolution of Enforcement Matters**: Enforcement cases may be adjudicated in a number of ways, ranging from adjudication by internal staff members who are often knowledgeable about the applicable Audit Laws, rules, and regulations, to adjudication by fully external tribunals that may not be familiar with such matters. In implementing an adjudicatory system, audit regulators may wish to consider the appropriate balance between the potential efficiency of internal adjudication governed by fair procedures and the greater potential appearance of objectivity that may result from the use of models that rely on disinterested adjudicators.
- **Public Reporting**: One area in which the approaches of the respondents vary greatly is in the public reporting of enforcement cases and sanctions. Some audit regulators have the authority to announce cases and sanctions only when final, while others have the discretion to announce matters, even at the investigatory stage. This determination involves policy questions relating to the value of public disclosure of

information so that it can be used by investors, audit committees, the audit profession, and others, as well as the potential for reputational damage or perceived unfairness. Audit regulators may wish to consider the appropriate balancing of these interests in determining their approach to public disclosure and whether to seek legal reforms to allow additional disclosure.

- Sharing With Other Authorities: The increase in the global operations of the business sector and related rise of global audit networks that provide cross-border audit services to that sector has resulted in an increase in cross-border audit and investigatory activity with international dimensions. It has thus become more important for regulators to have the ability to share confidential information with other regulators. The results of this Survey may assist regulators in exploring ways of enhancing and smoothing the sharing of confidential information across borders.

Further Details

For further information about the EWG or this report, please contact:

- The EWG Chairman – Takashi Nagaoka, Associate Commissioner for International Affairs, Japan Financial Services Agency, on +81 3 3581 9692 or by e-mail to t-nagaoka@fsa.go.jp.
- The EWG Vice Chairman – Claudius Modesti, Director of the Division of Enforcement and Investigations, U.S. Public Company Accounting Oversight Board, on +1 202 207 9100 or by e-mail to modestic@pcaobus.org.

Attachment

The Survey Questionnaire

IFIAR Enforcement Working Group:
Survey Questionnaire on Enforcement Regimes

Purpose: The purpose of this questionnaire is to develop an understanding of IFIAR Members' enforcement regimes through an initial survey of mandates, objectives and legal authority, with the goal of sharing information, including a discussion of current and emerging enforcement and investigation issues, methodology and techniques.

Results of this survey will be compiled in summary form and presented by the EWG Chair at the 2015 IFIAR Plenary Meeting.

Please be aware that aggregate, summary information (without identifying specific respondents by name) compiled in the course of this survey may be made public.

Please complete the survey by 10 October 2014. The respondents may be contacted following their completion of the survey for clarification and/or follow-up information.

Guidance: This questionnaire is designed to elicit useful information about enforcement powers and activities conducted by an IFIAR member's organization primarily concerning audits of financial statements, but also addressing other accountant services and activities. Because enforcement matters can be and are structured differently across the globe, the EWG is also interested in the enforcement powers exercised by other parties within your jurisdiction against auditors of financial statements. Sometimes these may be separate from the IFIAR member's process and sometimes they may intersect. Thus, a later set of questions asks you to describe the broader enforcement context within which you as an audit oversight authority operate.

Given the variation among IFIAR members' laws, the words used in these questions (such as "sanctions") are not meant to be technical terms of art.

The survey has been crafted to include as many "tick-the-box" questions as possible, while allowing for additional explanation to be added in text boxes where necessary. Where a question seeks a "tick-the-box" answer, please use the additional space in the text boxes only if necessary to explain your answer.

If you are unable or unwilling to answer any question of the survey, you may opt out by leaving your response blank. To the extent possible, please use the text boxes in the survey to explain your reasons for leaving a response blank.

If you have any questions about this questionnaire, please contact Mr. Takashi Nagaoka (t-nagaoka@fsa.go.jp), or Mr. Claudius Modesti (ModestiC@pcaobus.org).

Definitions

The following definitions shall apply for purposes of this survey:

Adjudication: An adjudication is a determination by a tribunal or other body as to whether:

- (3) allegations have been established with adequate evidence or proof; and
- (4) sanctions should be imposed against a regulated audit firm or individual accountant.

Audit Laws: Audit laws are laws, rules and/or standards governing the audits of financial statements and quality control in firms performing such audits.

Auditor: An auditor is an audit firm or individual accountant conducting audits of financial statements.

Disciplinary Measure/Sanction: A disciplinary measure, or a sanction, is a penalty, punishment, restriction, or other measure imposed as a means of enforcing compliance with or deterring violations of audit laws, as opposed to a remedial measure taken voluntarily as a result of inspection or other regulatory oversight.

Disciplinary Proceeding: A disciplinary proceeding is a process carried out by a government entity or an entity designated by law to determine whether an auditor has violated audit laws or other auditor duties and whether disciplinary measures or sanctions are warranted.

Enforcement: Enforcement is oversight activity directed at addressing violations of audit laws, which may result in imposition of penalties, punishments, restrictions, or other disciplinary measures/sanctions. Enforcement activities are distinguished from inspections, which are aimed at identifying deficiencies in a firm's audits or quality controls and monitoring improvements in those audits and quality controls.

GPPC firm: A GPPC firm is an audit firm belonging to the global networks of BDO, Deloitte Touche Tohmatsu, Ernst & Young, Grant Thornton, KPMG, or PricewaterhouseCoopers.²³

Investigate/Investigation: To investigate is to collect evidence or other information to assess whether audit laws have been violated and whether a disciplinary proceeding should be initiated. As such, investigation is part of overall enforcement process.

Litigate/Litigation: Litigation is the regulator's participation in an adjudication.

Public interest entity: A public interest entity is:

- (3) an entity that has securities (equity or debt) traded on securities markets and exchanges; or

²³ Please note that this definition is based on, but slightly different from, the definition of GPPC firm used in the 2013 Survey of Inspection Results for Audit Firms conducted by IFIAR. The entities included should be identical.

(4) an entity:

- a. defined by regulation or legislation as a public interest entity; or
- b. for which the audit is required by regulation or legislation to be conducted in compliance with the same independence requirements that apply to the audit of listed entities. Such regulation may be promulgated by any relevant regulator, including an audit regulator.

Remedial Measure/Remediation: A remedial measure is a step taken by an audit firm to correct a deficiency in its audits or quality controls identified in the course of a regulatory inspection or other regulatory oversight. Remediation is the process of correcting such a deficiency based on such a legal or regulatory requirement. A remedial measure may be voluntarily undertaken by an auditor or imposed by a regulator.

Settlement: A settlement involves a decision by a regulated firm or individual auditor to accept a sanction instead of contesting the allegations in an adjudication.

Tribunal: A tribunal is a person or body empowered to make an independent determination as to whether:

- (3) allegations have been established with adequate evidence or proof; and
- (4) sanctions should be imposed against a regulated audit firm or individual accountant.

Identifying Information²⁴

Full name of responding IFIAR Member: [TEXT BOX -- 100 characters]

Nation in which IFIAR Member is Located: [TEXT BOX – 100 characters]

Name(s) and Contact Information (in the event clarifying or follow-up information is needed):

[NOTE: Would like form to allow for entry of information for multiple people, perhaps by using an “Add additional contact” button at bottom of form?]

Name: [TEXT BOX – 100 characters]

Address: [TEXT BOX – 200 characters]

Telephone Number: [TEXT BOX – 30 characters]

Fax number: [TEXT BOX – 30 characters]

Email address): [TEXT BOX – 30 characters]

²⁴ Identifying information supplied here may later be provided to the IFIAR Secretariat for inclusion on the members-only IFIAR website.

Section I: Powers of Your Enforcement Program

More details will be asked in Sections II, III, and VI.

1. Does your own organization have the power to investigate potential violations of audit laws?

 yes
 no

2. Does your organization have the power to refer potential violations of audit laws to another authority outside your organization?

 yes
 no

3. Does your organization have the power to impose sanctions based on violations of audit laws (even if subject to review by the courts or other agencies) or must a separate authority outside your organization impose any sanctions?

 empowered (though may be subject to review or appeal)
 separate authority must decide a case and impose any sanctions

 If “separate authority” is checked, please identify and explain: [TEXT BOX – 1000 characters]

4. Is another authority within your jurisdiction (other than judicial bodies responsible for appeals), whether in the public sector or in the private sector, also empowered to enforce audit laws?

 yes
 no

5. Is your organization empowered to address conduct not directly related to auditing that reflects on integrity or fitness to audit (for example, forgery or personal tax fraud)?

 yes
 no

6. Do personnel within your organization litigate disciplinary proceedings based on matters developed by your organization, or must a separate authority (such as a public prosecutor or magistrate) litigate them?

 IFIAR member personnel litigate
 Outside personnel litigate
 Both

7. Does your organization have the power to enforce audit laws regarding the financial statements of:

Public Interest Entities (PIEs)? yes no

If yes, how does your organization define PIEs, or does your organization define PIEs in the same way as in this survey (see Definitions, above)? [TEXT BOX – 1000 characters]

Private sector entities that are not PIEs? yes no

Public-sector entities? yes no

Other types of entities? yes no

If yes, explain: [TEXT BOX – 1000 characters]

8. Which types of parties are subject to your investigations and enforcement actions (check all that apply):

audit firms

individual auditors

other persons (individuals and/or entities) associated with an audit engagement

others

If “others” checked, explain: [TEXT BOX – 1000 characters]

9. What kinds of conduct does your enforcement program have authority to address, and as to which kinds of parties? (Please check all that apply as to each kind of party. To the extent necessary, please use the text box to add explanatory information.)

	Audit firms	Individual auditors	Other individuals or entities associated with an audit	Others (as described in response to question 8)
Deficiencies in performance of individual audit engagements				
Deficiencies in a firm's quality control				
Failures to cooperate (e.g., by providing documents or truthful information)				
Conduct not directly related to auditing that reflects on integrity/fitness to audit (e.g., forgery or personal tax fraud)				

Additional Explanation: [TEXT BOX – 2000 characters]

10. Which types of sanctions are available to your organization for violations of your audit laws? (Please check all that apply as to each kind of party. To the extent necessary, please use the text box to add explanatory information.)

	Audit firms	Individual auditors	Other individuals or entities associated with an audit	Others (as described in response to question 8)
Public warning				
Reprimand or Censure				
Money penalties or fines (please indicate any applicable ranges or limits in text box below)				
De-registration or de-licensing				
Dissolution of the audit firm				
Temporary or indefinite ban on practicing as an auditor or audit firm (e.g., suspension) (please indicate any applicable time ranges or limits in text box below)				
Restrictions on activities by firm or individuals				
Remedial measures or commands (e.g., changes to policies or training)				
Imposition of a third-party monitor				
Imprisonment				
Other criminal penalties (please explain below)				

Additional Explanation: [TEXT BOX – 2000 characters]

11. Does your organization have enforcement authority over audit firms domiciled outside of your country?

no

If “no,” please describe any alternative measures or approaches taken with respect to audit firms domiciled outside of your country. [TEXT BOX – 1000 characters]

yes

If “yes,” please describe the nature of, and any limits on, that authority, and any relevant agreements you have made with other countries to help exercise that authority. [TEXT BOX – 2000 characters]

12. Does your organization have the power to enforce ethics laws, regulations or codes for professional accountants including the independence rules of auditors (collectively “Ethics rules”)?

yes

no

13. Which type of Ethics rules is enforced by your organization in your jurisdiction?

The ethics code issued by the International Ethics Standards Board for Accountants (IESBA Code) without modification.

Ethics rules based on the IESBA Code with modifications by laws, rules and/or regulations.

Ethics rules (originally) developed in your jurisdiction/region.

Section II: Structure of Your Enforcement Program

14. Where is your enforcement program placed/positioned as an organizational matter:

- within a stand-alone public audit oversight authority
- within the audit oversight unit of a broader financial markets regulator
- within the broader enforcement unit of a broader financial markets regulator
- other

If "other" checked, explain: [TEXT BOX – 2000 characters]

15. Does your organization distinguish between (i) enforcement matters and processes and (ii) inspections program and processes?

- yes

If yes, explain how your organization distinguishes: [TEXT BOX – 2000 characters]

- no

16. Does your organization maintain separate inspections and enforcement staff with different reporting lines?

- yes

If yes, explain what kinds of formal or informal channels of communication exist between the two functions. [TEXT BOX – 2000 characters]

- no

17. Does your organization distinguish between remedial measures resulting from an inspection and enforcement measures or sanctions?

- yes

If yes, explain how your organization distinguishes: [TEXT BOX – 1000 characters]

- no

18. After your organization investigates a matter of auditor misconduct and elects to bring a disciplinary proceeding, which individual(s) or body considers the evidence and adjudicates on the facts and on the law? Please check all that apply.

- administrative due process within your organization performed by personnel who also have enforcement-related duties

- administrative law judge or panel within your organization separate from enforcement staff
- governing body or board of your organization
- stand-alone tribunal or panel
- judicial court
- other

If "other" checked, please explain: [TEXT BOX – 1000 characters]

[Questions 19-23 -- Optional]

19. How many staff members in your organization are dedicated to enforcement (incorporating, if necessary, an estimate of full-time equivalents if some do not spend all of their time on enforcement matters)?

[NUMBER INPUT]

20. What is the professional background of your investigators? For example, how many are former auditors, how many are lawyers, and how much experience do they have?

[TEXT BOX – 1000 characters]

21. What is the size of your organization's enforcement budget relative to the other audit oversight functions within your organization? Please try to give a percentage figure for the most recent fiscal year possible. Indicate which functions are included (i.e., fact-finding, litigation, trier of fact, etc.)

[TEXT BOX – 500 characters]

22. What is the source of the funding of your enforcement program? How is it independent of the auditing profession?

[TEXT BOX – 1000 characters]

23. Describe how your enforcement budget is developed and approved.

[TEXT BOX – 1000 characters]

Section III: Handling of Enforcement Matters

24. What sources of information do you use to identify potential enforcement matters? (Check all that apply.)

- Internal fact-finding and risk analysis
- Inspections
- Review and analysis of public filings by audited entities
- Press and media reports
- Tips, complaints, and whistleblowers
- Monitoring of third-party claims (such as private lawsuits)
- Referrals from other authorities
- Other

If "other" checked, please explain: [TEXT BOX – 500 words]

25. What criteria do you consider in determining whether to launch an investigation? (Check all that apply.)

- Investor harm
- Public interest considerations other than investor harm
- Materiality
- Nature of accounting and auditing issues involved
- Resource constraints
- Other

If "other" checked, please explain: [TEXT BOX – 500 words]

26. Who is involved in deciding whether to launch an investigation?

[TEXT BOX – 1000 characters]

27. Do you have different levels of formality of investigation which require different kinds of approvals?

- No
- Yes

If "yes," please explain: [TEXT BOX – 1000 characters]

28. What are the investigative powers of your organization? (Check all that apply.)

- Compel the production of documents
- Compel oral testimony
- Inspect physical premises
- Compel answers to specified questions
- Other

If "other" checked, please explain: [TEXT BOX – 500 characters]

29. Are there any limitations on your ability to exercise the investigative powers specified in response to Question 28?

[TEXT BOX – 1000 characters]

30. After your organization has investigated a matter, who decides whether a case will be brought against an auditor or other person for violations of your country's audit laws based on your fact-finding and, if such a case is to be brought, what charges, claims, or allegations will be included?

[TEXT BOX – 1000 characters]

31. Is your organization empowered to settle a matter without adjudication?

no

yes

If yes, please describe how the settlement process works within your organization, including what approvals are necessary, what standards apply, and whether third parties may challenge settlements: [TEXT BOX – 1000 characters]

32. If an enforcement matter is litigated, what adjudicatory bodies, if any, are involved?

[TEXT BOX – 1000 characters]

33. Is the adjudication in a litigated matter non-public or public?

Public

Non-Public

Other

If "other" checked, please explain: [TEXT BOX – 1000 characters]

34. Describe the adjudication process, including the initial determination of liability and imposition of sanctions as well as any rights to subsequent appeal or review.

[TEXT BOX – 2000 characters]

35. What evidentiary burden or standard must be met to impose sanctions or remediation in an adjudicated proceeding? (Check all that apply.)

Preponderance of the evidence

Proof beyond reasonable doubt

No specific standard

Other

If "other" checked, please explain: [TEXT BOX – 1000 characters]

36. Is the evidentiary burden or standard different on appeal?

- No
- Yes

If "yes," please explain: [TEXT BOX – 500 characters]

37. Does your organization ever impose confidential or nonpublic sanctions?

- no
- yes

If yes, please explain: [TEXT BOX – 1000 characters]

38. How long does your enforcement process typically take, from initiation of an investigation to closure or resolution (distinguishing, if necessary, among different kinds of cases)?

[TEXT BOX – 1000 characters]

39. Are there time limits, such as statutes of limitation, on bringing charges, claims, or allegations?

- No
- Yes

If yes, please explain: [TEXT BOX – 1000 characters]

40. Is your organization empowered, after an investigation, to use other tools or measures designed to modify behavior and reduce violations of your audit laws, in addition to or instead of seeking sanctions? (E.g., can you issue a public report describing a set of facts or trends which your organization considers a violation in order to influence behavior in the future?)

- No
- Yes

If "yes," please explain: [TEXT BOX – 1000 characters]

Section IV: Reporting Enforcement Matters

41. Do you have the authority to publicly disclose information about an enforcement matter at any of the following stages? (Please check all that apply.)

- Upon commencement of an investigation
- During the course of an investigation
- Upon the institution of a disciplinary proceeding
- Upon the issuance of a decision in a disciplinary proceeding
- Upon the imposition of a sanction in a disciplinary proceeding
- Upon the commencement of an appeal or other review of a decision in a disciplinary proceeding
- Upon the expiration of any applicable period during which a party may appeal or otherwise seek review of a decision in a disciplinary proceeding
- Upon the issuance of a decision in an appeal or other review of a decision in a disciplinary proceeding
- Other

If "other" is checked, please explain: [TEXT BOX – 500 characters]

42. If you are able to publicly disclose information about an enforcement matter, what information may be disclosed? (Please check all that apply.)

- Name of firm(s) involved
- Name of individual(s) involved
- Specific description of facts
- General description of misconduct
- Other

If "other" is checked, please explain: [TEXT BOX – 500 characters]

43. If you are able to publicly disclose information about an enforcement matter, in what medium or media is disclosure made? (Please check all that apply.)

- Your organization's website
- Press release or other news release
- Distribution directly to press or media contacts
- News conference
- Other

If "other" is checked, please explain: [TEXT BOX – 500 characters]

44. If you are able to publicly disclose information about an enforcement matter, what limitations are there on your authority to do so? For instance, are separate approvals required? Is the disclosure of certain categories or types of information forbidden?

[TEXT BOX – 1000 characters]

45. Do you periodically report to the public on other benchmarks or performance measures (for instance, aggregate figures in an annual report or budget document)?

- No
- Yes

If “yes,” please share the benchmarks or performance measures that your organization has reported most recently: [TEXT BOX – 1000 characters]

Section V: History and Trends

46. In the history of your enforcement program, have the following been sought or imposed (please check all that apply):

- any sanctions or remedial measures against a GPPC member firm
- any sanctions or remedial measures against a GPPC firm partner
- monetary penalties against a GPPC firm or GPPC firm partner
- bar on practicing against a GPPC firm partner
- de-registration or de-licensing against a GPPC firm partner

47. When was your enforcement program, as it exists under your current organizational structure and not at predecessor entities, established?

[TEXT BOX – 250 characters]

48. Please provide the following information for each of the last three calendar years:

Year	Number of firms/ individuals subject to jurisdiction	Number of matters under investigation	Number of matters completed	Number of matters in which charges brought to settlement or litigation	Number of individuals sanctioned	Number of firms sanctioned
2011						
2012						
2013						

49. Please describe the range of sanctions, some of the larger sanctions that have been imposed, and the kinds of conduct for which the larger sanctions have been imposed.

[TEXT BOX – 1000 characters]

50. Over the past ten years (or since your establishment if less than that) what percentage of matters have resulted in settlement versus full adjudication?

[TEXT BOX – 250 characters]

51. Describe the number and nature of enforcement cases you have brought so far against audit firms or auditors domiciled outside of your country.

[TEXT BOX – 1000 characters]

52. What trends or recurring issues have you observed in enforcement matters (please check all that apply)?

Issues Relating to Misstatements in Financial Statements Subject to Audits

- Financial instruments
- Inventory
- Impairment of non-financial assets
- Provision and contingent liabilities
- Revenue recognition
- Related party transactions
- Financial statement disclosure
- Other

If “other” is checked, please explain: [TEXT BOX – 500 words]

Issues Relating to Audit Processes

- Fair value measurement/Management estimates
- Use of expert and specialist
- Audit risk assessment
- Fraud testing
- Due care/Professional skepticism
- Audit documentation
- Confirmation process
- Review and supervision
- Going concern
- Group audits
- Internal control testing
- Substantive Analytical Procedures
- Other

If “other” is checked, please explain: [TEXT BOX – 500 words]

Issues Relating to Quality Control

- Independence
- Client risk assessment, acceptance and continuance
- Engagement quality control review
- Other

If “other” is checked, please explain: [TEXT BOX – 500 words]

Issues Relating to Non-Audit Conduct

- Discreditable acts (such as tax fraud)
- Auditing without holding a license
- Other

If “other” is checked, please explain: [TEXT BOX – 500 words]

53. What challenges have you faced in your enforcement program?

- Challenges relating to international investigations
- Changing conceptions of the “public interest” in the audit context
- Challenges in connection with public reporting of information
- Challenges relating to the principles-based nature of the ethics codes and independence rules for auditors
- Other

If “other” is checked, please explain: [TEXT BOX – 500 words]

Section VI: Other Relevant Authorities

54. What other authorities, including professional bodies, can enforce your Audit Laws and to what extent?

[TEXT BOX – 1000 characters]

55. How does their jurisdiction or coverage compare to yours? Please describe their structure and legal authority.

[TEXT BOX – 1000 characters]

56. Are these agencies and bodies with enforcement power independent of the profession? If so, explain for each such agency or body how its structure and funding is designed to assure independence.

[TEXT BOX – 1000 characters]

57. For each such agency or body, explain whether its enforcement powers are limited to auditors of public interest entities (PIEs), or apply more broadly to auditors of other entities (and describe the kinds of entities whose auditors are subject to enforcement).

[TEXT BOX – 1000 characters]

58. What kinds of remediation and punishment can these agencies and bodies impose? (Your answer might include public or private censure, restriction on activities, requirements for training or education, changes to quality control, monetary penalties, deregistration or other removal from auditing, restrictions on practices or activities, or any other kind of mandatory remediation or punishment.)

[TEXT BOX – 1000 characters]

59. With which authorities, domestic or foreign, may you share confidential investigative information and for each one, what types of information and under what conditions?

[TEXT BOX – 1000 characters]

60. Do you have relevant agreements or understandings with foreign authorities governing confidential information sharing? If so, please describe.

[TEXT BOX – 1000 characters]

61. Please describe any restrictions on your ability to share such information.

[TEXT BOX – 1000 characters]

Section VII. Other Ideas

62. Are there legislative or regulatory changes you have considered, would like to enact or have enacted to improve the effectiveness of your program?

[TEXT BOX – 1000 characters]

63. Is there any question not asked in this survey that you believe would have elicited helpful information, or any issue not addressed as to which you would like to offer information? Please use this space to address any important enforcement-related topic that you have not addressed above.

[TEXT BOX – 2000 characters]