

IFIAR 2021 Member Profile – BAOC

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Belgium
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>College van toezicht op de bedrijfsrevisoren/Collège de supervision des réviseurs d'entreprises (CTR/CSR)</p> <p>Belgian Audit Oversight College (BAOC)</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>Rue du Congrès 12 -14 1000 Brussels, Belgium <u>Tel:</u> +32 2 220 54 98 <u>Email:</u> info@ctr-csr.be <u>Website:</u> www.ctr-csr.be</p> <hr/> <p>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</p> <p>Article 32 of the Belgian law of 7 December 2016 (hereafter “the Law”) provides that the mission of the BAOC is to ensure that the legal and regulatory framework is correctly applied and that it supervises its application. In particular, the BAOC has the ultimate responsibility for the oversight of:</p> <ul style="list-style-type: none"> - the approval and registration of statutory auditors and audit firms; - continuing education; - quality assurance systems; - investigative systems.

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>
<p>3. Governing Body Composition and members</p>	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>Article 35 of the Law provides that the committee of the BAOC is the central decisional body of the BAOC. The committee of the BAOC is composed of six members that are non-practitioners in the sense of the EU Directive 2006/43/CE, i.e. independent from the audit profession.</p> <hr/> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>Article 35 of the Law provides that the committee of the BAOC is composed of the following 6 members :</p> <p>1° two members designated by the National Bank of Belgium, amongst the members of the Management Committee or the managers of the National Bank of Belgium ;</p> <p>2° two members designated by the FSMA, amongst the members of the Management committee or the managers of the FSMA ;</p> <p>3° one member that had been but no longer is an auditor, designated by the King;</p> <p>4° one member that is an expert and has never been an auditor, designated by the King.</p> <p>All members of the committee of the BAOC must be non-practitioners with appropriate skills as regards statutory audits of accounts.</p> <hr/> <p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

² An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</p> <p style="text-align: center;">N/A</p> <hr/> <p>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>According to article 3, 28° and article 35 of the Law, members of the committee of the BAOC must be non-practitioners in the sense of article 2, 15° of the European Directive 2006/43 i.e. ‘non-practitioner’ means any natural person who, during his or her involvement in the governance of the public oversight system and during the period of three years immediately preceding that involvement, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the administrative, management or supervisory body of an audit firm and has not been employed by, or otherwise associated with, an audit firm.</p>
	<p>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (including in any inspections, committee or panel role)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:</p> <p>It seems useful to underline that, for the quality assurance, article 52 of the Law provides that the BAOC may designate members of the profession for the execution of the inspection of non-PIE auditors. The BAOC makes use of this possibility by contracting registered auditors to do the on-site inspection of non-PIE auditors. On the basis of the on-site inspection that the inspector has to conduct in accordance with the inspection guide of the BAOC, the inspector submits the filled-in inspection guide to the BAOC. The conclusions of the quality control of non-PIE auditors have to be and is drawn and decided by the BAOC.</p>

4. Funding Arrangements	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>According to article 40 of the Law, the costs necessary for the functioning of the BAOC will be supported by the FSMA. The costs supported by the FSMA for the functioning of the BAOC as well as the costs for the functioning of the Sanctions Committee of the FSMA as regards the audit profession will be covered by fees from the profession. It is a legal obligation for the members of the profession to contribute via their fees.</p> <p>The resources allocated by the FSMA to the functioning of the BAOC may not exceed the budget decided each year by the BAOC on a proposal of the FSMA.</p> <p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>Please refer to the answer to question 4.1.</p>
5. Inspection System	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p> <p>The BAOC's responsibility of recurring inspections of audit firms undertaking the control of public interest entities is exercised directly. The field work is done by the inspection team. Based on the draft inspection report, the BAOC draws the conclusions and, where appropriate, decides which measures are to be imposed to the audit firm.</p> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Article 52 of the law provides that the BAOC proceeds to inspection of auditors on the basis of a risk analysis and at least every 6 years and that for auditors undertaking the audits of public interest entities of a certain size, on the basis of a risk analysis and at least every 3 years.</p>

	<p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <hr/> <p>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>According to article 41, the organization of the permanent education of auditors is delegated to the Institute of Registered Auditors (professional body). The BAOC is responsible for the supervision of the execution of this task by the professional body.</p> <hr/> <p>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>The BAOC can take a number of measures/sanctions:</p> <ul style="list-style-type: none"> - Suspension in case of extreme urgency: In case of extreme urgency, the BAOC can prohibit the exercise of all or part of the activity of an auditor for a given period and can suspend registration in the public register. - Reprimand: The BAOC identifies an infringement and reprimands the auditor. A reprimand serves primarily as a warning, drawing the auditor’s attention to the reprehensibility of his or her conduct and urging him or her to modify that conduct in the future. - Recovery period: The BAOC expects the auditor to comply with the above-mentioned request within a deadline set by the BAOC, and to abstain from further such conduct. If the auditor fails to do so by the end of the deadline set, the BAOC can: <ul style="list-style-type: none"> • publish its standpoint on its findings;
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	<ul style="list-style-type: none"> • impose a penalty that may not be more than EUR 50,000 per calendar day in which the warning has not been complied with, and may not exceed a total of EUR 2,500,000; or • instruct the auditor to abstain temporarily from providing any professional service or a specific professional service for a period set by the BAOC. <p>In certain cases, the BAOC can also decide to launch proceedings before the Sanctions Committee of the FSMA. The investigation of cases potentially leading to the imposition of administrative measures and sanctions will be done by the BAOC. The Secretary General will investigate and present to the committee of the BAOC a proposal to refer the case to the Sanctions Committee of the FSMA (articles 56 and 58 of the Law).</p> <p>If the committee of the BAOC refers the case to the Sanctions Committee of the FSMA, the Sanctions Committee of the FSMA may apply one of the following measures:</p> <ol style="list-style-type: none"> a) a warning; b) a reprimand; c) a public statement which indicates the person responsible and the nature of the breach, published on the website of competent authorities; d) a temporary prohibition, of up to three years' duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/or signing audit reports; e) a declaration that the audit report does not meet the requirements of Article 28 of this Directive or, where applicable, Article 10 of Regulation (EU) No. 537/2014; f) a temporary prohibition, of up to three years' duration, banning a member of an audit firm or a member of an administrative or management body of a public-interest-entity from exercising functions in audit firms or public interest entities; g) the withdrawal of approval; or h) the imposition of administrative pecuniary sanctions on natural and legal persons. <p>For the competences related to audit, the Sanctions Committee of the FSMA is composed of six magistrates and two persons with knowledge in relation to statutory audits of accounts, all legally required to be non-practitioners in the sense of article 2, 15° of the Directive 2006/43.</p> <p>The BAOC designates a representative to the hearings of the Sanctions Committee of the FSMA.</p> <p>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</p> <p>N/A</p>
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8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight	8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation: N/A
9. Major Events and Activities	9.1 Describe any recent major events and activities: N/A