

IFIAR 2021 Member Profile – ASPAAS

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| 1. Jurisdiction | <p>1.1 Insert the name of the jurisdiction in English:</p> <p>Romania</p> |
| 2. Member ¹ | <p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)</p> <p>Authority for Public Oversight of the Statutory Audit Activity (ASPAAS)</p> |
| | <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>Address: Sirenelor Str. No 5, Postal Code 050855, Bucharest, Romania</p> <p>Tel.: +40 21 319 19 06, +40 21 319 19 07</p> <p>Website: www.aspaas.gov.ro</p> |
| | <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>ASPAAS is a public institution established by Law no 162/2017 (12 July 2017) and functions under the authority of the Ministry of Public Finances.</p> <p>ASPAAS was established by taking the patrimony of the (dissolved) Council for the Public Oversight of the Accountancy Profession.</p> <p>ASPAAS is a public institution, with legal personality, having the role of ensuring the public oversight, according to the principles contained in the Directive 2006/43/EC, as subsequently amended and supplemented, ensuring the enforcement, implementation and monitoring the compliance with the EU legislation transposed in the national legislation.</p> <p>ASPAAS is the competent authority in the field of public oversight of the statutory audit and exercises its powers according to the provisions of art. 73 of National Law 162/2017.</p> <p>The main prerogatives assigned in its capacity as competent authority according to the Directive 2006/43/EC, as further amended and supplemented, and to Law no162/2017 are the following:</p> <p>a) approval and withdrawal of approval of financial auditors and audit firms;</p> <p>b) registration of financial auditors and audit firms in the Electronic Public Register;</p> |

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.

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| | <p>c) continuous professional development of the financial auditors and professional training of trainees in statutory audit;</p> <p>d) undertaking reviews to ensure statutory audit quality (audit quality inspections);</p> <p>e) undertaking reviews related to financial auditors and audit firms in their execution of statutory audit activities;</p> <p>f) adopting related measures and applying the necessary sanctions;</p> <p>g) oversight and control of the way in which CAFR (Chamber of Financial Auditors of Romania) exercises the tasks delegated pursuant to Art. 52 of Law no. 162/2017;</p> <p>h) cooperation with other competent authorities in Romania and in other Member States, as well as with national and international bodies in the field, involved in the development and implementation of statutory audit specific regulations;</p> <p>i) transmission of information and responses, at the request of the European Commission, regarding the statutory audit profession and the national public oversight of the statutory audit activity;</p> <p>j) Issuance of its own regulations on the basis and for the application of Law no. 162/2017.</p> <p>(2) ASPAAS also fulfills and carries out the following duties required to exercise its competencies:</p> <p>a) implementation of the strategy regarding the public interest oversight of statutory audit;</p> <p>b) adoption of the IFAC Code of Ethics;</p> <p>c) translation and review of international standards on auditing and the Code of Ethics issued by IFAC;</p> <p>d) any other prerogatives specific to its field of activity laid down in Law no 162/2017 or other national or EU regulations.</p> |
| | <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>Starting with 09.09.2021, the office of President of ASPAAS was taken over by Mrs. Georgiana Oana STĂNILĂ.</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</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 a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

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| | <p>profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>ASPAAS is headed by <u>a president</u> with a rank of under-secretary of state, appointed by decision of the Prime Minister, at the proposal of the Minister of Public Finance. In exercising her duties, the President of ASPAAS issues orders and decisions.</p> <p>The President represents ASPAAS in relation with public administration authorities, other legal and natural entities, as well and with national or international bodies.</p> <p>In exercising the duties provided by law, the President of ASPAAS is supported by the 6 members of the ASPAAS Superior Council, which is a consultative structure within ASPAAS.</p> <p>According to the provisions of Law 162/2017, the President of ASPAAS, as well as the members of the ASPAAS Superior Council are non-practitioners who are knowledgeable in the areas relevant to statutory audit.</p> |
| | <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>According to Art. 49 (3) of Law 162/2017, the President of ASPAAS, is non-practitioner who is knowledgeable in the areas relevant to statutory audit.</p> |
| | <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> |
| | <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> |
| | <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>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 Art. 49 (3) of Law 162/2017, the President of ASPAAS, is non-practitioner who is knowledgeable in the areas relevant to statutory audit.</p> |

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| | <p>According to Art. 2 (16) of Law no 162/2017, “Non-practitioner” means any natural person that, during its 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, that 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>All ASPAAS’s inspectors have relevant prior experience as statutory auditors. Their main attributions consist in audit quality reviews and investigations. They have no decisional or control authority.</p> |
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| 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>The financing of ASPAAS is provided from subsidies from the state budget, through the budget of the Ministry of Public Finances (70%). In addition, ASPAAS obtain revenues from professional body - CAFR (Chamber of Financial Auditors in Romania) contributions, amounting to 30% of the current and capital expenditures of ASPAAS.</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>According to 4.1, The contribution is not significant. Most of the finance is from state budget (70%).</p> |
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| 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>According to the Law 162/2017 the inspections for PIE are not delegated. Since November 2018 ASPAAS has started the inspections. The Inspections and investigations department has 7 inspector positions (5 of which are filled currently) and one legal counsellor. The conditions imposed by law for inspectors are the following:</p> <p><i>“-the persons who carry out quality assurance reviews shall have at least 7-years of relevant experience in statutory audit out of which at list 3-year experience in audit of financial statements for PIE;</i></p> <p><i>- the selection of quality assurance reviewers shall be made in accordance with an objective procedure designed to ensure that there are no conflicts of interest between the reviewers and the financial auditor or audit firm under quality review”</i></p> <p>The current filled positions in the Inspections and investigations department is 6 (5 inspectors and one legal counsellor). ASPAAS has an internal procedure for prevent the threats related to independence and confidentiality.</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> | | | | |
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| | <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>According to art. 35 (4) (h) of Law no 162/2017, quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of financial auditors and audit firms carrying out statutory audits (Non-PIEs) as defined in point 1 of Article 2 of the same law, at least every six years.</p> <p>According to ASPAAS's inspection rules, the PIEs are inspected at least every three years.</p> | | | | |
| <p>6. Audit and Financial Market</p> | <p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>Number of audit firms subject to inspection – 591 total (ASPAAS's estimation)</p> <p>Number of independent auditors subject to inspection – 313 total (ASPAAS's estimation)</p> <p>Number of PIEs – 859</p> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <table border="1" data-bbox="475 1944 1233 2018"> <thead> <tr> <th>Audit firm</th><th>%</th></tr> </thead> <tbody> <tr> <td>PRICEWATERHOUSECOOPERS AUDIT S.R.L.</td><td>22.63%</td></tr> </tbody> </table> | Audit firm | % | PRICEWATERHOUSECOOPERS AUDIT S.R.L. | 22.63% |
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| | <table><tr><td>Ernst & Young Assurance Services</td><td>18.16%</td></tr><tr><td>KPMG Audit SRL</td><td>13.14%</td></tr><tr><td>DELOITTE AUDIT S.R.L.</td><td>12.35%</td></tr><tr><td>BDO Audit SRL</td><td>4.01%</td></tr><tr><td>MAZARS ROMANIA S.R.L.</td><td>2.33%</td></tr><tr><td>ROEDL&PARTNER AUDIT S.R.L.</td><td>0.86%</td></tr><tr><td>GRANT THORNTON AUDIT S.R.L.</td><td>0.51%</td></tr><tr><td>Others</td><td>26.01%</td></tr><tr><td>TOTAL</td><td>100.00%</td></tr><tr><td colspan="2"><i>The data are obtained from the reporting of the auditors and audit firms on the ASPAAS online platform, referring to the market share as of 2019.</i></td></tr></table> | Ernst & Young Assurance Services | 18.16% | KPMG Audit SRL | 13.14% | DELOITTE AUDIT S.R.L. | 12.35% | BDO Audit SRL | 4.01% | MAZARS ROMANIA S.R.L. | 2.33% | ROEDL&PARTNER AUDIT S.R.L. | 0.86% | GRANT THORNTON AUDIT S.R.L. | 0.51% | Others | 26.01% | TOTAL | 100.00% | <i>The data are obtained from the reporting of the auditors and audit firms on the ASPAAS online platform, referring to the market share as of 2019.</i> | |
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| 7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight | <p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Registration/Licensing <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other:</p> <ul style="list-style-type: none">- Supervision of Chamber of Financial Auditors of Romania (CAFR),- Cooperation with other competent authorities from other member states, and with other Romanian institutions. | | | | | | | | | | | | | | | | | | | | |
| | <p>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input 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 procedure applied, as well as the role of the Member in these procedures.</p> <p>ASPAAS is the competent authority responsible for authorizing financial auditors and audit firms in Romania, the recognition of audit firms in other Member States, the withdrawal and recovery of the authorization.</p> <p>Statutory audit is carried out by financial auditors or by audit firms that have been approved in Romania in compliance with the provisions of Law no. 162/2017, registered as members of the Chamber of Financial Auditors of Romania, hereinafter referred to as CAFR, in accordance with Law no 162/2017, and also registered in the</p> | | | | | | | | | | | | | | | | | | | | |

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| | <p>Electronic Public Register mentioned under Art. 14 of the same law, in line with the terms stipulated in Law no. 162/2017 and in ASPAAS regulations.</p> <p>ASPAAS approves as financial auditors only natural persons who satisfy the conditions laid down in articles 5 and 7-11 of Law no. 162/2017. Both Approval and Registration is done directly by ASPAAS and not by delegation.</p> |
| | <p>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly*** <input 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>Financial auditors and audit firms carry out statutory audits in compliance with international auditing standards adopted by the European Commission in accordance with Art. 26 (3) of the Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, as subsequently amended and supplemented.</p> <p>According to Law no. 162/2017, International auditing standards are translated into Romanian and published by ASPAAS.</p> <p>ASPAAS can decide on the application of an auditing standard, procedures or requirements, as long as the European Commission has not adopted an international auditing standard relating to the same matter.</p> <p>According to art. 20 of Law no. 162/2017, all financial auditors and audit firms comply with the principles of professional ethics, covering at least their public-interest function, their integrity, objectivity, professional competence and due care, as defined by the Code of Ethics adopted by ASPAAS. The Code of Ethics is issued by IESBA and it is translated faithfully into Romanian and published by ASPAAS. ASPAAS issues regulations for quality assurance reviews.</p> <p><i>***The transposition of the Directive 2006/43/EC of the European Parliament into national law, (Law 162/2017) has been made by Ministry of Public Finance.</i></p> |

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| | <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>In accordance with Art. 12 paragraph (2) of Law no. 162/2017 regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and amending certain normative acts, the Authority for Public Supervision of the Statutory Audit Activity (ASPAAS) organizes the continuous professional development program of financial auditors. This program meets specific requirements on the nature and number of training hours required.</p> <p>Financial auditors registered in the Electronic Public Registry as active auditors participate in at least 120 hours of continuous professional development (CPD hours) over a three-year reference period, of which 60 structured CPD hours and 60 unstructured, respectively.</p> <p>In December 2020 ASPAAS issued order no. 426/2020 for the delegation of the attribution regarding the organization of the continuous professional development programs. According to this order, the continuous professional development programs were delegated to CAFR (Chamber of Financial Auditors in Romania).</p> |
| | <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 checked="" type="checkbox"/> Directly <input 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>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>ASPAAS, according to the provisions of art. 73 of Law no. 162/2017, exercises its main prerogatives assigned in its capacity as competent authority according to the Directive 2006/43/EC, as further amended and supplemented, which have been enumerated in section 2.3.</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 |
| <div></div> | |
| 9. Major Events and Activities | 9.1 Describe any recent major events and activities: Starting with 09.09.2021 the office of President of ASPAAS was taken over by Mrs. Georgiana Oana STĂNILĂ. |