

IFIAR 2023 Member Profile – FRC

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Mauritius
2. Member¹	2.1 Insert the name of the Member, both in the local language and in English: Financial Reporting Council (FRC)
	2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website: 3 rd Floor Anglo Mauritius House Intendance Street Port Louis Mauritius Tel.: 230 2136800 Fax: 230 2136900 Email: frc.mauritius@intnet.mu Website: http://frc.govmu.org
	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: FRC was established for the purpose of the Financial Reporting Act to regulate auditors. Our Vision: To be a model organization ensuring quality in auditing, financial and non-financial reporting. Our Mission: To bring corporate confidence in auditing, financial and non-financial reporting among users of financial statements. Our Objects as per Financial Reporting Act 2004:

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.

	<ul style="list-style-type: none"> (i) To promote the provision of high-quality reporting of financial and non-financial information by public interest entities; (ii) To promote the highest standards among licensed auditors; (iii) To enhance the credibility of financial reporting; and (iv) To improve the quality of accountancy and audit services <p>Our Functions:</p> <ul style="list-style-type: none"> (i) Licensing of Auditors (ii) Registration of Audit Firms (iii) Audit Practice Review (iv) Financial / Non-Financial Reporting Review (v) Standards Review <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Licensing <input checked="" type="checkbox"/> Registration <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input type="checkbox"/> Permanent Education / Continuous Training of Auditors <input checked="" type="checkbox"/> Inspection <input checked="" type="checkbox"/> Enforcement <input type="checkbox"/> Other: _____
<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, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</p> <p>The Board of FRC is constituted as per Section 7(1) of the Financial Reporting Act, where new members are ex-officio members. Section 7(1) of the Financial Reporting Act states the following:</p> <p>(1) The Council shall consist of-</p> <ul style="list-style-type: none"> (a) a Chairperson suitably qualified and experienced in the field of business, finance, accountancy or law to be appointed by the Prime Minister; (b) a Deputy Governor of the Bank of Mauritius; (c) the Chief Executive of the Financial Services Commission; (ca) a representative of the Ministry responsible for the financial services;

	<ul style="list-style-type: none"> (d) the Registrar of Companies; (e) an elected member of the Mauritius Institute of Professional Accountants; (f) an academic from a tertiary education institution, knowledgeable in accounting and financial reporting matters to be appointed by the Minister; (g) a professional from the financial services sector suitably qualified and experienced in the field of business, finance or law who shall be appointed by the Minister; (h) the Chairperson of the Mauritius Institute of Professional Accountants; (i) the Chairperson of the Mauritius Institute of Directors; (j) a representative of the National Committee on Corporate Governance, to be designated by the Minister. <p>As per Section 7 of the Financial Reporting Act, the Council shall not, at any one time, consist of more than 2 members who are licensed auditors.</p> <p>At present, there are 11 members (including 1 licensed auditor) and the Chief Executive Officer who attends the meetings.</p>
	<p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</p> <p>It is constituted by Section 7 of the Financial Reporting Act, as set out above in 3.1.</p> <p>Section 7 of the Financial Reporting Act requires the following with respect to constitution of the Council:</p> <p>(1) The Council shall consist of—</p> <ul style="list-style-type: none"> (a) a Chairperson suitably qualified and experienced in the field of business, finance, accountancy or law, who shall be appointed by the Prime Minister; (b) a Deputy Governor of the Bank of Mauritius; (c) the Chief Executive of the Financial Services Commission; (ca) a representative of the Ministry responsible for financial services; (d) the Registrar of Companies; (e) an elected member of the Mauritius Institute of Professional Accountants; (f) an academic from a tertiary education institution,

	<p>knowledgeable in accounting and financial reporting matters, who shall be appointed by the Minister;</p> <p>(g) a professional from the financial services sector suitably qualified and experienced in the field of business, finance or law, who shall be appointed by the Minister;</p> <p>(h) the Chairperson of the Mauritius Institute of Professional Accountants;</p> <p>(i) the Chairperson of the Mauritius Institute of Directors;</p> <p>(j) a representative of the National Committee on Corporate Governance, to be designated by the Minister.</p> <p>Membership of the Council reflects a wide and balanced representation among regulators, professionals, academia and other stakeholders of corporate reporting and governance. The Chairman of the FRC is appointed by the Prime Minister.</p> <p>3.3 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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p>
<p>4. Independence safeguards</p>	<p>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</p> <p>The member who is not independent from the audit profession, does not have voting rights. Also the term of office for this member is one year as per law.</p> <p>As per law, every member shall hold office for a period of 3 years. A member may be re-appointed but may not serve for more than 6 out of every 8 years.</p> <p>The Chairperson of the Board is an independent member.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input checked="" type="checkbox"/> Same set of requirements <input type="checkbox"/> Different set of requirements</p>

	<p>Number of registered audit firms: 111 Number of public interest entities (PIEs): 550 (Approximately)</p> <p>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</p> <p>FRC has the records of number of partners in each large audit firms which is provided below:</p> <table data-bbox="539 757 957 929"> <tr> <td>Ernst & Young</td> <td>12</td> </tr> <tr> <td>KPMG</td> <td>12</td> </tr> <tr> <td>BDO & Co</td> <td>7</td> </tr> <tr> <td>PriceWaterhouse Coopers</td> <td>15</td> </tr> <tr> <td>Grant Thornton</td> <td>4</td> </tr> </table>	Ernst & Young	12	KPMG	12	BDO & Co	7	PriceWaterhouse Coopers	15	Grant Thornton	4
Ernst & Young	12										
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BDO & Co	7										
PriceWaterhouse Coopers	15										
Grant Thornton	4										
<p>7. Inspection System</p>	<p>7.1 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>7.2 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 directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</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 by the Member:</p> <p>The basis for the direct responsibility for inspections is provided in the law.</p> <p>The FRC has the power to conduct practice reviews which is provided for under Section 77 of the Financial Reporting Act which stipulates the following:</p> <p>(1) The Council, or any officer authorised by it in writing, may review the practice of an auditor and may, for that purpose—</p> <p>(a) inspect any relevant book, document and record in the possession, or under the control of the auditor, his partner or employee and make copies of or take any abstract of or extract</p>										

	<p>from any such book, document and record; and</p> <p>(b) seek information or clarification from any partner or employee of the auditor.</p> <p>(2) Subject to subsection (3), every auditor shall, at the request of the Council, or any officer authorised by it in writing, produce any relevant book, document or record in his possession or under his control for the purposes of subsection (1).</p> <p>(3) Nothing in this section shall be taken to compel the production by an auditor of a book, document, record or material containing—</p> <p>(a) any information which is confidential under the Banking Act or any other enactment; and</p> <p>(b) a privileged communication by or to a legal practitioner in that capacity,</p> <p>except in so far as the disclosure of the information is made according to law.</p> <p>The practice review is conducted in line with the APR Rules 2008 (amended in 2012) established by the Council under the Financial Reporting Act.</p> <p>FRC has other functions other than practice reviews. Each function in terms of methodology and material requirements is well established. In this sense, we may say that FRC has a separate inspection unit. However, due to limited resources, FRC does not have full-time inspectors to conduct the practice reviews. The personnel (full time staff of FRC) conduct both practice reviews and the other functions of FRC.</p> <p>The findings of the Audit Practice Review Panel are presented to the Audit Practice Review Panel established under the Financial Reporting Act.</p> <p>The Audit Practice Review Panel shall submit its findings and recommendations to the Enforcement Panel for consideration.</p> <p>The Enforcement Panel determines the appropriate action based on the findings and recommendations of the Audit Practice Review Panel. The Enforcement Panel recommends the sanctions which is either suspension, cancellation, warning or fine. In some cases, a letter of concern is issued. In the case of warning and letter of concern, a follow-up review is carried out in 6 months or one year time.</p> <p>The Council shall, within 30 days of receipt of the determination made by the Enforcement Panel, ratify, vary or make such other decision as it considers appropriate and it shall give written notice to the licensed auditor or audit firm, as the case may be, of its final decision.</p>
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	<p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The FRC has a policy whereby licensed auditors from big firms are inspected annually, whilst licensed auditors from other firms are inspected on a 3-year cycle.</p> <p>FRC also inspects the firms which have clients which are listed on the Stock Exchange of Mauritius with a view of participating in the “25% reduction metric” initiative established by the Global Audit Quality Working Group from the IFIAR (GAQ WG) whereby FRC has to review audits of listed entities and report the findings of the review to the IFIAR.</p> <p>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</p> <p><input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body</p> <p><input type="checkbox"/> Third Parties <input type="checkbox"/> Other</p> <p>Please explain below:</p> <p>Employees carry out the inspection, and the report on the inspections are presented to the Audit Practice Review Panel for consideration.</p>
<p>8. Licensing</p>	<p>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of 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, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. 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>FRC is wholly responsible for the licensing and registration of auditors, that is it receives the application, processes the application, assesses the application, approves the application and issues the license.</p> <p>The licensing process is provided in the Financial Reporting Act and the Licensing Rules established under the Financial Reporting Act.</p>

9. Registration	<p>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>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>FRC is wholly responsible for the licensing and registration of auditors, that is it receives the application, processes the application, assesses the application, approves the application and issues the license. The Council shall maintain a register of licensed auditors and audit firms as required by the law.</p> <p>The licensing and registration processes are provided in the Financial Reporting Act and the Licensing Rules established under the Financial Reporting Act.</p>
10. Audits and/or Ethics Standard Setting	<p>10.1 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, including any changes, with an appropriate level of detail.</p> <p>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>As per law, FRC has the power to set auditing and ethical standards, however, at present the jurisdiction adopts the International Standards on Auditing and the IFAC Code of Ethics for Professional Accountants issued by IFAC.</p>
11. Permanent Education / Continuous Training of Auditors	<p>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</p>

	<p> <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight </p> <p> If directly, please describe the responsibility, including any changes, with an appropriate level of detail. </p> <p> 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 style="text-align: center;">Not applicable</p>
12. Enforcement	<p> 12.1 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 directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action. </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> FRC has the power to enforce which is provided for under Section 21 of the Financial Reporting Act. For that purpose, FRC has an Enforcement Panel established under Section 17 of the Financial Reporting Act which has the mandate to determine the appropriate action to be taken after considering the findings and recommendations of the Audit Practice Review Panel (this panel has the role to conduct the practice reviews under Section 20 of the Financial Reporting Act). Of note, ‘action’ is interpreted as sanction. </p> <p> The Enforcement Panel shall inform the Council of any determination made, and the Council notifies the auditor of its final decision (that is the Council has the power to impose the sanctions on the auditors). </p> <p> The process of enforcement is provided under Section 21 of the Financial Reporting Act which stipulates the following: </p> <p style="padding-left: 40px;"> (1) The Enforcement Panel shall, as soon as practicable, consider any findings and recommendations referred to it by the Financial Reporting Monitoring Panel, the Audit Practice Review Panel, or the Council and shall, on the basis of the findings and recommendations, determine the appropriate action to be taken. </p>

	<p>(2) Where the Enforcement Panel makes a determination under subsection (1), it shall inform the Council thereof.</p> <p>(3) The Council shall, within 30 days of receipt of the determination under subsection (2), ratify, vary or make such other decision as it considers appropriate and it shall give written notice to the public interest entity, licensed auditor or audit firm, as the case may be, of its final decision.</p>
13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</p> <p style="text-align: center;">Not applicable</p>
14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation	<p>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</p> <p>Yes, as per Section 76 of the Financial Reporting Act, FRC has the responsibility to review the annual reports of the public interest entities.</p> <p>Section 75 of the Financial Reporting Act requires every PIE to comply with IFRS and the National Code of Corporate Governance. In this regard, FRC reviews the annual reports to ensure that same is in compliance with the Financial Reporting Act.</p> <p>Also, Section 18 of the Financial Reporting Act establishes the Standards Review Panel which has the role to prepare Guidance on International Standards for the Licensed Auditors and Public Interest Entities.</p>
15. Member Update for public information (if any)	<p>15.1 Are there any major news, activities, events or updates (on audit matters, the Member’s organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year’s Member Profile?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>(a) As part of the Audit Practice Review process, FRC now communicates with the Members of the Audit Committees of listed entities. This activity started in December 2021 and we noted that such communications do help Audit Committees:</p> <ul style="list-style-type: none"> • to fulfil their duties for example, in assessing audit quality and having informed tendering decisions;

	<ul style="list-style-type: none"> • to drive audit quality given that an Audit Committee is the key party among the Financial Reporters (Accountants), investors and auditors; • to raise awareness of audit regulation; • to build a constructive relationship – <ul style="list-style-type: none"> ○ share key emerging issues from audit practice reviews; and ○ Audit Committees may share concerns with regulator; • to decrease the expectation gap that is the public perception and reality. <p>(b) FRC has come up with a paper relating to principles of sanctions to bring consistency and transparency while sanctioning auditors.</p> <p>(c) Financial Reporting (Reporting on Compliance with the Code of Corporate Governance) (Amendment) Guidelines 2022</p> <p>Section 39(3) of the Financial Reporting Act stipulates ‘The licensed auditor shall report on the compliance with the Code of Corporate Governance disclosed in the annual report of the public interest entity in such manner as may be specified in rules made under section 80’.</p> <p>In view of having consistent reporting by the licensed auditors, the FRC issued the Financial Reporting (Reporting on Compliance with the Code of Corporate Governance) Guidelines in 2019 whereby the reporting as per Section 39(3) of the Financial Reporting Act was made under the Paragraph ‘Other Matter’ of the Auditor’s Report.</p> <p>The Financial Reporting (Reporting on Compliance with the Code of Corporate Governance) Guidelines 2019 has been amended which has come into operation on 21 May 2022.</p> <p>(d) Financial Reporting (Engagement Quality Review) Rules 2022</p> <p>The ISQM requires an Engagement Quality Review for all listed entities.</p> <p>FRC has extended the requirement of ISQM to have an Engagement Quality Review to Banks and Insurance Companies which are not listed on the stock exchanges given that these entities have inherent risk and are risky by nature of their business activities which require safeguards. Hence, having an Engagement Quality Review for such entities would help to mitigate the risk of an audit not done properly.</p> <p>In that respect, the FRC has issued Rules in May 2022 which requires ‘for the purpose of section 73(3) of the Financial Reporting Act, the audit firm of every listed entity, bank and insurance company shall perform an engagement quality review in accordance with ISQM 1 and ISQM 2’.</p> <p>The Rules shall come into operation on the date the ISQM is effective (15 December 2022).</p>
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(e) Financial Reporting Council (Rotation of Audit Firm Exemption) Regulations 2022

As per Section 41(A)(1) of the Financial Reporting Act ‘No audit firm shall, within a period of 10 years from its appointment as auditor of a listed company, audit the accounts of that company for an aggregate period of more than 7 years’.

In complying with the above audit firm rotation policy, entities having dual listing that is they are both listed in the Stock Exchanges in Mauritius and outside Mauritius, are facing practical difficulties in having audit firm rotation more specifically from a group audit perspective where the rotation policy period in the 2 jurisdictions are not the same.

FRC with the consultation of the Stock Exchange of Mauritius has made Regulations under Section 86(1) of the Financial Reporting Act whereby for the purpose of section 41(A)(3) of the Financial Reporting Act, a listed company which has its primary listing on securities exchange outside Mauritius may be exempted from the application of section 41A of the Financial Reporting Act.

However, notwithstanding these Regulations, a listed company shall not be exempted from the application of section 41A of the Act where there is no rotation policy in the jurisdiction where the listed company has its primary listing.

These Regulations shall come into operation on 02 July 2022.

(f) Guidance on Expected Credit Loss Model of IFRS 9 Financial Instruments 2022

The FRC is operated with a view to encouraging quality reporting by Public Interest Entities and making their financial statements more transparent and comparable.

The FRC has taken note of the challenges faced by various companies on the implementation of the ECL model and has come up with a Guidance on Expected Credit Loss Model of IFRS 9 Financial Instruments.

The purpose of this Guidance is to assist entities, other than financial institutions and insurance companies, in applying the impairment requirements of IFRS 9, particularly in the light of challenges faced in practice.

(g) Workshops were initiated with respect to the implementation of International Standards on Quality Management