

IFIAR 2023 Member Profile – DBA

1. Jurisdiction	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Denmark</p>
2. Member ¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Erhvervsstyrelsen Danish Business Authority (DBA)</p>
	<p>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:</p> <p>Dahlerups Pakhus Langelinie Allé 17 2100 Copenhagen Denmark Tel.: +45 3529 1000 Fax: +45 3546 6001 E-mail: erst@erst.dk Website: www.erst.dk</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>Section 32 of the Danish Act on Approved Auditors and Audit Firms states that:</p> <p>(1) The Danish Business Authority shall be responsible for the supervision of auditors and audit firms.</p> <p>(2) The governing body of the supervision shall be knowledgeable in the areas relevant to statutory audit and the members must not during the involvement or in the three previous years:</p> <ol style="list-style-type: none"> 1) carry out or has carried out statutory audits, 2) hold or has held voting rights in an audit firm,

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>3) be or has been member of the administrative, management or supervisory body of an audit firm, or</p> <p>4) be or has been a partner, employee of, or otherwise contracted by, an audit firm.</p> <p>(3) The Danish Business Authority's supervisory duties shall include supervision of:</p> <ol style="list-style-type: none"> 1. Examination as well as continuing education, cf. Section 33 and Section 4. 2. Quality assurance reviews, cf. Sections 34 – 35 b. 3. Investigations, cf. Section 37 – 42. 4. Disciplinary sanctions, cf. 43 – 47. 5. Cooperation and exchange of information with the competent authorities in other countries, cf. Sections 48 and 49. <p>(4) The Danish Business Authority is furthermore responsible for 1) supervision to ensure that members of the supreme management body, Executive Board or audit committee in a public-interest entity fulfil the duties applied by this Act, by Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities, or provisions that implement Articles 37 and 38 in Directive 2006/43/EC of the European Parliament and of the Council on statutory audits of annual accounts and consolidated accounts, as amended by Directive 2014/56/EU, and 2) monitoring and appraisal of developments in the market for statutory audit services for public-interest entities.</p> <p>(5) In connection with the performance of the Danish Business Authority's supervisory duties in pursuance of (1)- (3), the Authority may obtain information from other Danish and foreign competent authorities and demand any necessary information from auditors and audit firms, including the surrender of working papers and other documents regarding engagements performed in pursuance of Section 1 (2), and from any other organisations, etc. performing engagements in pursuance of (2). In order to perform its supervisory duties in pursuance of (3), the Authority can also obtain necessary information from public-interest entities.</p>
	<p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Licensing</p>

	<input checked="" type="checkbox"/> Registration <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors <input checked="" type="checkbox"/> Inspection <input checked="" type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other: <u>Adoption of standards and regulations (education and continuing education, ethics and auditing and reporting. Responsible for international cooperation.</u>
3. Governing Body Composition and members	<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 Danish Business Authority is an Agency under the Ministry of Business. The head of the Authority is a board of 1 Director General and 5 Deputy Director Generals.</p> <ul style="list-style-type: none"> ○ Director General – Katrine Winding ○ Deputy Director General Jørgen Wissing Jensen (responsible for the audit legislation and the Public Oversight) <p>https://erhvervsstyrelsen.dk/organisation</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>All Members of the governing body have a fulltime appointment at the Danish Business Authority and as such are not employed by or affiliated to an audit firm at all.</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 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: See 4.1.</p>
4. Independence safeguards	<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 members of the governing body (I.e. the Director General and the Deputy Director General responsible for the audit legislation and the Public Oversight) must not during the involvement or in the three previous years:</p> <ol style="list-style-type: none"> 1) carry out or has carried out statutory audits, 2) hold or has held voting rights in an audit firm, 3) be or has been member of the administrative, management or supervisory body of an audit firm, or 4) be or has been a partner, employee of, or otherwise contracted by, an audit firm. <p>The members are further subject to the independence requirements in section 3 of the Danish Public Administration Act which states:</p> <p>Section 3. The person who works within the public administration is disqualified in relation to a specific matter if</p> <ol style="list-style-type: none"> 1) the person concerned himself has a special personal or financial interest in the outcome of the case or is or previously in the same case has been a representative of someone who has such an interest, 2) the person concerned's spouse, relatives or brothers-in-law in the ascending or descending line or in the side line as close as siblings or other close relatives have a special personal or financial interest in the outcome of the case or are a representative of someone who has such an interest, 3) the person in question participates in the management of or otherwise has a close connection to a company, an association or another private legal entity that has a special interest in the outcome of the case, 4) the case relates to a complaint about or the exercise of control or supervisory activities against another public authority, and the person concerned has previously assisted this authority in the decision or in the implementation of the measures to which the case relates, or 5) otherwise there are circumstances which are suitable to raise doubts about the impartiality of the person concerned. <p><i>PCS. 2.</i> Disqualification does not exist, however, if, as a result of the nature or strength of the interest, the nature of the case or the person concerned's functions in connection with the case processing, it cannot be assumed that there is a risk that the decision in the case could be influenced by extraneous considerations.</p> <p><i>PCS. 3.</i> A person who is incompetent in relation to a case may not make a decision, participate in the decision or otherwise participate in the processing of the case in question.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input type="checkbox"/> Same set of requirements <input checked="" type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p>
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	<p>Employees are subject to the independence requirements in section 3 of the Danish Public Administration Act (see above).</p> <p>Section 35 of the Danish Act on Approved Auditors and Audit Firms require that reviewers and others involved in the work of quality assurance reviews shall be subject to the rules on the independence of auditors.</p> <p>Article 26 of EU Regulation 537/2014 states that a person shall not be allowed to act as an inspector in an inspection of a statutory auditor or an audit firm until at least three years have elapsed since that person ceased to be a partner or employee of that statutory auditor or of that audit firm or to be otherwise associated with that statutory auditor or audit firm.</p> <p>4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe:</p>
<p>5. Funding Arrangements</p>	<p>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</p> <p>Danish Business Authority is funded by the national budget (Finansloven) and by fees imposed on all approved auditors.</p> <p>5.2 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>The fees are once a year determined in an Executive Order issued by the Danish Business Authority.</p>
<p>6. Audit 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>Approx. 650 audit firms and 2327 auditors are subject to inspections. 8 audit firms audit PIE clients.</p> <p>Listed PIE's (without listed credit institutions and listed insurance companies) numbers to approx. 139. Listed and non-listed credit institutions and listed insurance companies (PIEs) numbers to approx. 135. Number of Large CAP PIE's approx. 37. Large Cap covers the main part of the capitalized market value.</p>

Approx. 86.000 audits fall under oversight bearing in mind that even small companies still are to be audited or reviewed.

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.

Detailed market information is not available. The following list shows the turnover of the 6 biggest audit firms in 2019.

Audit firm: Deloitte	
Revenue (mio. Euro)	499
Number of listed entities	49
Number of statutory auditors	208
PIE market share (listed engagements)	30 %

Audit firm: PwC	
Revenue (mio. Euro)	444
Number of listed entities	56
Number of statutory auditors	218
PIE market share (listed engagements)	34 %

Audit firm: EY	
Revenue (mio. Euro)	307
Number of listed entities	46
Number of statutory auditors	173
PIE market share (listed engagements)	28 %

Audit firm: BDO	
Revenue (mio. Euro)	157
Number of listed entities	1
Number of statutory auditors	174
PIE market share (listed engagements)	0 %

Audit firm: Beierholm	
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	Revenue (mio. Euro)	154
	Number of listed entities	3
	Number of statutory auditors	193
	PIE market share (listed engagements)	0 %
	Audit firm: KPMG	
	Revenue (mio. Euro)	98
	Number of listed entities	8
	Number of statutory auditors	33
	PIE market share (listed engagements)	1 %
7. Inspection System	7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization? <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight <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>DBA is responsible for selection of audit firms to be inspected, planning and performing the inspections and reporting and following up on the results of the inspections. The inspections are performed by full time employed inspectors of DBA.</p>	
	7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections: <p>Audit firms auditing large public interest entities must be inspected at least every 3 years. Audit Firms auditing Large Cap listed companies are inspected on a yearly basis, though.</p> <p>Audit firms auditing small and medium-sized public interest entities must be inspected at least every 6 years.</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>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>(1) According to the Danish Act on Approved Auditors and Audit Firms the Danish Business Authority may approve a person as a state-authorised public accountant if the person in question:</p> <ol style="list-style-type: none"> 1) resides in Denmark, in another EU country, in an EEA country or in another country with which the EU has entered into an agreement, 2) has full legal capacity and is not under guardianship, 3) is not subject to economic reconstruction; nor may bankruptcy proceedings have been commenced against him or her, 4) is not subject to bankruptcy quarantine or has been subject to bankruptcy quarantine within the last 2 years, 5) has passed a special examination, cf. the rules issued in pursuance of Section 33 (7), 6) has primarily participated, for a minimum period of three years after having attained 18 years of age, in the performance of assignments that concern audits of financial statements, consolidated financial statements or similar financial reporting, and 7) is insured against claims for damages that may be made in connection with the performance of assurance and non-assurance assignments.

	<p>(2) Assignments in pursuance of (1) 6 shall be performed in an audit firm. Approval as a state-authorized public accountant may only be obtained if the assignments have been performed under the supervision of an approved accountant.</p> <p>(3) The Danish Business Authority may grant exemptions from the requirement in (1) 5.</p> <p>(4) The Danish Business Authority shall lay down rules on insurance in pursuance of (1) 7, including on the scope and nature of the insurance and on the period of insurance.</p> <p>(5) Approval may be denied:</p> <ol style="list-style-type: none"> 1) in the circumstances mentioned in Section 78 (2) of the Danish Penal Code, 2) if the person in question has shown such conduct that there is reason to assume that he or she will not be able to conduct the office as a representative of the public in a sound and responsible manner or 3) if the person in question has payables to the public authorities of DKK 50,000 or more.
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>Section 2 of the Danish Act on Approved Auditors and Audit Firms states that the Danish Business Authority shall keep a public register of approved auditors and audit firms.</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</p>

	<p>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>The Danish Business Authority may lay down further rules and standards on ethics, the organization and performance of audit assignments and the auditor's provision of auditors' reports, including the auditor's statements on management's reviews in pursuance of the Danish Financial Statements Act, and on the auditor's provision of other assurance reports. The Agency may decide that auditors and audit firms shall use a digital signature or a corresponding electronic signature in connection with the performance of assurance assignments.</p> <p>ISAs have not been implemented in Danish audit legislation. However, the audit legislation requires that an auditor shall perform the audit in accordance with generally accepted auditing practices and the ISA are considered to be generally accepted auditing practices. The Danish Business Authority is empowered to implement the ISAs into Danish legislation, when adopted by the European Commission in accordance with the EU audit directive.</p>
<p>11. Permanent Education / Continuous Training of Auditors</p>	<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 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>The Danish Business Authority lay down the particular rules on continuing education and on the oversight hereof.</p> <p>The auditor shall be able to document at any given time that the requirements for continuing education have been met.</p> <p>Documentation for continuing education of auditors attached to or otherwise associated to an audit firm is reviewed as part of a quality assurance review. Other auditors must provide documentation on request.</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>The Danish Business Authority is empowered to initiate investigations on the compliance of duties of auditors, audit firms, members of the supreme governing body or audit committee of a PIE or a PIE entity.</p> <p>Following the conclusion of an investigation, the Danish Business Authority decides whether the findings of the investigations give rise:</p> <ol style="list-style-type: none"> 1) to close the investigation without further comments 2) to issue a reprimand, 3) to order that any violations shall be brought to an end, or 4) to bring the auditor, audit firm or both before the Disciplinary Board on Auditors, 5) to bring a member of the supreme governing body or audit committee of a PIE or a PIE entity or both before the Disciplinary Board on Auditors. <p>The Danish Business Authority has established the Disciplinary Board on Auditors and appoints the members of the board including the chairman. The chairmanship must be judges. The majority of the board must be non-practitioners.</p> <p>The Board have amongst others the following sanctioning powers:</p> <ul style="list-style-type: none"> - give a warning - impose fines - withdrawal of approval with suspended execution - prohibitions from performing audit or certain other activities - withdrawal of approval
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>The Danish Business Authority lay down the particular rules on the professional examination.</p>

	<p>The Danish Business Authority is responsible for international cooperation and is empowered to obtain information from auditors and audit firms to fulfill the task.</p>
<p>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</p>	<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>Reference is made to www.erhvervsstyrelsen.dk. The chart of the organization shows the different areas of which Erhvervsstyrelsen (Danish Business Authority) is responsible of. Among the tasks is Supervision of Financial Reporting.</p>
<p>15. Member Update for public information (if any)</p>	<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 checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>