

IFIAR 2023 Member Profile – BAOB

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 Board (BAOB)</p> <hr/> <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>Rue du Congrès 12 -14 1000 Brussels, Belgium Tel: +32 2 220 54 98 Email: info@ctr-csr.be Website: 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 BAOB is to ensure that the legal and regulatory framework is correctly applied and that it supervises its application. In particular, the BAOB 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. <hr/> <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</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.

	<input checked="" type="checkbox"/> Licensing <input checked="" type="checkbox"/> Registration <input 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 type="checkbox"/> Other: _____
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>Article 35 of the Law provides that the committee of the BAOB is the central decisional body of the BAOB. The committee of the BAOB 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> <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>Article 35 of the Law provides that the committee of the BAOB 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 Belgian Financial Services and Markets Authority (FSMA), amongst the members of the Management committee or the managers of the FSMA ;</p> <p>3° one member that has 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 BAOB must be non-practitioners with appropriate skills as regards statutory audits of accounts.</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:</p> <p>According to article 3, 28° and article 35 of the Law, members of the committee of the BAOB 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>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>According to article 3, 28° and article 35 of the Law, members of the committee of the BAOB 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. The appointments of the members are published in the Belgian Official Gazette.</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> <p>There are no legal independence requirements for employees of the BAOB in place. However, the committee of the BAOB is the central decisional</p>

	<p>body of the BAOB and their members are independent from the audit profession.</p> <p>It seems useful to underline that, for the quality assurance, article 52 of the Law provides that the BAOB may designate members of the profession for the execution of the inspection of non-PIE auditors. The BAOB 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 BAOB, the inspector submits the filled-in inspection guide to the BAOB. The conclusions of the quality control of non-PIE auditors have to be and is drawn and decided by the BAOB.</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>According to article 40 of the Law, the costs necessary for the functioning of the BAOB are covered by fees from the profession. It is a legal obligation for the members of the profession to contribute to the cost of the supervisor.</p> <p>The budget is integrated in the budget of the FSMA, that also provides administrative and IT support to the BAOB.</p> <p>The board of the FSMA approves the budget, as well as the board of BAOB.</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>Please refer to the answer to question 5.1.</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>The BAOB is empowered to inspect any of the auditors (856) and audit firms (674) registered in Belgium. There are around 300 PIE audit engagements out of around 30.000 audit engagements on a yearly basis.</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>The Big Four control around 82% of all PIE audit engagements.</p>
7. Inspection System	<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 BAOB organizes itself recurring inspections of audit firms undertaking the control of public interest entities. The fieldwork is done by the inspection team. Based on the draft inspection report, the BAOB draws the conclusions and, where appropriate, decides on the measures to be imposed on the auditor/audit firm.</p> <p>7.3 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 BAOB performs controls of auditors and audit firms on the basis of a methodology developed by BAOB. Quality controls are required at least every 6 years for auditors controlling other than public interest entities (PIE) and at least every 3 years for auditors controlling PIE.</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</p>



	<p><i>no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</i></p> <p><input checked="" type="checkbox"/> Employees of the Member <input checked="" type="checkbox"/> Professional body</p> <p><input type="checkbox"/> Third Parties <input type="checkbox"/> Other</p> <p>Please explain below:</p> <p>Article 52 of the Law provides that, for the quality assurance, the BAOB may designate members of the profession for the execution of the inspection of non-PIE auditors. The BAOB organizes itself recurring inspections of audit firms undertaking the control of public interest entities. The fieldwork is undertaken by the inspection team.</p> <p>Based on the draft inspection report, the BAOB draws the conclusions and, where appropriate, decides on the measures to impose on the auditor/audit firm.</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 type="checkbox"/> Directly <input checked="" 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>The tasks for licensing are delegated by article 41 of the Law to the Institute of Registered Auditors (professional body). The BAOB is responsible for the supervision of the execution of those tasks by the professional body.</p> <p>Article 41 of the law provides for a process that ensures that the BAOB could object to a proposed decision of licensing of the professional body. At the end of the process, the licensing decision will be reputed to be a decision of the BAOB.</p>
<p>9. Registration</p>	<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 type="checkbox"/> Directly <input checked="" 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>The tasks for registration are delegated by article 41 of the Law to the Institute of Registered Auditors (professional body). The BAOB is responsible for the supervision of the execution of those tasks by the professional body.</p>
<p>10. Audits and/or Ethics Standard Setting</p>	<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 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>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 type="checkbox"/> Directly <input checked="" 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>According to article 41, the Institute of Registered Auditors (professional body) organizes the permanent education of auditors. The BAOB is responsible for the supervision of this delegated task.</p>

	<ul style="list-style-type: none">○ If the auditor remains in default after the compliance deadline has passed, the BAOB may, pursuant to Article 57, § 1, third paragraph of the law of 7 December 2016 and after having heard or invited the auditor to be heard, publish its opinion on its observations, impose a non-compliance penalty or instruct the auditor temporarily to refrain from providing any professional services or from providing one particular service during a set period.● Order:<ul style="list-style-type: none">○ If the BAOB issues an order to an auditor pursuant to Article 116/2; § 1 of the Law of 18 September 2017, the auditor must take the requisite measures to remedy the nonconformities that were identified and to ensure that it is compliant with the provisions in question.○ The auditor must demonstrate to the BAOB that he or she has duly remedied the nonconformities, by presenting, within the set deadline, the details of the measures taken as well as the relevant evidentiary documents.○ As regards nonconformities that are the subject of an order, the BAOB reserves the right to evaluate, in the course of a new inspection, the proper implementation of the legal and regulatory provisions in question.○ If an auditor to whom an order has been issued remains in default after the set deadline has passed, the BAOB may, pursuant to Article 116/2, § 2 of the Law of 18 September 2017 and on condition that the auditor has been able to put forward his or her arguments, publish its opinion on its observation, impose a non compliance-penalty or instruct the auditor temporarily to refrain from providing any professional service or from providing one particular service during a set period.● Recommendation<ul style="list-style-type: none">○ If the BAOB, pursuant to Article 52, § 6, second paragraph of the Law of 7 December 2016 makes a recommendation, the auditor must take the requisite measures to remedy the nonconformities identified and ensure that it is compliant with the provisions in question.○ In order to show the BAOB that the auditor has duly remedied the shortcomings that were the subject of the recommendation, the auditor must, by a set deadline, present the details of the measures as well as the supporting documents.○ If the auditor does not abide by the recommendation addressed to him or her, in certain cases and depending on the seriousness of the nonconformities observed this may give rise to the imposition of measures as referred to
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in Article 57 and/or administrative measures or fines as referred to in Article 59 of the Law of 7 December 2016.

- Point requiring attention
 - If the BAOB formulates a point requiring attention, it expects the auditor in question to take the necessary measures to improve his or her procedures and/or activities. The auditor is not required to inform the BAOB after the quality control of the details regarding the measures he or she has taken in order to remedy the nonconformities identified.
- Referral to the FSMA Sanctions Committee
 - In the case of serious infringements, the BAOB may also decide to refer the matter to the Sanctions Committee of the FSMA and initiate proceedings, which may give rise to administrative measures and administrative fines. A specific chamber has been established within the Sanctions Committee for measures and fines for auditors or audit firms. That chamber is composed of six magistrates and two other members with expertise in audit matters.
 - In exercising its ability to refer cases to the Sanctions Committee, the BAOB pays particular attention to infringements that could have an impact on users' proper understanding of financial information, to infringements that relate to the audit of listed companies or entities with material social or financial impact, as well as to infringements of ethical rules and to repeated infringements. The BAOB also ensures that the auditor conducts sufficient and suitable audits to be able to formulate an appropriate opinion on the financial statements.

If the BAOB board refers the case to the Sanctions Committee of the FSMA, the latter may apply one of the following administrative sanctions:

- 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;

	<p>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;</p> <p>g) the withdrawal of approval; or</p> <p>h) the imposition of administrative pecuniary sanctions on natural and legal persons.</p> <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>
13. Other Responsibilities in Audit Oversight or Audit Regulation	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: N/A
14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation	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: N/A
15. Member Update for public information (if any)	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe these changes with an appropriate level of detail: