

## IFIAR 2025 Member Profile – BAOB

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Belgium
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  Collège van toezicht op de bedrijfsrevisoren/Collège de supervision des réviseurs d'entreprises (CTR/CSR)  Belgian Audit Oversight Board (BAOB)
	<b>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:</b>  Rue du Congrès 12 -14 1000 Brussels, Belgium Tel: +32 2 220 54 98 Email: <a href="mailto:info@ctr-csr.be">info@ctr-csr.be</a> Website: <a href="http://www.ctr-csr.be">www.ctr-csr.be</a>
	<b>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:</b>  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: <ul style="list-style-type: none"> <li>- the approval and registration of statutory auditors and audit firms;</li> <li>- continuing education;</li> <li>- quality assurance systems;</li> <li>- investigative systems.</li> </ul>

<sup>1</sup> 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><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></p> <p> <input checked="" type="checkbox"/> <b>Licensing</b>  <input checked="" type="checkbox"/> <b>Registration</b>  <input type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b>  <input checked="" type="checkbox"/> <b>Permanent Education / Continuous Training of Auditors</b>  <input checked="" type="checkbox"/> <b>Inspection</b>  <input checked="" type="checkbox"/> <b>Enforcement</b>  <input type="checkbox"/> <b>Other:</b> _____         </p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>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.</b></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> <hr/> <p><b>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.</b></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° two members with appropriate expertise in respectively the statutory audit of financial statements and accounting, 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><b>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?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></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><b>4. Independence safeguards</b></p>	<p><b>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.</b></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><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input type="checkbox"/> Same set of requirements    <input checked="" type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p>

	<p>Employees of the BAOB are bound by an ethics code of the FSMA that contains strict independence rules during the employment with FSMA/BAOB.</p> <p><b>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.</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe:</b></p> <p>The committee of the BAOB is the central decisional body of the BAOB and their members are independent from the audit profession.</p> <p>It seems useful to underline that, for 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><b>5. Funding Arrangements</b></p>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</b></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><b>5.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>Please refer to the answer to question 5.1.</p>

<b>6. Audit Market</b>	<p><b>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.</b></p> <p>The BAOB is empowered to inspect any of the auditors (847) and audit firms (699) registered in Belgium. There are around 250 PIE audit engagements out of around 28.000 audit engagements on a yearly basis.</p> <hr/> <p><b>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.</b></p> <p>The Big Four control around 90 % of all PIE audit engagements.</p>
<b>7. Inspection System</b>	<p><b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>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 12 Enforcement, please reference that section for details on such measures).</b></p> <p><b>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:</b></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> <hr/> <p><b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></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><b>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.</b></p> <p> <input checked="" type="checkbox"/> <b>Employees of the Member</b> <span style="margin-left: 200px;"><input checked="" type="checkbox"/> <b>Professional body</b></span> </p> <p> <input type="checkbox"/> <b>Third Parties</b> <span style="margin-left: 200px;"><input type="checkbox"/> <b>Other</b></span> </p> <p><b>Please explain below:</b></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><b>8. Licensing</b></p>	<p><b>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?</b></p> <p> <input type="checkbox"/> <b>Directly</b> <span style="margin-left: 100px;"><input checked="" type="checkbox"/> <b>Through Oversight</b></span> </p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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.</b></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>

<b>9. Registration</b>	<p><b>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?</b></p> <p><input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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.</b></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>
<b>10. Audits and/or Ethics Standard Setting</b>	<p><b>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?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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.</b></p>
<b>11. Permanent Education / Continuous Training of Auditors</b>	<p><b>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?</b></p> <p><input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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</b></p>

	<p><b>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></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>
<p><b>12. Enforcement</b></p>	<p><b>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)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Referral</p> <p><b>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</b></p> <p><b>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.</b></p> <p>The BAOB has a number of measures at its disposal following an inspection. Based on all the relevant aspects of an individual case, if it identifies nonconformities, the BAOB decides on the most appropriate measure to take.</p> <ul style="list-style-type: none"> <li>• Reprimand: <ul style="list-style-type: none"> <li>○ Pursuant to Article 57, § 5 of the law of 7 December 2016, the BAOB may reprimand the auditor in cases where it is established that the auditor has committed the breaches but these do not justify the imposition of a compliance deadline.</li> <li>○ When the BAOB considers imposing a reprimand on the auditor, the auditor is entitled to a written hearing before the BAOB takes a final decision on the alleged breaches and the measures it is considering based on those breaches.</li> </ul> </li> <li>• Compliance deadline: <ul style="list-style-type: none"> <li>○ When the BAOB imposes a compliance deadline on the auditor under Article 57, § 1, first paragraph of the Law of 7 December 2016, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.</li> <li>○ The auditor must demonstrate to the BAOB that the deficiencies have been duly remedied by submitting, within a set deadline, the details of the measures taken as well as the relevant supporting documents.</li> </ul> </li> </ul>



	<ul style="list-style-type: none"><li>○ For deficiencies for which a compliance deadline has been imposed, the BAOB may at any time decide to carry out a new inspection to assess the correct implementation and application of the relevant legal and regulatory provisions.</li><li>○ If the auditor remains in default after the expiry of the compliance deadline, the BAOB may, under Article 57, § 1, third paragraph of the Law of 7 December 2016 and after having heard or summoned the auditor, communicate its opinion regarding the findings, impose an incremental penalty payment or order the auditor to refrain from exercising all or a specific part of their professional activities for a specified period of time.</li><li>● Injunction:<ul style="list-style-type: none"><li>○ When the BAOB imposes an injunction on the auditor under Article 116/2; § 1 of the Law of 18 September 2017, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.</li><li>○ The auditor must demonstrate to the BAOB that the deficiencies have been duly remedied by submitting, within a set deadline, the details of the measures taken as well as the relevant supporting documents.<p>For deficiencies for which an injunction has been imposed, the BAOB may at any time decide to carry out a new inspection to assess the correct implementation and application of the relevant legal and regulatory provisions. If the auditor remains in default after the expiry of the imposed deadline, the BAOB may, under Article 116/2, § 2 of the Law of 18 September 2017 and after having heard or summoned the auditor, impose an incremental penalty payment or order the auditor to refrain from exercising all or a specific part of their professional activities for a specified period of time.</p></li></ul></li><li>● Recommendation<ul style="list-style-type: none"><li>○ When the BAOB issues a recommendation under Article 52, § 6, second paragraph of the Law of 7 December 2016, the auditor must take the necessary measures to remedy the identified deficiencies and ensure compliance with the relevant provisions.</li><li>○ In order to demonstrate to the BAOB that the deficiencies that are the subject of the recommendation have been addressed appropriately, the auditor must submit, within a set deadline, the details of the measures as well as the relevant supporting documents.</li><li>○ Failure by the auditor to comply with the recommendation may, where appropriate and depending on the severity of</li></ul></li></ul>
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the deficiencies identified, give rise to the imposition of measures as referred to in Article 57 and/ or administrative measures or pecuniary sanctions as referred to in Article 59 of the Law of 7 December 2016.

- Referral to the Sanctions Committee of the FSMA
  - For serious deficiencies, the BAOB may also decide to refer the matter to the Sanctions Committee of the FSMA and initiate a procedure that may lead to the imposition of administrative measures and pecuniary sanctions. A specific chamber has been set up within the Sanctions Committee for such measures and sanctions. This chamber is composed of six magistrates and two other members with expertise in audit matters.
  - In exercising its power to refer matters to the Sanctions Committee, the BAOB pays particular attention to deficiencies that could have an impact on the user's judgment of the financial information, deficiencies that relate to the audit of listed companies or entities with significant social or financial impact, deficiencies relating to ethical requirements, and repeated deficiencies. The BAOB also ensures that auditors perform sufficient and appropriate audit procedures to be able to express an adequate 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;
- f) a temporary prohibition, of up to three years' duration, banning a member of an audit firm or a member of an administrative or management body of a public-interest-entity from exercising functions in audit firms or public interest entities;
- g) the withdrawal of approval; or
- h) the imposition of administrative pecuniary sanctions on natural and legal persons.

	<p>For the competences related to audit, the Sanctions Committee of the FSMA is composed of six magistrates and two persons with knowledge in relation to statutory audits of accounts, all legally required to be non-practitioners in the sense of article 2, 15° of the Directive 2006/43.</p>
<b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b>	<p><b>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:</b></p> <p style="text-align: center;">N/A</p>
<b>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</b>	<p><b>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:</b></p> <p style="text-align: center;">N/A</p>
<b>15. Member Update for public information (if any)</b>	<p><b>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?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>