The Auditing Oversight Division of the Danish Business Authority (ERT)

Strategy 2017-2019

Prefatory note
The auditing industry is an important player within an effective business community, and it is imperative that public authorities and all business community players trust the financial information that they receive and use for decision-making processes.

As a representative of the public, the auditor contributes to securing and maintaining trust in the financial information on which the socio-economics are based. It is essential that credit providers, investors, public authorities and other stakeholders are able to rely on the auditor to carry out the task as a representative of the public at the required level of care, objectivity and quality.

Macro-economic conditions as well as technological developments have a significant effect on the Danish and international business communities in terms of increased digitalisation, new business models and growing demands for information and transparency. The role of the auditor as a representative of the public is subject to an increasing level of complexity, placing growing demands on the auditing industry.

The Danish Business Authority (DBA) handles the public oversight of audit firms and auditors. Such oversight is carried out by the Auditing Oversight Division within the Danish Business Authority. Through the approval of amendments to the Danish Audit Act (law no. 631 of 8/6 2016 "Law on amendments to the Audit Act and various other acts"), which became effective on June 17th 2016, the Auditing Oversight Division of the Danish Business (hereafter called "ERT") has been subject to a range of amendments at an organisational level, but also in terms of its practical approach to the oversight of audit firms and auditors.
As public oversight authority, ERT strives to be open-minded regarding oversight strategy, work methods and procedures, organisation etc. We want to be part of a continuous dialogue with business community players and the auditing industry with regards to our shared goal of ensuring continued trust in the financial information that provides the framework for an effective business community.

As part of the Danish Business Authority, ERT generally aims at acting as a modern oversight authority that does not only carry out perfunctory random or risk-based control but actively selects cases in which the decision of the oversight authority can define a certain direction and thereby create an increased level of credibility and trust.

This document presents the strategy for 2017-2019 for ERT, and explains those strategic focus areas that ERT has selected for the next few years.

All strategic focus areas are expected to contribute to a continued effective and adaptable public oversight of audit firms and auditors, including the creation of a framework for a value-based oversight authority that is useful to the business community in general and the auditing industry in particular. The overall purpose is to secure and maintain trust in the financial information on which the business community is based, and in which approved audit firms and auditors – working as a representative of the public – have built a legitimate trust.

### The background to the strategic focus areas

The Danish Business Authority has defined a range of principles for the purpose of making as many companies as possible adhere to the rules. Those principles are expected to contribute to the balancing of the need to make running a business easier and the need to set up a framework that supports a responsible business community. In some areas, the oversight performed by the Danish Business Authority is subject to EU regulations that make up the oversight framework in these particular areas.

Amongst other things, the ERT strategic focus areas have been selected with a view to meeting the following general demands on the tasks of the Danish Business Authority:

1. **Agility**
   a. We must be able to adapt quickly and effectively as a response to market condition changes.
2. **Development and execution power**
   a. We must plan and implement focused developments and executions that create value.
3. **Proper authority system**
   a. We must carry out correct and professional authority administration.
4) Client proximity
   a. As a public authority, we must focus on client proximity.

5) Effective handling and operations
   a. We must utilise our resources effectively.

6) Synergy and coherence
   a. We must contribute to creating further synergies between professional areas, and carry out cross-disciplinary oversight.

7) Focus and visibility
   a. We must develop a distinctive, visible profile towards our main stakeholders.

In addition, the strategic focus areas of ERT are based on political amendments to the legislative framework etc. as well as a range of conditions which are estimated to have a significant effect on the business community in general and the Danish auditing industry and its players in particular.

Below is a list of factors that have influenced the choice of ERT strategic focus areas.

1. Changes to EU regulations
   On June 17th 2016, law no. 631 of 8/6 2016 ”Law on amendments to the Audit Act and various other acts” became effective.

   The main purpose of this law is to implement a range of amendments which the member states – according to the directive from the European Parliament and the European Council – are obliged to implement in their national legislation. This also includes provisions that ensure a more risk-based audit oversight of auditors and audit firms. Furthermore, this law ensures that the Audit Act is in agreement with the provisions included in the decree from the European Parliament and the European Council on specific requirements regarding statutory auditing of companies with a public interest (Public Interest Entities).

2. Digitalisation and technological developments
   The Danish and international business communities are marked by a significant level of digitalisation, and new types of companies and business models occur as a challenge to older, traditional businesses. This reality influences both the national and the international auditing industry to a great extent, and thereby also public oversight of audit firms and auditors. ERT wants to keep abreast of this development, being at the forefront when digitalisation is discussed in the auditing industry and in other relevant professional fora.

3. Prevention rather than post-rationalisation
   Working on planning a future-oriented oversight, ERT focuses on creating a framework for a value-based oversight that does not only identify and sanction mistakes and shortcomings but also contributes to creating a higher level of quality within the auditing industry.
The work includes two focus areas: more intense dialogues with the audit firms and amended rules on sanctions, meaning that less serious violations lead to requesting and ordering forward-looking measures and improvements, rather than fines.

4. Globalisation and international trends
The Danish Business Authority is a member of several international legal and supervisory fora both within the EU and at a global level.

A Danish presence in these international fora is considered to be of vital importance with regards to influencing the development within the areas of regulation and oversight in EU and globally, and in terms of being at the forefront of those international trends that impact on the global business community and the global auditing industry. International players within the auditing industry do consider global networks to a great extent and cross-disciplinary knowledge sharing amongst the member states contributes to a more effective and professional audit oversight.

5. Industry conditions
Naturally, the developments within the auditing industry have a significant effect on the focus areas of the audit oversight and on the general guidelines for audit oversight process. As part of general market surveillance, ERT continuously collect key information about auditing industry developments. In addition, ERT monitors general trends that occur in the auditing industry.

6. Cross-disciplinary co-operation
The tasks carried out within the various oversight areas are centred on several similar topics and problems, providing unique possibilities of cross-disciplinary knowledge sharing and co-operation. Apart from the work taking place within each individual area, focus is continuously on cross-disciplinary co-operation amongst the areas.
Strategy 2017-2019
The purpose of the Auditing Oversight Division of the Danish Business Authority (ERT) is to contribute to creating and maintaining trust in the Danish auditing industry, including approved audit firms and auditors. As part of this task, ERT supervises approved audit firms and auditors. ERT is responsible for implementing the statutory quality control, verifying whether the audit firm has established, implemented and is utilising a system of quality control in accordance with applicable regulations. In addition, random sample evaluations of selected assurance engagements are carried out in order to verify whether the opinion has been given in accordance with current standards and with the system of quality control used in the audit firm.

Furthermore, actual assurance engagements that carry a risk of breaking the law are examined. Such examinations might be initiated based on media coverage of actual auditing cases, the public control of accounts, or information provided to ERT.

In addition, ERT verifies whether or not approved auditors are adhering to the obligatory educational requirements relevant to the job, and ERT perform the oversight of audit committees in Public Interest Entities (PIEs). Likewise, ERT carries out market surveillance within the auditing industry through statistics and continuous oversight.

Based on above-mentioned areas and factors, ERT has identified 7 strategic focus areas.

These areas have been divided into external and internal strategic focus areas in which external focus areas are based on external-relevant goals and internal focus areas are based on internal-relevant goals.

All strategic focus areas share the reference frame and goal of contributing to fulfil the overall goal of ERT as described above.

External strategic focus areas:

1) Risk-based and data-driven oversight practice – user consideration
2) Prevention of significant mistakes and shortcomings
3) Consistency in terms of quality control and sanctioning
4) Visibility and information
5) International co-operations and internationalisation of auditing quality work

Internal strategic focus areas:

6) Cross-disciplinary oversight and co-operation
7) Competence development and specialisation
External strategic focus areas

1. Risk-based and data-driven oversight practice – user consideration

In order to ensure that the Audit Act is in agreement with the decree, a simplification of the authority structure within the auditing area (quality control) has been implemented.

At the same time, the quality control approach has been changed to place more focus on risk-based control instead of systematic control, and the sanction system has been altered to include gentler sanctions for small first-time violations but stricter sanctions for serious violations. When performing oversight, ERT must focus on those audit firms and assurance engagements that carry the biggest risk and consequences of serious mistakes and shortcomings.

Obviously, ERT staff members have largely focused on the changes to the legal basis and the change of principles with regards to the way in which audit firms and auditors are to be supervised. Effective implementation of these changes will continue to enjoy a strong focus on both practical and strategic levels.

In 2016, focus was on identifying relevant risk indicators for the purpose of identifying those audit firms and assurance engagements that carry the biggest risk and consequences of serious mistakes and shortcomings. As of auditing year 2017, risk-based oversight will be operationalised to its full format and the identified risk indicators will contribute to the selection of audit firms and assurance engagements for quality control purposes based on a risk perspective.

To a great extent, practical selection of audit firms and assurance engagements for quality control purposes will be done as a data-based search for relevant data on the basis of the above-mentioned risk index.

As part of the preparations for risk-based and data-driven oversight practice, ERT has held continuous discussions in and with international oversight fora and authorities that are utilising these methods already.

Risk-based supervisory practice contains two elements:

1) Risk of mistakes
   a. Where is the biggest risk of mistakes occurring (quantitative examination, including number/scope)?

2) Consequences of mistakes
   a. What are the consequences of the mistake (qualitative examination, including the extent/impact and importance of the mistake)?
In terms of being able to carry out risk-oriented oversight, keeping an eye on both elements is of vital importance to ERT. With regards to a prioritised initiative, however, focus will be on identifying the biggest consequences of mistakes and shortcomings. Considering this factor, focus will be on those audit firms and assurance engagements in which potential serious mistakes and shortcomings are expected to carry the biggest consequences to the socio-economics and towards third parties.

At the same time, the control history of the audit firm will be examined, whereby satisfactory results at previously performed quality controls will have a positive effect on the overall evaluation of the risk profile of the audit firm.

In continuation of the above, ERT has – as of 2016 – altered the guidelines for selection of assurance engagements carried out for listed companies in PIE audit firms. Whereas ERT used to select 1 assurance engagement for each 10 PIE audit client, now 1 assurance engagement for each 3 PIE audit client is selected. This will lead to a significant increase in performed quality control measures within the annual account audits for listed companies.

In addition to the above initiatives, focus will also be on assurance engagements for larger non-PIE companies.

On the contrary, ERT has reduced the number of selected assurance engagements for small non-listed companies, meaning that the overall work load from the public audit oversight will not increase for the audit firm.

The selection of assurance engagements for financial companies has not changed significantly compared to previously used methods, meaning that 1 assurance engagement for each 10 client defined as a financial company is still selected.

With regards to selection of assurance engagements during quality control at audit firms that do not carry out assurance engagements for PIE companies, more focus will be placed on assurance engagement risks in the future. The selection will take place based on those risk factors defined by ERT which are listed in the guidelines for quality control of non-PIE audit firms.

In addition, ERT expects the change of principles with regards to control focus to create a higher level of social security for performed audits at large, important companies, and – over time – a higher level of quality within the performed annual account audits for listed companies in Denmark and for large non-PIE companies.
At the same time, it is important to mention that audit committees within the listed companies have been given responsibility in terms of quality-evaluating the work of the auditor. Such an evaluation must, amongst other things, include the result of the most recent quality control.

The risk-based approach with regards to selection of assurance engagements in general, consists of a careful assessment of those risks that assurance engagement is characterized with, within the audit firm, chosen to be subject to quality control. Specific risks and circumstances can therefore form the basis for another specific selection of assurance engagements, e.g. based on number of audit ours spent, business terms etc. Such consideration can arose from previous results of quality control performed, internal monitoring etc.

Within the next 3 years, effective implementation of risk-based quality control is going to be a significant and very decisive strategic focus area. ERT is going to evaluate the result of this strategic focus area, e.g. by evaluating and analysing the following factors:

1) Number of assurance engagements selected based on a specific risk evaluation (rather than a random and systematic selection).
2) Result of the quality control of these assurance engagements.
3) Result developments within the period 2017-2019 for quality control of these assurance engagements.

The guidelines for ERT quality control for 2016, including relevant appendices, are available at the website of the Danish Business Authority https://erhvervsstyrelsen.dk/retningslinjer-for-kvalitetskontrol (in Danish). These guidelines contain useful information about ERT work methods, focus areas and practical approach to quality control for audit firms and auditors. The guidelines are updated yearly, and the 2017 guidelines are expected to be available from mid 2017.

One of the key areas in the general oversight strategy of the Danish Business Authority is data-driven oversight and the Danish Business Authority is heading a project at group level on data-driven and effect-focused oversight.

The first purpose of this project is to demonstrate whether the current regulations have managed to create the right balance between safety considerations and trusting in Danish companies on one hand, and the consideration of making it easy to run a business in Denmark on the other hand. This project is supposed to clarify whether or not there is a need for additional initiatives in order to obtain the right balance.
The second purpose is to clarify whether data-driven oversight and control leads to a larger focus and effect, e.g. by utilising risk-based control, as well as more knowledge about effective and proportional sanctioning. The goal is minimisation of controls that turn out to have been unnecessary and maximisation of documented effects of the initiative. The developed methods must be distributed throughout the rest of the group, if relevant.

As such, the technological developments within the auditing industry, as well as the work with data-driven oversight, will enjoy a high level of focus during the years to come.

2. Prevention of significant mistakes and shortcomings
As mentioned earlier, the Danish Business Authority wants to be a modern oversight authority with a wish to carry out value-based oversight.

As part of the Danish Business Authority, ERT carries out quality control of approved audit firms and auditors. If mistakes and shortcomings are identified, they must be rectified; however, the decisions of the Danish Business Authority should also contribute to defining a direction, thereby creating a higher level of credibility and trust in financial information. We want decisions to contribute to the prevention of serious mistakes and shortcomings occurring in the first place.

As part of this work, in 2015 and 2016, ERT worked with those communication tools used for control purposes and towards the audit firms, and a continuous dialogue took place with the auditing industry and its biggest players based on a forward-looking, increased focus on preventative initiatives for the purpose of reducing the number of mistakes and shortcomings.

In 2016, a new reporting format was implemented (new "Issue Tracker") which, to a greater extent, provides the opportunity to communicate in a precise and preventative manner with the audit firms and auditors, following the quality control.

Furthermore, ERT has implemented a range of initiatives which are partly preventative, partly used for the purpose of increasing the quality of audits carried out in Denmark. Some of these initiatives were inspired by the focus areas of foreign auditing authorities and include the following (amongst other things):

1) Increased focus on the effect of the audit committees on audit quality within companies with a public interest (PIEs).
2) Examination of the utilisation of "offshoring" within Danish audit firms and of engagements with special types of international structures (e.g. "Letterbox entities").
3) Surveillance of the altered utilisation of documentation tools within the audit firms, including "Big Data".
4) Focus on "root-cause" analyses in which the reasons for occurring mistakes and shortcomings are identified and rectified in the future.

The purpose of all these initiatives is to positively contribute to the prevention of serious mistakes and shortcomings occurring, as well as further increase the quality of Danish audits.

During 2015, ERT effectuated a dialogue program targeting the largest audit firms and networks in Denmark, and individual dialogue meetings between the company and selected ERT staff members are being held on a continuous basis. The purpose of the dialogue meetings is, amongst other things, to contribute to increased experience and knowledge sharing between ERT and the company on relevant topics, and to create a forum in which problems can be discussed in time. Having been extended in 2016, 12 of the biggest audit firms and networks, on a global level, are now included in the ERT dialogue program.

Apart from intensifying the dialogue with the most important players from the auditing industry, ERT is also expecting the amended sanctioning regulations to create a framework of more guidance and timely definition of expectations by the auditing industry and the authorities with a view to handling problems before they develop into mistakes and shortcomings in the work of the auditor.

Finally, ERT considers it to be vital that expressions of opinion and guiding decisions based on professional evaluations etc. are quickly communicated to all relevant parties in order for that information to assist in the implementation of preventative measures.

Therefore, ERT has – as of the amended law becoming effective in June 2016 – continuously made decisions during quality control of assurance engagements done by PIE audit firms, rather than awaiting the finalisation of the complete quality control of assurance engagements, before making decisions on the result of the control of the specific assurance engagement.

Apart from fulfilling the prevention goal, this initiative has significantly increased efficiency levels and it has had a positive effect on the human factors for those selected auditors, from where assurance engagements were selected for quality control.

Over the next 3 years, ERT expects to witness a positive effect on the type and scope of mistakes and shortcomings related to the above-mentioned and other forward-looking measures within the area of prevention. ERT is going to evaluate the result of this strategic focus area by – amongst other things – evaluating and analysing the following factors:
1) Result developments for quality control of assurance engagements within the period 2017-2019.

2) Developments in reactions and sanctions from ERT, including developments related to the scope of cases of audit firms and auditors submitted to the Disciplinary Board on Auditors (“Revorsøvnævnet”).

3) Developments related to the type of identified mistakes and shortcomings, including whether or not cases are first-time or repeated infringements.

3. **Consistency in terms of quality control and sanctioning**

   It is of vital importance to the trust placed in the public oversight system for audit firms and auditors – including quality control for audit firms and assurance engagements carried out by individual auditors – that the quality control and any potential reaction/sanction is seen as being consistent and that the decisions made by the Danish Business Authority with regards to identified mistakes and shortcomings are considered to be fair and well-documented.

   The quality control of PIE audit firms is carried out by staff members from The Auditing Oversight Division of the Danish Business Authority (ERT). Quality control of non-PIE audit firms is carried out by an external control team selected by the Danish Business Authority. ERT is in charge of planning, implementing and finalising the quality control of all quality controls, including quality control of non-PIE audit firms.

   In 2016, the Danish Business Authority held the annual training for the external control team, amongst other things focusing on discussions about consistency in quality control implementation amongst the control team members. Furthermore, as of 2016, ERT has implemented a range of new, obligatory reporting tools for the purpose of ensuring more consistency in the control process, including a number of obligatory meetings with an associated obligatory meeting agenda.

   As part of the amended Audit Act becoming effective in June 2016, the existing control team was disbanded and in autumn 2016, the Danish Business Authority began re-establishing the team. It is absolutely vital to the Danish Business Authority that the control team continues to come across as being professional and consistent in its approach to the control task, making this a clear requirement to future control team members during the recruiting procedure.

   Now, the Danish Business Authority has the power to made decisions on the conclusion on a quality control performed, including whether or not to finalise the control without any further remarks, orders, requests of actions to be taken, or with a reprimand. In case of serious mistakes and shortcomings, the Danish Business Authority will still consider the possibility of bringing the audit firm or auditor to the Disciplinary Board on Auditors.
The Disciplinary Board on Auditors is responsible for handling disciplinary proceedings related to approved audit firms and auditors, and it is an independent institution. The independency of this board is ensured through the selection of members and through the board rulings not being referable to any other administrative authority. The Danish Business Authority functions as board secretariat, but has no influence on the contents of the board rulings.

Related to decisions on whether or not a quality control procedure is to be finalised without any further remarks or leads to a reaction/sanction, the Danish Business Authority has organised the public oversight of audit firms and auditors in a way that firstly provides a clear distinction between operating staff members and control team members on one hand and staff members at the Danish Business Authority who make decisions on potential reactions/sanctions on the other hand, and secondly involves the implementation of a suitable number of professional procedures and evaluations by various staff members prior to making the final decision. Apart from the professional elements in such a multi-step approach, this design also ensures consistent professional evaluations of similar professional issues.

For the next 3 years, consistency in quality control and sanctioning will be an important strategic focus area that will receive a lot of attention from the Danish Business Authority. ERT is going to evaluate the results of this strategic focus area by – amongst other things – evaluating and analysing the following factors:

1) The result of requested feedback from audit firms and auditors who have been subject to quality control, including audit firms involved in special dialogue meetings with ERT.
2) The result of requested feedback from quality control team members who have carried out quality control of audit firms and auditors.
3) The result of the analysis of types of identified mistakes and shortcomings, including subsequent reactions and sanctions.

4. Visibility and information
ERT wants to be visible and present in the Danish business community, maintaining a transparent role towards all stakeholders.

In order to contribute to maintaining and developing a legitimate trust in the Danish auditing industry and in those assurance tasks carried out by Danish auditors as representative of the publics, it is of utmost importance that the main players in the auditing industry are aware of and trust the type and scope of the public oversight carried out within the auditing industry.
The main users of auditing work include, as an example, credit providers, investors, clients, staff members, large interest groups as well as public authorities such as the Danish tax authorities, the Danish Business Authority etc.

As part of ERT’s strategic work within the area of visibility and information, a range of informational measures will be implemented towards the main stakeholders with a view to ensuring a suitable level of knowledge about ERT control tasks, working methods etc.

This includes publication of relevant information for use in continuous evaluations of ERT’s work and its effects as well as participation in various fora where the opinions of ERT will be able to influence relevant discussion topics within the auditing industry as well as within the business community in general.

ERT is going to evaluate the result of this strategic focus area by – amongst other things – evaluating and analysing the type and scope of dialogue meetings with the main stakeholders of ERT, and the provided information and guidance materials.

5. International co-operations and internationalisation of auditing quality work

As mentioned previously, the Danish Business Authority is a member of a range of international law and oversight fora at EU level and globally.

The Danish presence in such international fora is considered to be of vital importance to being able to influence the developments within the areas of regulation and oversight in EU and globally, and being at the forefront of international trends in the global business community and in the global auditing industry. International players in the auditing industry work, to a great extent, in consideration of global networks and cross-disciplinary knowledge sharing amongst countries contributes to more effective and professional quality control tasks.

In 2016, the Danish Business Authority participated in relevant international meetings, thereby gaining important knowledge and vast experience for use in the practical oversight tasks. This participation is going to continue in the years to come and the Danish Business Authority will prioritise participation in particularly relevant sub-teams that are established within the overall oversight fora.

In connection with the above-mentioned, ERT will also continue to play an active role with regards to the development of the EU-based CAIM method (Common Audit Inspection Methodology) which is the method and tool used by ERT when performing quality controls. This includes participation in relevant fora where CAIM is developed as well as contributions to exchanges of views etc.
ERT has been using CAIM for quality controls since 2015, and the method and the tools have been implemented completely. ERT is also represented in the international steering committee that participates in the approval of developed work programs etc.

ERT is going to evaluate the result of this strategic focus area by – amongst other things – evaluating and analysing the scope of participation in international meetings, including the effect of such participation in terms of relevant discussions and utilisation of principles and experience in relation to public authorities in other countries.

Internal strategic focus areas

6. Cross-disciplinary oversight and co-operation
The Business Authority is legitimately expected to effectively utilise the knowledge gained through the oversight within each individual area. As a cross-disciplinary oversight authority, the Danish Business Authority possesses an obvious and unique possibility for working with oversight across all professional areas which can contribute positively to efficiency and quality matters within this oversight work.

Through goal-oriented oversight and control, the Danish Business Authority will be able to effectively react to failing adherence to the regulations across the control and oversight areas, ensuring that those areas are strengthened. At the same time, the Danish Business Authority wants to maintain focus on strengthening external co-operation with stakeholders. As an example, the Danish Business Authority holds regular meetings with the Danish tax authorities ("SKAT") and the Danish Financial Supervisory Authority ("Finanstilsynet") in order to ensure knowledge sharing and good co-operation. Finally, the Danish Business Authority participates in several co-operation settings with the Danish tax authorities etc. regarding the possibilities of information exchange.

Since 2016, there has been a close co-operation with the money laundering authority within the Danish Business Authority in the area of public oversight of audit firms and auditors. As part of this co-operation, the control of PIE audit firms and their adherence to money laundering regulations (implemented as part of the quality control of the PIE audit firm) is now carried out by staff members from the money laundering authority within the Danish Business Authority. This control used to be carried out by ERT staff members. So far, this new approach has been a success and it is expected to proceed as such in the future.
2016 saw similar developments towards an intensified co-operation with the accounts control department within the Danish Business Authority.

Apart from working within each individual area, in the future focus will also continue to be on the intensification of cross-disciplinary co-operations between the areas. This includes public oversight of audit firms and auditors.

ERT is going to evaluate the result of this strategic focus area by – amongst other things – evaluating and analysing the scope of cross-disciplinary oversight work on an overall level and at single case level. In addition, ERT is going to evaluate the result of this, i.e. the effect of such cross-disciplinary co-operation, with regards to the type and scope of identified mistakes and shortcomings in assurance engagements subject to quality control, identified by means of a cross-disciplinary oversight procedure.

7. Competence development and specialisation
As is also true for the business community in general, significant financial and human resources are being invested in the digitalisation of business procedures and documentation tools within the auditing industry. These developments place higher demands on audit oversight competencies and increase work complexity, requiring a continuous focus on further training and competence development for audit oversight staff members.

Despite the fact that ERT has also carried out quality control of assurance engagements for listed companies in the past, the changes in general principles towards more risk-based control – including increased control of assurance tasks carried out for listed companies – will lead to a range of practical changes in terms of control methods and quality control approaches. An increased focus on assurance tasks for listed companies implies a selection of new professional focus areas, and the scope of the actual control procedure requires a new way of staffing such quality control measures.

Above-mentioned issues are closely monitored by ERT and ERT staff members are offered relevant tasks and trainings for the purpose of them being able to meet all requirements and being equipped to carry out an effective quality control of the right quality.

Based on the above, and with a view to matching the increasingly complex ERT professional areas, specialist groups have been established which are expected to gain professional knowledge above generalist level about specific topics and areas. The goal is to be able to provide expert knowledge during quality control procedures for audit firms and auditors. As an example, a specialist group has been established within the area of independency and ethics, and within the area of financial institution audits.
The specialist groups are expected to contribute positively to all professional evaluations carried out as part of a quality control task, ensuring consistent evaluations in similar situations.

ERT is going to evaluate the result of this strategic focus area by – amongst other things – evaluating and analysing the competence development for all relevant staff members, including the type and scope of identified mistakes and shortcomings within the specialist areas as compared to previous results, as well as the quality of the professional judgements made.

**Conclusion**

This document has presented the ERT strategy for 2017-2019 and has explained those strategic focus areas that ERT has decided to prioritise for the next few years.

As a public oversight authority, ERT – as part of the Danish Business Authority – wants to exhibit openness towards oversight strategies, working methods and procedure, organisation etc.

We hope that this presentation has provided a suitable overview of the background for our choice of strategic focus areas, and the work already taking place within ERT in the chosen areas.