

**IFIAR**

**The INTERNATIONAL FORUM  
OF INDEPENDENT AUDIT  
REGULATORS**

**Activity Report 2009**

[www.ifiar.org](http://www.ifiar.org)

## The INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS

IFIAR is an organization of independent audit regulators.

### HISTORY

IFIAR was established in September 2006 and currently has 34 Members and 7 Observers. The main business of IFIAR is conducted through bi-annual plenary meetings and a workshop on inspection issues, held annually.

### ACTIVITIES OF IFIAR

IFIAR's core purposes are:

- Sharing knowledge of the audit market environment and practical experience of independent audit regulatory activity with a focus on inspections of auditors and audit firms
- Promoting collaboration and consistency in regulatory activity
- Providing a platform for dialogue with other organizations that have an interest in audit quality

IFIAR is an Observer at meetings of the Monitoring Group, which oversees the process of setting technical, ethical and educational standards for audit.

### GOVERNANCE OF IFIAR

IFIAR is governed in accordance with its Charter, which is available at <http://www.ifiar.org/aboutus/>. As set out in the Charter, IFIAR elects a Chair and Vice Chair from within its Membership to serve for a two year period. IFIAR also elects an Advisory Council, currently comprising six Members, to assist and advise the Officers.

### MEMBERSHIP CRITERIA

IFIAR members are:

- **Independent of the audit profession<sup>1</sup>**, which means that a majority of the relevant governing body should be non-practitioners and funding should be free of undue influence by the profession; and
- Engaged in audit regulatory functions in the public interest and **responsible for the system of recurring inspection of audit firms** undertaking audits of public interest entities, exercising that responsibility either directly or through oversight of inspection undertaken by professional bodies.

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<sup>1</sup> Profession includes, for example, audit firms, professional bodies and bodies or entities associated with the profession.

## **IFIAR in 2009**

IFIAR held two plenary meetings and one Audit Inspection Workshop in 2009.

### **Plenary meeting, Basel, 27-29 April 2009**

The first plenary meeting was held in Basel from 27-29 April 2009. Independent audit regulators from 30 jurisdictions participated in IFIAR's fifth plenary meeting. Since the previous meeting in Cape Town in September 2008, audit regulators from Abu Dhabi, Dubai International Financial Centre, Egypt, Hungary, Lithuania, Slovak Republic and Chinese Taipei joined IFIAR. The host for the meeting was the Federal Audit Oversight Authority of Switzerland.

The meeting was chaired by Paul Boyle, Chairman of IFIAR and Chief Executive Officer, UK Financial Reporting Council, and by Steven Maijoor, Vice-Chairman of IFIAR and Managing Director, Netherlands Authority for the Financial Markets. At the meeting, Members elected Steven Maijoor as Chairman of IFIAR for a two year term and Paul Boyle as Vice-Chairman for the period up to IFIAR's next plenary meeting in September 2009.

Representatives of the Financial Stability Board, the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the Public Interest Oversight Board, the World Bank and the European Commission also participated as observers on 29 April. IFIAR received reports from the observers participating in the IFIAR meeting on their work relevant to the interests of audit oversight authorities. In particular, it noted the agreement reached at the recent G20 summit to intensify international co-operation between regulators. IFIAR will maintain its dialogue with the other international organisations that have an interest in audit quality.

For part of the meeting IFIAR was joined by delegations led by the global CEOs of the international networks of each of BDO, Deloitte Touche Tohmatsu, Ernst & Young, Grant Thornton, KPMG and PricewaterhouseCoopers for individual discussion with each firm regarding the issues raised for audit firms by the current economic downturn and their response to them. IFIAR also held a session with the leaders of the six firms collectively to discuss a range of other issues affecting auditors.

Members updated each other on their work on issues related to current market conditions, including the actions they had taken individually to focus their inspection activities and to issue guidance on particular matters needing greater attention by auditors.

Members updated each other on the arrangements in a number of jurisdictions requiring the registration and/or notification of the auditors of foreign issuers. Members also received updates on developments in the structure of some cross-border audit firms, on the discussions taking place in some jurisdictions concerning the issues of concentration and choice in the audit market, on auditor liability and on international standards on auditing.

IFIAR members reached agreement in principle to establish shared Member funding for IFIAR's core administrative and organisational requirements with effect from 2010.

### **Plenary meeting, Singapore, 14-16 September 2009**

On 14-16 September 2009 independent audit regulators from 29 jurisdictions participated in the sixth IFIAR plenary meeting. The host for the meeting was the Accounting and Corporate Regulatory Authority (ACRA) of Singapore.

The meeting was chaired by Steven Maijor, Chairman of IFIAR and Managing Director, Netherlands Authority for the Financial Markets, and Paul Boyle, Vice-Chairman of IFIAR and Chief Executive Officer, UK Financial Reporting Council. During the meeting, Members elected Paul George, Director of Auditing and the Professional Oversight Board, UK Financial Reporting Council, as Vice-Chairman for a 1 ½ year term.

Since IFIAR's previous meeting in Basel in April 2009, the Accountancy Board, Malta, joined IFIAR. The Members approved the Capital Markets Board, Turkey, and the Commission for Public Oversight of Statutory Auditors, Bulgaria, as new Members, thus bringing the number of Members up to 34. The Members also agreed on further administrative procedures regarding the admission of Members and their continued compliance with the membership criteria.

Representatives of the International Organization of Securities Commissions, the Basel Committee on Banking Supervision, the Public Interest Oversight Board, the World Bank and the European Commission participated as Observers on 15-16 September.

Audit inspections remain a core area of focus for IFIAR. IFIAR agreed to hold a fourth inspection workshop for Members in Paris on 9-12 February 2010. These workshops continue to provide an opportunity for the sharing of inspection techniques and experiences. The Paris workshop will also include an induction for new Members and Members that have only recently started inspections.

Members updated each other on their work on issues related to current market conditions, including the actions they had taken individually to focus their inspection activities and to issue guidance on particular matters needing greater attention by auditors.

Members updated each other on the arrangements in a number of jurisdictions requiring the registration, notification and oversight of the auditors of foreign issuers. The Members agreed on future work in relation to the ongoing dialogue with the six largest international audit networks.

A dialogue session was held with a regionally diverse group of five investor representatives. Members received presentations and there was an exchange

of views related to audit quality, structural risks of the audit market and audit firm transparency and governance. It was decided to establish a working group to develop an ongoing dialogue with representatives of the investors to discuss mutual interests in relation to audit quality.

Observers updated the Members on their activities. Arnold Schilder, chair of the IAASB, provided the membership with an update on the current work of the IAASB. Views from individual Members were exchanged on the application and implementation issues related to ISAs.

The Members agreed on the IFIAR budget and the membership fee for 2010 to fund IFIAR's administrative and organisational resources. The Members also agreed to establish a legal entity to facilitate the collection and disbursement of membership fees.

### **Audit Inspection Workshop, Stockholm, 11-13 February 2009**

The third Inspection Workshop for IFIAR Members was held in Stockholm on 11-13 February 2009 and was hosted by the Swedish Supervisory Board of Public Accountants (Revisorsnämnden). The previous IFIAR Inspection Workshop was held in Berlin in January 2008.

The Workshop in Stockholm was attended by 75 participants from 25 of the then 27 IFIAR member countries, thus contributing to IFIAR's overall goal of enhancing audit quality internationally through sharing practical experience of independent audit regulatory activity.

The workshop discussed issues relevant to performing inspections in the current market environment. Topics covered included the main elements of an audit firm inspection, off-site monitoring, audit evidence and documentation, auditors' responsibility to consider fraud as part of a financial statement audit, auditors' responsibilities to prevent, detect, and report economic crime, and mergers within global networks. Further topics related to public reporting models, drivers of audit quality and group auditor responsibilities were also discussed.

### **Other activities**

The IFIAR Officers attended Monitoring Group meetings as Observers on 15 July and 19/20 October 2009.

### **Forthcoming meetings and activities**

In 2010, IFIAR will hold plenary meeting in Abu Dhabi on 22-24 March 2010 at the invitation of the Abu Dhabi Accountability Authority (ADAA) and in Madrid from 27-29 September at the invitation of The Spanish Accounting and Auditing Institute (ICAC). It will hold a fourth inspection workshop for Members in Paris on 9-12 February 2010.

## **Members of IFIAR**

The independent audit oversight authorities listed below were the Members of IFIAR at the start of 2009:

**AUSTRALIA - Australian Securities & Investments Commission (ASIC)**  
**AUSTRIA - Austrian Audit Quality Control Oversight Board (AAQCOB)**  
**BRAZIL - Comissao de Valores Mobiliarios Securities (CVM)**  
**CANADA - Canadian Public Accountability Board (CPAB)**  
**DENMARK - The Danish Commerce and Companies Agency (DCCA)**  
**FINLAND - The Auditing Board of the Central Chamber of Commerce of Finland (AB3C).**  
**FRANCE - Haut Conseil du commissariat aux comptes (H3C)**  
**GERMANY – Abschlussprueferaufsichtskommission (APAK).**  
**IRELAND - Irish Auditing & Accounting Supervisory Authority (IASSA)**  
**ITALY - Commissione Nazionale per le Societa e la Borsa (CONSOB)**  
**JAPAN - Certified Public Accountants & Auditing Oversight Board (CPAAOB); Financial Services Agency (FSA)**  
**KOREA - Financial Services Commission (FSC); Financial Supervisory Service (FSS)**  
**LUXEMBOURG - Commission de Surveillance du Secteur Financier (CSSF)**  
**MAURITIUS - Financial Reporting Council**  
**NETHERLANDS - Autoriteit Financiële Markten (AFM)**  
**NORWAY - Financial Supervisory Authority of Norway**  
**SINGAPORE - Accounting and Corporate Regulatory Authority (ACRA)**  
**SOUTH AFRICA - Independent Regulatory Board for Auditors (IRBA)**  
**SPAIN - Accounting and Auditing Institute (ICAC)**  
**SRI LANKA - Accounting and Auditing Standards Monitoring Board**  
**SWEDEN - Supervisory Board of Public Accountants**  
**SWITZERLAND - Federal Audit Oversight Authority (FAOA)**  
**UK - Financial Reporting Council (FRC)**  
**USA - Public Company Accounting Oversight Board (PCAOB)**

The following independent audit oversight authorities joined IFIAR in 2009:

**ABU DHABI - Abu Dhabi Accountability Authority (ADAA)**  
**BULGARIA - Bulgarian Commission for Public Oversight of Statutory Auditors**  
**DUBAI - Dubai Financial Services Authority (DFSA)**  
**EGYPT- Auditors Oversight Unit, Capital Market Authority**  
**HUNGARY - Auditors' Public Oversight Committee.**  
**LITHUANIA – Lithuanian Authority of Audit and Accounting**  
**MALTA – The Accountancy Board, Malta**  
**SLOVAK REPUBLIC - Auditing Oversight Authority**  
**CHINESE TAIPEI - Financial Supervisory Commission**  
**TURKEY – Capital Markets Board, Turkey**

**The Observers of IFIAR include:**

**Basel Committee of Banking Supervisors (BCBS)**

**European Commission**

**Financial Stability Board (FSB)**

**International Association of Insurance Supervisors (IAIS)**

**International Organisation of Securities Commissions (IOSCO)**

**Public Interest Oversight Boards (PIOB)**

**World Bank**

**Contact:**

For further information, please contact either:

- The IFIAR Chairman – Steven Maijor, Managing Director, Netherlands Authority for the Financial Markets, on +31 20 797 2225 or by e-mail to his assistant, Gert Luiting, ([gert.luiting@afm.nl](mailto:gert.luiting@afm.nl)).
- The IFIAR Vice-Chairman – Paul George, Director of Auditing and the Professional Oversight Board, UK Financial Reporting Council, on +44 (0)20 7492 2300 or by e-mail to his assistant, Jon Hooper, ([j.hooper@frc.org.uk](mailto:j.hooper@frc.org.uk)).