

International Forum  
of Independent  
Audit Regulators

# 2016 ANNUAL REPORT & ACCOUNTS



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## Who We Are



Established in 2006, the International Forum of Independent Audit Regulators (IFIAR) comprises independent audit regulators from 52 jurisdictions representing Africa, North America, South America, Asia, Oceania, and Europe. Our mission is to serve the public interest and enhance investor protection by improving audit quality globally.

IFIAR Members exchange information about the audit environment, experiences and insights from their inspections of auditors and audit firms, enforcement practices, and the overall audit market. Audit is becoming increasingly global as demonstrated by the largest global network firms (BDO, Deloitte, E&Y, GT, KPMG, PwC) so such exchanges benefit all regulators.

IFIAR Members also routinely discuss issues of audit quality with audit committees, investors, standard setters, other regulators, and other international organizations that have an interest in audit quality, and meet regularly with the global CEOs of major audit firm networks.

## Our Leadership



Janine van Diggelen, Head, International Auditing & Accounting, Policies and Standard Setting, Dutch Authority for the Financial Markets (AFM) is IFIAR's Chair and Brian Hunt, CEO, Canadian Public Accountability Board (CPAB) is IFIAR's Vice Chair. Their terms will end April 2017. Frank Schneider, CEO, Swiss Federal Audit Oversight Authority (FAOA) is Treasurer and oversees the collection and disbursement of IFIAR funds.

The Officers are assisted and advised by an Advisory Council which comprises Australia – Australian Securities & Investments Commission (ASIC), France – Haut Conseil du commissariat aux comptes (H3C), Singapore – Accounting and Corporate Regulatory Authority (ACRA), Germany – Auditor Oversight Body (AOB), Japan – Certified Public Accountants & Auditing Oversight Board/Financial Services Agency (CPAAOB/JFSA), United Kingdom (UK) – Financial Reporting Council (FRC), and the United States (US) – Public Company Accounting Oversight Board (PCAOB). The terms for members of the Advisory Council are four years.

In addition to the Officers and a Secretariat comprising staff of the Officers' organizations, IFIAR has six Working Groups which focus on the six largest global audit networks, inspections, enforcement, international cooperation, investors and other stakeholders, and standards, as well as an Inspection Findings Survey Task Force, Smaller Regulators Task Force and an Outreach Team.

# Chair's Message

Welcome to IFIAR's 2016 Annual Report. It is my pleasure to report on a year of important progress in several key areas.

First and foremost, I would like to thank IFIAR's Advisory Council, CPAB and AFM staff in their roles on the Secretariat for all their work during 2016 – their support contributed significantly to strengthening IFIAR as the leading international organization on audit quality matters. It has been an honor to lead the organization into its next phase of growth during my term as Chair and to work alongside such dedicated individuals.

September 15, 2016 marked IFIAR's 10th anniversary. Established in Paris, France by independent audit regulators from 18 jurisdictions, IFIAR has grown to 52 Members (Cyprus and Russia joined 2016) around the world. At the 2016 Interim Meeting in Singapore, we were delighted to celebrate a decade of collaboration and cooperation in enhancing audit quality globally, complementary to individual regulators' audit firm inspection and oversight regimes. For a more detailed list of our milestones, see page 24 of this report.

## 2016 Financial Statements and Member Support

IFIAR primarily operates under its Charter. The IFIAR Verein, which comprises all Members, is the legal entity set up to collectively fund organizational and administrative support to the Officers.

The Verein held its general meeting in April 2016. The Financial Statements for the year ended 31 December 2015 were adopted and the Swiss Federal Audit Office was confirmed as ongoing auditor. The statements are included on pages 15 to 23 of this report.

IFIAR's financial statements relate to a very specific part of the resources needed for IFIAR activities – primarily reimbursement of the Secretariat support provided by the Officers' staff and funded by the annual Membership fees. All other activities and resources are not provided by the Secretariat and therefore are not reflected in the financial statements. These activities are directly funded by the Members providing the resources (generally a combination of staff resources, including travel costs, and hosting events). Such other support by individual Members during 2016 included:

- Hosting the 2016 Plenary Meeting in London, United Kingdom by the FRC.
- Hosting the 2016 Interim Meeting Global Audit Quality Working Group (GAQWG) meeting and 10th Anniversary Dinner in Singapore by ACRA.
- Hosting the 2016 Inspection Workshop in Abu Dhabi by the Abu Dhabi Accountability Authority (ADAA).
- Chairing and provision of administrative support of various working groups, task forces, and other work streams by ASIC, CPAB, H3C, AOB, CPAAOB/JFSA, AFM, FRC and PCAOB.
- Advisory Council participation by ASIC, ADAA, CPAB, H3C, AOB, CPAAOB/JFSA, ACRA, Accounting and Auditing Standards Monitoring Board (AASMB), FRC and PCAOB.
- Fulfilling the Treasurer role by FAOA.
- Participation of many Members in Working Groups.
- CPAAOB/JFSA's support in setting up a Permanent Secretariat for IFIAR in Tokyo, Japan.

Without the in-kind provision and participation of our Members IFIAR could not meet its objectives. Thank you to all for your dedication and support.

## 2015-2017 Key Objectives

Over the past year, IFIAR continued to work on its four key objectives for the 2015-17 term:

1. **Improve audit quality globally.**
2. **Strengthen IFIAR's role as the international leader on audit matters through strategic thought leadership.**
3. **Advance IFIAR's governance structure and operations.**
4. **Facilitate learning and cooperation among IFIAR Members.**

I am proud to provide an update on our accomplishments over the last two years in advancing our mission and strengthening our organization and governance to be better positioned to continue to meet expectations and address challenges in the audit environment in the coming years.

### Improve audit quality globally

IFIAR continued its audit quality dialogue with the leadership of the six largest global audit networks to ensure continued focus on and accountability for driving consistent, high quality audits, primarily through IFIAR's Global Audit Quality Working Group.

In late 2016, the Officers met with each of the six global network firm CEOs to discuss a number of strategic issues including the future and relevance of audit, cyber security, data analytics and big data, talent, and globalization. The CEOs also shared their vision of what the audit might look like five years from now, particularly given developments in technology. In view of IFIAR's five year strategic planning work, they also committed to prioritizing the key strategic issues and challenges the audit profession will face in the coming years.

As audit quality remains a concern given IFIAR's Annual Inspections Findings Survey (Survey), in 2015 IFIAR and the six largest network firms set a goal to reduce the number of deficient audits reported by our Members in the Survey. The target is a minimum 25 per cent fewer audits with at least one finding as reported by the nine members of the GAQWG by 2019.

Based on the 2016 Survey published in March 2017, deficient audits reported by the Members who participated in the 2016 Survey dropped to 42 per cent (compared to 47 per cent in 2014). However, the level of deficiency is still too high and improvement must be accelerated to ensure the declining trend is sustainable. In particular, consistency of execution and quality control systems are not robust enough. It's important to keep in mind that inspection findings are not the only measure of changes in audit quality. At the same time, variation in Members' inspection activity year over year and the time lag in reporting findings for the Survey mean the analysis of changes over the short term can be an incomplete indication of progress. For these reasons, IFIAR does not plan to report progress toward the agreed GAQWG four year reduction target annually but does intend to release an interim report in 2018.

In 2016, IFIAR commented on proposed standards from the International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA) with an aim to further drive professional skepticism, compliance, and consistency in auditor behavior through clear, comprehensive and enforceable standards. Through interactions with the standard setting boards early in the process, we have better positioned IFIAR to provide relevant and timely input. In addition, as a member of the Monitoring Group (MG), IFIAR is involved in a project to review and reform the standard setting process and governance to ensure relevant, timely and effective standards going forward.

2016 marked the beginning of the first interactions with our new established Advisory Group of Investor and Audit Committee representatives to complement our Investor and Other Stakeholder Working Group. This new group will help bring more continuity and depth to our dialogue on audit quality and the role of audit committees.

We continued to support the development of independent audit oversight in jurisdictions in the process of setting up such oversight structures and with those that have established regulatory authorities but are not yet a Member of IFIAR.

Our Smaller Regulators Task Force (SRTF) led by the Dubai International Financial Centre (DIFC) helps Members to exchange information and discuss topics particularly relevant to smaller audit regulators.

### **Strengthen IFIAR's role as the international leader on audit matters through strategic thought leadership initiatives**

In 2016, IFIAR drafted a thought leadership paper on audit committees that further explores the important role and responsibility audit committees have in ensuring independent, reliable, and informative auditing of financial reporting by public interest entities. This paper will be discussed with the Membership at the 2017 Plenary meeting and published thereafter.

IFIAR will consider additional publications and communications regarding our collective observations on audit quality matters and aims to publish at least one paper per planning cycle.

### **Advance IFIAR's governance structure and operations**

This year marked a major milestone in the evolution of IFIAR. At our 2016 Plenary Meeting in London, UK, the Membership approved the implementation of a new governance structure for IFIAR. Effective April 2017, IFIAR will be governed by a Board comprising eight nominated and up to eight elected Members. The Membership also approved the establishment of a permanent Secretariat in Tokyo, Japan.

A tremendous amount of effort was undertaken in 2016 to ensure the successful and timely set up of a new legal entity for IFIAR and of the permanent Secretariat, including office space selection, design and construction, and the recruitment of an Executive Director and other staff. The Secretariat will become operational at the 2017 Plenary Meeting. I'd particularly like to thank IFIAR's Secretariat staff, as well as the CPAAOB/JFSA, for their hard work in ensuring the effective implementation of these significant governance and operational changes.

To continue to address the changes and opportunities in the regulatory and audit environment, IFIAR has begun to develop a strategic plan, including enhancing our proactive, collaborative approach, which will be discussed with Members the 2017 Plenary Meeting.

### **Facilitate learning and cooperation among IFIAR Members**

In 2015, we concluded an agreement among Members on a Multilateral Memorandum of Understanding (MMOU) intended to facilitate the exchange of confidential information regarding public oversight of audit firms and auditors, including inspections, investigations, enforcement and registration. Reviews and approval of the first 23 applicants was completed and the official signing ceremony will take place at the 2017 Plenary meeting. With the MMOU in place, IFIAR's Members will intensify their cooperation and information sharing which will further support them in their national regulatory oversight mandates and in contributing to IFIAR's mission to improve audit quality globally.

## Looking Ahead

2016 was a successful and productive year for IFIAR and truly marked an evolution in our growth as the international influencer on the global audit quality front.

This is my last year as Chair and I am very proud of all that we have accomplished over the past two years. I would like to thank Vice Chair Brian Hunt, CEO, CPAB, the Secretariat, Advisory Council, Working Groups, Task Forces, the Outreach Team and all our Members for their valuable contributions to our work over the past two years, and in particular in 2016, to make all this happen.

Looking ahead, with the establishment of IFIAR's new governance structure and permanent Secretariat, 2017 will mark the start of the next phase in our evolution. These changes will significantly enhance IFIAR's organizational capabilities. This is critical as more needs to be done to improve audit quality globally and to ensure that audits continue to meet investor and public interest needs in a rapidly changing global environment. To support this, further developing IFIAR's strategic plan will be a key objective for our new permanent Secretariat and Board in 2017. Also, we will need to intensify our collaboration and information-sharing to achieve our shared objectives.

It has been my pleasure to lead this organization and I look forward to the next phase in IFIAR's journey.



A handwritten signature in black ink, appearing to read 'J. van Diggelen', with a long horizontal flourish extending to the right.

**Janine van Diggelen**  
*Chair*

# 2015 Inspection Findings Survey Results



IFIAR conducted its Annual Inspection Findings Survey in 2015 and published the results in March 2016.

Consistent with prior years, the 2015 Survey revealed a high frequency and number of findings in key areas of the audit and in audit firms' quality control systems. While some improvements have been noted, the frequency and total findings continue to concern IFIAR and its Members. Inspection themes with the highest numbers of findings were similar to 2014. Inspections of firm-wide systems for quality control also reveal high frequencies of findings, including in the areas of engagement quality control review, audit methodologies, independence and ethical requirements.

Forty-three per cent of inspected audits of listed public interest entities (PIEs) had at least one inspection finding during the Survey period. While this is a four percentage point drop in deficient audits over 2014, IFIAR is not yet satisfied that enough has been done by the audit profession to understand and address shortfalls in audit quality. The outcomes continue to show a lack of consistency in the execution of high quality audits and highlight concerns over the robustness of the firms' internal quality management systems.

In 2015, IFIAR's Global Audit Quality Working Group set a reduction target of at least 25 per cent in audits with at least one finding as reported over the next four years by the nine members of this working group. This goal is a meaningful progress indicator on the longer-term path to improvement of audit quality globally. IFIAR supports this objective by encouraging root cause analysis along with intensive quality monitoring, and increased dialogue with the networks' international leadership.

IFIAR published its 2016 Inspection Findings Survey Report in March 2017. Inspection themes with the highest numbers of findings were largely consistent with the 2015 Survey; the percentage of deficient audits declined to 42 per cent. Though the frequency of findings has decreased in every area of quality control, more improvement is needed. Firms should continue to explore practices to determine why recurring audit deficiencies continue and challenge existing quality controls to determine whether further system changes will drive improved audit quality.

IFIAR views robust root cause analysis and implementation of responsive actions to be fundamental. Audit quality improvement requires an understanding of what goes wrong; it also benefits from identifying characteristics of well-executed audits. It is critical that firms have in place processes that enable a timely, thorough assessment of situations to identify recurring root cause issues – positive or negative – and to take appropriate actions.

IFIAR continues to monitor developments in audit quality, including conducting Surveys and engaging with the largest audit firm networks. Members expect audit firms to take actions that result in demonstrable quality improvements. The results of our Surveys inform IFIAR's collective efforts to promote audit quality globally, complementary to individual regulators' audit firm inspection and oversight regimes.



# Working Group, Outreach Team, Task Force Highlights

## Enforcement Working Group (EWG)

The EWG provides a forum for enforcement officials to exchange information on effective approaches to investigating and adjudicating alleged auditor misconduct, as well as emerging trends in such enforcement matters.



### Chair:

Takashi Nagaoka,  
FSA, Japan

### Vice Chair:

Claudius Modesti,  
PCAOB, US

### Members:

- ASIC Australia
- PRH Finland
- AOB Germany
- AFM The Netherlands
- CMVM Portugal
- IRBA South Africa
- FAOA Switzerland
- FSC Chinese Taipei
- FRC UK

In April 2016, the EWG held its second Enforcement Workshop immediately following the Plenary Meeting in London, UK. The overall objective is to provide a forum for IFIAR Members to exchange information, share ideas, promote professional development and highlight effective approaches for identifying matters for investigation, investigating and adjudicating alleged auditor misconduct, and sharing information with other regulators. Attended by 68 people from 34 jurisdictions, the Workshop revisited case identification and evidence gathering. An additional session discussed emerging issues and trends regarding enforcement.

Following the Plenary Meeting, the EWG focused its efforts on preparing for the 2017 Enforcement Workshop which will feature four sessions: regulatory reactions to breaches, litigation practices, publication of outcomes, and emerging risks and trends.

The EWG also started planning discussions regarding the second Enforcement Survey which will include updating the 2014 Survey of Enforcement Regimes, as well as future Workshops beyond 2017. The EWG intends to coordinate these two work streams strategically so that the Survey findings can provide a basis for discussion at future Workshops.

The EWG will enter its second term under new Chair, Claudius Modesti, PCAOB, US and new Vice Chair, Gareth Rees, FRC, UK in 2017.

## Global Audit Quality Working Group (GAQWG)

Through the GAQWG, IFIAR carries out an ongoing dialogue with the six largest international audit networks who are members of the Global Public Policy Committee (BDO, Deloitte Touche Tohmatsu, EY, Grant Thornton, KPMG, PwC) with the objective of improving audit quality globally.



### Chair:

Lewis Ferguson,  
PCAOB, US

### Vice Chair:

Melanie McLaren,  
FRC, UK

### Members:

- ASIC Australia
- CPAB Canada
- H3C France
- AOB Germany
- CPAAOB/JFSA Japan
- AFM The Netherlands
- ACRA Singapore
- FRC UK
- PCAOB US

The GAQWG coordinated or moderated a number of discussions in 2016, including a session with CEOs of certain global networks and a breakout session on data analytics at the Plenary Meeting. It met with each of the six global networks on topics including:

- The firms' internal quality monitoring programs. The firms addressed the results of the 2015 IFIAR Survey of Inspection Findings and of the networks' 2015 internal quality monitoring reviews, including actions taken by the networks to improve audit quality and to address the underlying causes of the audit quality issues most frequently identified in inspections.
- The firms' root cause analysis programs developed at the global level for Member firm implementation.
- The types of data analytics tools implemented or under development.
- The firms' major audit quality initiatives.

The outcomes of discussions on network firm governance, internal quality monitoring programs and root cause analysis are being tracked in summary documents for IFIAR's internal purposes and ongoing discussions in coming years as the Working Group tracks the firms' progress in these key areas. The GAQWG developed a process to share the summary documents with IFIAR Members who are able to give appropriate assurances regarding maintaining confidentiality.

The GAQWG is continuing to work closely with firms to understand their efforts to meet the objective of improved audit quality, indicated by reducing findings in the IFIAR annual Survey of Inspection Findings by at least 25 per cent. This is discussed in additional detail in IFIAR's reports on its 2015 and 2016 Surveys of Inspection Findings.

The GAQWG subgroup focused on audit quality indicators has resolved to develop an electronic library of global efforts regarding those indicators. The GAQWG also continues to host bi-annual risk calls to discuss various economic, political and other risks that may be useful to consider when planning risk-based inspections.

## Inspection Workshop Working Group (IWWG)

IFIAR's annual Inspection Workshop is organized by the IWWG, in conjunction with the relevant host country. IFIAR is in a unique position to provide, through the Inspection Workshop, a forum for independent audit regulators to meet and discuss inspections practices and to learn from each other. This information sharing leads to a better understanding of the different inspection regimes and the identification and development of inspection practices, and promotes greater consistency in inspecting global and other audit firms, with the aim of improving the effectiveness of inspection regimes. This, in turn, helps contribute to IFIAR's mission of improving audit quality globally.

### Chair:

Chris Hibbert,  
FRC, UK



### Members:

- ADAA Abu Dhabi
- H3C France
- AOB Germany
- CPAAOB/JFSA Japan
- CSSF Luxembourg
- IRBA South Africa
- FAOA Switzerland
- FRC UK
- PCAOB US

IFIAR's tenth Inspection Workshop was held in 2016 in Abu Dhabi and was attended by 150 individuals from 34 jurisdictions.

A representative from the PCAOB Center for Economic Analysis (CEA) presented an overview of academic research relating to the economic impact that audit inspections have on capital markets. Following this, the IFIAR Chair and Vice Chair provided an overview of the results of the 2015 IFIAR Survey of Inspection Findings. The Chairs of the Working Groups provided updates on their respective activities. This was followed by a presentation by the Chair of the IAASB which included an overview of the IAASB's **Invitation to Comment (ITC) Enhancing Audit Quality in the Public Interest - A Focus on Professional Skepticism, Quality Control and Group Audits**. Finally, Gerben Everts, Board Member of the AFM and Chair of IFIAR's Investor and Other Stakeholders Working Group, presented on the role of audit committees, in particular with respect to corporate governance and engagement with auditors.

Days two and three included a number of elective sessions covering 16 topics across different aspects of inspection activity. There was also a breakout session on the Annual Survey of Inspection Findings.

In April 2016, the former IWWG Chair, Tim Volkmann, was succeeded (after his five-year term) by Chris Hibbert, FRC. Since then, the IWWG has been focusing on preparing for the 2017 Workshop.

## International Cooperation Working Group (ICWG)

The ICWG considers ways Members can cooperate and share information to enhance the effectiveness and efficiency of audit oversight processes and contribute to audit quality. In particular, the ICWG identifies areas where IFIAR Members can work more effectively together rather than in isolation, and then designs and implements work streams to facilitate such collaboration.



### Chair:

Doug Niven,  
ASIC, Australia

### Members:

- CPAB Canada
- H3C France
- CONSOB Italy
- CPAAOB/JFSA Japan
- FSC/FSS Korea
- FAOA Switzerland
- FRC UK
- PCAOB US

In 2016, the ICWG received and assessed 23 applications to participate in the IFIAR Multilateral Memorandum of Understanding (MMoU). The MMoU was developed by the ICWG and was approved by IFIAR Members in 2015; it will be officially signed at the 2017 Plenary Meeting.

The MMoU will assist IFIAR Members in promoting audit quality by facilitating greater cooperation and information exchange with other regulators. Such cooperation supports market confidence in the quality of independently audited financial reports and minimizes unnecessary duplication of effort.

In 2016, the ICWG also began work on identifying barriers to the mobility of audit partners across borders.

## Investor and Other Stakeholders Working Group (IOSWG)

The IOSWG organizes IFIAR's dialogue with investor representatives and other stakeholders, in particular audit committees, and publishes information on that dialogue on the IFIAR website.



### Chair:

Gerben Everts, AFM

### Members:

- CPAB Canada
- H3C France
- CPAAOB/JFSA Japan
- FSC/FSS Korea
- AFM The Netherlands
- ACRA Singapore
- IRBA South Africa
- FRC UK
- PCAOB US

In 2016, the IOSWG continued to pursue its two year Work Plan focusing, inter alia, on:

- Continuing the dialogue with audit committees to increase awareness of IFIAR and the importance IFIAR attaches to their role and responsibilities in ensuring independent, reliable, and informative auditing of financial reporting by public interest entities.
- Establishing a more permanent relationship with key investors and stakeholders who share the common goal of improving audit quality globally.

At the 2016 Plenary Meeting, IFIAR established a global Advisory Group to the Investor and Other Stakeholders Working Group. This Group will help bring more continuity, relevance and depth to the IOSWG's dialogue with investors, audit committees and other key stakeholders. The first meeting focused on the important role of audit committees supporting audit quality, and led to a lively debate that provided valuable input for the IOSWG and its priorities.

In 2016, the IOSWG drafted a thought leadership paper on audit committees that further explores the important role and responsibility audit committees have in ensuring independent, reliable, and informative auditing of financial reporting by public interest entities. This paper will be discussed with the Membership at the 2017 Plenary meeting.

## Standards Coordination Working Group (SCWG)

The SCWG is responsible for establishing a forum for IFIAR Members to share views and concerns about standards of the IAASB and the IESBA. As part of its activities, the SCWG provides early input on projects and prepares consensus views on behalf of IFIAR Members on proposals or documents issued by standard setters.



### Chair:

Marjolein Doblado,  
H3C, France

### Members:

- ASIC Australia
- CPAB Canada
- AOB Germany
- CONSOB Italy
- CPAAOB/JFSA Japan
- AFM The Netherlands
- IRBA South Africa
- ICAC Spain
- FRC UK
- PCAOB US

In 2016, the SCWG issued the following comment letters:

- 10 May 2016 – IESBA's Exposure Draft on Proposed Revisions Pertaining to Safeguards in the Code – Phase I
- 24 June 2016 – IAASB's Invitation to Comment on Enhancing Audit Quality in the Public Interest – A Focus on Professional Skepticism, Quality Control and Group Audits
- 11 October 2016 – IAASB's Future Priorities Including the Work Plan for 2017-2018

The SCWG also held a variety of meetings with the international standard setters in 2016. In April, the IAASB, the IESBA and the Public Interest Oversight Board (PIOB) Chairs participated in a panel at the Plenary Meeting to discuss the contribution of standards to audit quality.

A meeting was organized with the IAASB Chair and representatives of task forces in charge of IAASB current projects. The meeting allowed SCWG members to discuss key projects, including the proposed directions put forward by the standard setters and to share concerns on group audit, quality control, professional skepticism, audit of accounting estimates, risk assessment, and emerging issues such as the use of data analytics.

Several conference calls were organized to inform the relevant IAASB task forces more specifically on audit regulator concerns related to standards under revision and a conference call with IESBA was also organized to discuss the current projects.

The SCWG moderated dedicated sessions at the 2016 Inspection Workshop. The goal was to share recent developments in the international standard-setting environment and, specifically, to discuss how the inspection findings raised by Members might contribute to improving the quality of standards at a global level. The sessions were preceded by a related presentation by the IAASB Chair on the recently published **Invitation to Comment on "Enhancing Audit Quality"** which covered group audit, quality control and professional skepticism.

## Outreach Team

IFIAR serves as a facilitator for non-Members who wish to enhance their national supervisory practices and oversight systems and explore possibilities to adhere to international best practices. The Outreach Team seeks to increase awareness of IFIAR and its activities to encourage independent audit oversight systems in other countries.

The Outreach Team has fostered dialogue with numerous representatives from various non-Member jurisdictions with a focus on sizeable economies and important financial markets.

IFIAR's dialogue with non-Member jurisdictions developing an independent auditor oversight regime is now in its third year. In that time the Outreach Team has established excellent working relationships with other international organizations such as the World Bank and IOSCO, as well as with independent external consultants working towards promoting public oversight regimes.

Both the IFIAR Charter and Core Principles serve as guidelines towards establishing a new auditor oversight system and initiating independent audit regulation. To enhance the informatory content of these two documents, the Outreach Team has developed written guidelines with fundamental elements of establishing independent auditor oversight regimes that can be used by interested parties in their development and establishment of independent auditor oversight. The IFIAR Reference Guide was published on our website in 2016 and is intended to share key principles to ensure adequate safeguards and regulatory independence in the establishment of public oversight systems.

In 2016 the Outreach Team continued to offer support, advice and assistance to jurisdictions looking to build their audit supervisory systems through multi-stakeholder events and other regional activities, in:

- Lima (Peru): The Outreach Team and a representative of the IFIAR Secretariat participated in an event organized by IOSCO to promote audit regulation and audit supervisory practices, as well as to explore possibilities on how to further independent auditor oversight in Latin America. The event was used to meet with individual jurisdictions from all over the world to discuss IFIAR's mission and offer assistance in developing the steps towards independent oversight.
- Washington (US): Informal dialogue with jurisdictions at the annual PCAOB Regulatory Institute. The Outreach Team also met with several non-Member jurisdictions for updates on the development of their respective audit oversight systems.

The Outreach Team and IFIAR remain committed to organizing regional events with the help and support of each IFIAR Member to reach out and meet with non-Member jurisdictions. The Team will also continue productive relationships with the World Bank, IOSCO and other organizations in exploring the different avenues to encourage international best practices. IFIAR is currently liaising with regulatory stakeholders to explore ways of aligning mutual efforts directed at encouraging jurisdictions to establish independent auditor oversight.

The Outreach Team is staffed and funded by the AOB (Germany), the FRC (UK) and the H3C (France), who also leads the effort.

### **Smaller Regulators Task Force**

The Smaller Regulators Task Force (SRTF) was established in 2015 to identify ways to assist smaller audit regulators address the unique challenges they face. Since its creation, the SRTF has organized regular conference calls and met face-to-face in Abu Dhabi during the 2016 IFIAR Inspection Workshop.

Members of the SRTF have focused their efforts on three initial work streams: a Skilled Persons database, a Secondments Register, and alternative training opportunities, all intended to address some of the resource constraints smaller regulators often face. In 2016 the SRTF finalized its work on the Skilled Persons database and the Secondments Register and will roll them out to Members in 2017.

Alongside the April 2016 Plenary Meeting in London, the SRTF organized a breakfast session for smaller regulators and included IFIAR's Officers and the Global Audit Quality Working Group.

In 2017, the SRTF will conduct breakout sessions dedicated to smaller regulators at the annual Inspection Workshop.



# Independent Auditor's Report

To the General Meeting of the IFIAR Verein, Berne

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of the IFIAR Verein (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Switzerland, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 2.1 of the financial statements, which describes the basis of accounting on which the financial statements are prepared. Our opinion is not modified in respect of this matter.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Executive Committee is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the draft version of the Annual Report & Accounts 2016. In the draft version, financial statements and our auditor's report thereon were not yet included.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Executive Committee and Those Charged with Governance for the Financial Statements

Executive Committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Executive Committee is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Executive Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Regulatory Requirements

Furthermore, we verified whether the disbursements were consistent with the IFIAR budget and the criteria for disbursement. We noted no exceptions.

Berne, 24 March 2017

SWISS FEDERAL AUDIT OFFICE



**Andreas Meyer**  
Licensed audit expert



**Carole Balli**  
Licensed audit expert

Enclosure: IFIAR Verein Financial Statements 2016



## IFIAR Financial Statements



IFIAR's organizational and administrative support is jointly funded by its Members. In addition to the Membership fees which fund its administrative expenses, IFIAR relies on Members' voluntary contributions, including staff time and expenses to organize and host Plenary and Interim Meetings and Workshops, chair and participate in Working Groups, host other meetings and conference calls, maintain Member Profiles and the IFIAR website, prepare communications, review Membership applications and carry out Outreach activities.

The following IFIAR Financial Statements were approved by the Officers and Membership at the IFIAR Plenary Meeting in Tokyo, Japan April 2017.



# IFIAR Verein

## Financial Statements for the year to 31 December 2016

### Chair's Statement

The IFIAR Verein has as its sole purpose to facilitate the effective administration and organisation of IFIAR, the International Forum of Independent Audit Regulators. It does this by being the vehicle for the joint funding by IFIAR Members of the expenses of the provision of IFIAR's organisational and administrative support, which is currently provided by staff of the organisations of the Chair and Vice-Chair of IFIAR. The organisational and administrative support was provided by the the AFM and CPAB.

The income of the Verein is the Membership fees invoiced to IFIAR Members and the expenditure is payments to the Officers' organisations for their staff time and expenses, together with the administrative costs of the Verein, such as the audit fee. The Executive Committee of the IFIAR Verein comprises the Chair and Vice-Chair of IFIAR. In addition, the IFIAR Treasurer is responsible for overseeing the activities of the IFIAR Verein. In 2016, these positions were:

**IFIAR Chair:**

Janine van Diggelen, Head International Auditing and Accounting, Policies and Standard Setting, Dutch Authority for the Financial Markets

**IFIAR Vice-chair:**

Brian Hunt, Chief Executive Officer, Canadian Public Accountability Board

**IFIAR Treasurer:**

Frank Schneider, Executive Director, Swiss Federal Audit Oversight Authority (FAOA).

The IFIAR Verein was established on 22 March 2010. The general meeting of the members of the Verein, which comprise all the Members of IFIAR, was held on 21 April 2016. The meeting adopted the Financial Statements of the Verein for the year ended 31 December 2015 and confirmed the Swiss Federal Audit Office as on-going auditors to the Verein.

The IFIAR Verein and its financial statements only relate to a very specific part of the resources that IFIAR needs for its activities under its Charter. This broader range of activities and the resources needed for these activities are not part of the provision of the organizational and administrative support to the Officers, and therefore these are not reflected in the financial statements. The costs for these broader activities are directly funded by the Members that provide the resources, in terms of a combination of staff resources (including their travel costs) and hosting events. Such other support provided to IFIAR by individual Members during 2016 included:

- The hosting of the 2016 Plenary meeting and Enforcement Workshop in London by the Financial Reporting Council of the United Kingdom.
- The hosting of the 2016 Interim and GPPC WG meetings and of IFIAR's 10th Anniversary Commemorative Dinner in Singapore by the Accounting and Corporate Regulatory Authority of Singapore.
- The hosting of the 2016 Inspection Workshop in Abu Dhabi by the Abu Dhabi Accountability Authority.
- The hosting of the 2016 Enforcement Working Group meeting in Zurich by the Federal Audit Oversight Authority of Switzerland.

- The hosting of the 2016 Standards Coordination Working Group meeting in Amsterdam by the Dutch Authority for the Financial Markets.
- The hosting of the 2016 GPPC WG meeting in Washington D.C. by the Public Company Accounting Oversight Board of the United States of America.
- The chairing and provision of administrative support of various working groups, task forces and other work streams of IFIAR provided by ASIC, H3C, AOC/AOB, CPAAOB/JFSA, AFM, FRC and PCAOB.
- The participation in the Advisory Council by ASIC, H3C, AOC/AOB, CPAAOB/JFSA, ACRA, FRC and PCAOB.
- The provision of support in order to fulfil the Treasurer role by the Federal Audit Oversight Authority of Switzerland.
- The support provided by CPAAOB/JFSA in setting up a new legal structure and a permanent Secretariat office in Tokyo, Japan.
- The participation of many Members in Working Groups.

Without the in-kind provision and participation of our Members IFIAR would be unable to achieve its objectives, and therefore I would like to express my sincere gratitude to all the Members and their staff that contributed so greatly to help push IFIAR forward.

I have enjoyed the challenges of being Chair of IFIAR during 2016 and look forward to IFIAR's continuing development. I would like to thank the Vice-Chair, Brian Hunt and his team for their support and efforts. Furthermore I'd like to thank IFIAR's Secretariat for their on-going hard work and contributions to the organization and its Members. And lastly, I'd like to thank the Members of IFIAR for their continued support.



**Janine van Diggelen**  
*IFIAR Chair*

## Statement of Comprehensive Income for the year ended 31 December

	Note	2016 €	2015 €
Staff costs		366,312	360,344
Travel expenses		52,181	73,236
Meeting expenses		1,733	598
Audit expenses		3,949	3,052
Website development and other expenses		9,825	3,770
Legal costs		117,823	-
Support in developing host proposals		31,870	-
Recruitment		40,765	-
<b>Operational expenditure</b>	<b>3</b>	<b>624,458</b>	<b>441,000</b>
<b>Revenue</b>	<b>4</b>	<b>582,260</b>	<b>450,000</b>
<b>Shortfall (-) / Surplus</b>		<b>-42,198</b>	<b>9,000</b>

## Statement of Financial Position at 31 December

	Note	2016 €	2015 €
<b>Assets</b>			
Current assets:			
Trade and other receivables	<b>5</b>	150,878	18,750
Cash and cash equivalents	<b>6</b>	780,251	405,195
<b>Total assets</b>		<b>931,129</b>	<b>423,945</b>
<b>Liabilities</b>			
Current liabilities:			
Accruals	<b>7</b>	200,093	258,279
Deferred Income	<b>8</b>	617,578	10,010
<b>Total liabilities</b>		<b>817,671</b>	<b>268,289</b>
<b>Net Assets</b>		<b>113,458</b>	<b>155,656</b>
<b>Equity</b>			
Retained surplus		113,458	155,656

## Statement of Changes in Equity for the year/period ended 31 December

	Note	2016 €	2015 €
<b>As at 1 January</b>		155,656	146,656
Shortfall (-) / Surplus for the year		-42,198	9,000
<b>As at 31 December</b>		<b>113,458</b>	<b>155,656</b>

## Cash Flow Statement for the year/period ended 31 December

	Note	2016 €	2015 €
Surplus / (shortfall) on ordinary activities		-42,198	9,000
Decrease / (increase) in receivables		-132,128	6,045
Increase / (Decrease) in payables		549,382	98,920
<b>Cash flows from operating activities</b>		<b>375,056</b>	<b>113,965</b>
Interest received		-	-
<b>Net increase in cash</b>		<b>375,056</b>	<b>113,965</b>
<b>Cash at beginning of period</b>		<b>405,195</b>	<b>291,230</b>
<b>Cash at the end of period</b>		<b>780,251</b>	<b>405,195</b>

# Notes to the financial statements



## 1 / General information

The IFIAR Verein is a Swiss Verein which is established solely for the collection of membership fees and distribution of these amounts in recompense of the provision of administrative and organisational support of IFIAR, currently provided by staff from the organisations of the IFIAR Chair and Vice-Chair. It is a Swiss Verein pursuant to article 60 of the Swiss Civil Code. It is domiciled at the Offices of the FAOA, Switzerland. Its correspondence address is at the AFM, the Netherlands.

These financial statements were authorised for issue by the IFIAR Verein Executive Committee on 24 March 2017.

## 2 / Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

### 2.1 Basis of presentation

The financial statements of the IFIAR Verein have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) issued by the International Accounting Standards Board, which is acceptable under Swiss law.

The Executive Committee will ask the Members of the Verein to approve a proposal to dissolve the Verein, hence these financial statements are prepared on a liquidation basis. There is no impact on the amounts presented in these financial statements, since all items are cash-based or easily transferable into cash. IFIAR has established the International Forum of Independent Audit Regulators Association (IFIAR Association) domiciled in Tokyo, Japan, which will be the IFIAR Verein's successor organization. The Executive Committee will propose to the Members to transfer all remaining assets and liabilities to the IFIAR Association.

### 2.2 Cash

The measurement basis for cash amounts are the balances at the IFIAR Verein bank accounts.

### 2.3 Receivables

Receivables are recognised at the transaction price, with a provision if deemed necessary.

### 2.4 Revenue recognition

Revenue comprises the membership fees of the Members of the IFIAR Verein, as well as some further specific revenues as set out in the note. Revenues are recognized on an accruals basis.

### 2.5 Foreign currencies

The functional and presentation currency for the IFIAR Verein is the Euro. Exchange rates to foreign currencies are set at the date of the transaction, or as of balance sheet date.

### 2.6 Assumptions/key sources of uncertainty

There were no significant assumptions made or key sources of uncertainty in the preparation of these financial statements.

### 3 / Operational expenditure

The operational expenditure is analysed by organisation and against budget below; it is analysed by category against the previous year on the face of the Statement of Comprehensive Income.

	AFM €	CPAB €	Other €	2016 €	Budget €	Difference €
Staff costs	231,258	135,054	-	<b>366,312</b>	350,000	16,312
Travel expenses	26,885	25,296	-	<b>52,181</b>	60,000	-7,819
Meeting expenses	-	1,733	-	<b>1,733</b>	4,500	-2,767
Audit expenses	-	-	3,949	<b>3,949</b>	4,500	-551
Website development and other expenses	-	7,878	1,947	<b>9,825</b>	15,000	-5,175
Legal costs	-	2,117	115,706	<b>117,823</b>	117,823	0
Support in developing host proposals	-	-	31,870	<b>31,870</b>	31,870 <sup>1</sup>	0
Recruitment	-	-	40,765	<b>40,765</b>	40,765	0
<b>Operational expenditure</b>	<b>258,143</b>	<b>172,078</b>	<b>194,237</b>	<b>624,458</b>	<b>624,458</b>	<b>0</b>

<sup>1</sup> Since these costs are fully paid by JFSA/CPAFOB and FAOA, as discussed at the London Plenary meeting, there is no impact on budget. Also refer to Note 4.

Staff costs are some 4.7 per cent over budget reflecting the continued large amount of secretariat support provided in 2016, amongst others in view of the establishment of a Permanent Secretariat for IFIAR in Tokyo, Japan. It should be noted that the reimbursement has been capped in order to stay within the budget. Travel expenses were below budget, reflecting the actual travel by secretariat staff. Other expense items were largely in accordance with budget and expectations, with the exception of website and other expenses. Since the Officers postponed the revision of the website, costs have been lower; the cost of the audit for 2015 was €2,949, whilst an amount of €3,000 was accrued last year. For 2016 an amount of €4,000 has been accrued, reflecting the expected higher workload.

The item website development and other expenses includes costs for assistance in preparing minutes for the Plenary meeting as well as administrative costs, such as bank charges and the cost of insurance. The Legal Costs (in the 2016 budget referred to as 'Operational Reserve') includes legal costs borne in relation to the setup of a new legal structure and permanent Secretariat in Tokyo, Japan. By written procedure in November/December, 2016, Members agreed to increase the budget by up to €75,000.

The costs for support in developing host proposals relate to the support by an HR advisory firm in determining salary levels for Secretariat staff (€9,170) and the cost of legal advice in reviewing and comparing the legal aspects of the two host proposals (€22,700). These were all invoiced and paid for by JFSA/CPAFOB and FAOA.

The Recruitment costs relate to the costs incurred in 2016 of a recruitment agency for recruiting the Executive Director as well as travel costs for the final candidates to meet the Selection Committee. These recruitment costs were funded out of a subsidy specifically granted for this purpose as accounted for under Revenues.

#### 4 / Revenue

Revenue for the year comprised:	2016 €	2015 €
50 Members were invoiced €10,000 (2015: 50 Members were invoiced €9,000)	500,000	450,000
2 Members joined during the year and were invoiced fees reflecting their length of Membership (2015: no Members)	9,600	-
One off subsidy for recruitment	40,765	-
Agreed funding of support in developing host proposals by JFSA and FAOA	31,870	-
Used part of start-up subsidy, to cover for bank costs	25	-
<b>Total revenue</b>	<b>582,260</b>	<b>450,000</b>

#### 5 / Trade and other Receivables

	Receivables as at December 31 consist of:	
	2016 €	2015 €
<b>Trade Receivables</b>	<b>50,850</b>	<b>18,060</b>
Member fee receivables	10,085	18,060
One off subsidy for recruitment	40,765	-
<b>Other receivables</b>	<b>100,028</b>	<b>690</b>
Security deposit for Office lease (JPY8,953,200)	72,650	-
Prepaid Office rent January (JPY805,788)	6,538	-
Security deposit for design and supervision contract (JPY2,500,000)	20,286	-
Prepaid insurance premiums	554	690
<b>Total</b>	<b>150,878</b>	<b>18,750</b>

The outstanding member fees have been received in March 2017, the remaining payment differences (€ 85) will be redressed through the 2017 membership invoices.

#### 6 / Cash and cash equivalents

As at year end, IFIAR holds a bank account in Euro (€324,571) and a bank account in Yen (JPY56,156,934 at a rate of € 81,14402 per JPY10,000 the value is €455,680), to mitigate currency risks. The amounts received on IFIAR's Yen denominated bank account are almost entirely treated as deferred income, except for minor administrative expenses (bank charges).

## 7 / Accruals

The accruals at the end of the period comprised operational expenses incurred but not yet invoiced at the year-end by the AFM and CPAB as follows:

	AFM €	CPAB €	Other €	2016 €	2015 €
Staff costs	73,253	2,095	-	75,348	224,029
Travel expenses	15,807	-	-	15,807	31,250
Meeting expenses	-	-	-	-	0
Audit expenses	-	-	4,000	4,000	3,000
Website development and other expenses	-	-	-	-	0
Legal costs	-	-	104,938	104,938	-
<b>Accrued Operational expenses</b>	<b>89,060</b>	<b>2,095</b>	<b>108,938</b>	<b>200,093</b>	<b>258,279</b>

The amounts due to the AFM and CPAB were paid in 2017. The audit, for which the amount is increased due to expected additional costs in view of expected additional work for the 2016 audit, will be paid after its completion. The legal cost accrual relates to the legal expenses that were also paid in 2017.

## 8 / Deferred income

Liabilities include the remainder of the host's one-off subsidy for the Permanent Secretariat amounting to JPY 68,419,000 (€555,179). Of this amount JPY 3,078 (EUR 25) was used for bank charges, resulting in a liability of €555,154.

Other liabilities for 2016 included two Members paying their 2017 Membership fees (totalling €62,414) before the year end for their own budgetary purposes. It also included a small payment of €10 of membership fees unintentionally paid over and above the fee due. This payment has been treated as deferred income and will be deducted from the membership fees due for 2017 from the Member concerned.

## 9 / Related-party transactions

The majority of the activity of IFIAR Verein is conducted with related parties, being the Members of IFIAR (who are also the Members of the Verein). All revenues (including the subsidies provided by the host of the future Permanent Secretariat) are obtained from Members, whilst the majority of the operating expenses are paid to the organisations of the Chair and Vice-Chair of IFIAR.

In 2016, the only third parties with which the Verein interacted were law firms hired to provide support in the decision making process and hired during the setup of the legal entity in Japan, HR advisory firms hired to assist in determining the approximate benefits for staff and hired to assist in recruiting the Executive Director, the auditors, an external web services provider, the provider of indemnity insurance for the Executive Committee and the Verein's bank, Credit Suisse.

Approved on 24 March 2017 by



Janine van Diggelen  
IFIAR Chair



Brian Hunt  
IFIAR Vice-Chair

## Appendix 1

# IFIAR Celebrates 10 Years of Cooperation in International Audit Regulation



## Decade At-A-Glance: Driving Audit Quality Around The World

September 15, 2016 marked the 10th anniversary of the International Forum of Independent Audit Regulators (IFIAR). Established in Paris in 2006 by independent audit regulators from 18 jurisdictions, IFIAR has grown to 51 Members around the world.

IFIAR's mission is to serve the public interest and to enhance investor protection by improving audit quality globally. Since the beginning, IFIAR has focused on sharing knowledge of the audit market environment and the practical experience of independent audit regulatory activity, promoting collaboration and consistency in regulatory activity, and providing a platform for dialogue with other international organizations interested in audit quality. IFIAR has grown to become the leading international organization in auditing matters.

Every year, IFIAR convenes a plenary meeting for more than 100 Member representatives to discuss progress on its strategy, emerging regulatory issues, challenges facing the audit profession, and strategic approaches to sustainable audit quality. During these meetings, IFIAR meets with the leadership of the six largest global network firms, international standard setters, and investor and audit committee representatives. It has established a number of Working Groups and Task Forces to address matters important to audit regulators, along with annual Inspections and Enforcement Workshops. To help measure audit quality trends, IFIAR conducts an annual Inspection Findings Survey which informs IFIAR's collective efforts to promote audit quality globally, complementary to individual regulators' audit firm inspection and oversight regimes. Results are made public every year.

As part of its outreach program, IFIAR delivers dozens of presentations, responds to requests for comment regarding proposed standard setting, and actively engages with non-Member jurisdictions interested in developing an independent auditor oversight regime. IFIAR also works closely with other international organizations, such as the Basel Committee of Banking Supervisors (BCBS), the European Commission, the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS), the International Organization of Securities Commission (IOSCO), Public Interest Oversight Board (PIOB) and the World Bank.

## Milestones

- 2006**
  - At a roundtable hosted by the Haut Conseil du Commissariat aux Comptes (H3C) in Paris, France, regulators from Australia, Austria, Brazil, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Mexico, the Netherlands, Norway, Singapore, South Africa, Spain, Sweden, and the United Kingdom agreed to create IFIAR. The group appoints as inaugural Chair Jeffrey Lucy, Chair of the Australian Securities and Investments Commission and Paul Boyle, Chief Executive Officer of the UK Financial Reporting Council as Vice Chair.
- 2007**
  - The first meeting of IFIAR is held in March 2007 in Tokyo, hosted by the Japanese Certified Public Accountants and Auditing Oversight Board (CPAAOB). Regulatory authorities from Finland, Korea, Sri Lanka, Switzerland and the United States are admitted as Members. All existing Members attend.
  - First Inspections Workshop is held in Amsterdam. Nine have been held since then.
- 2008**
  - IFIAR Members ratify the organization's Charter which sets out common goals and guiding principles and rules regarding its activities.
  - IFIAR embarks on meetings with the leadership of the six largest global audit networks to better understand the networks' structures and roles, and to discuss audit quality matters.

- 2009**
- IFIAR organizes a first dialogue session with a regionally diverse group of investor representatives at its plenary meeting.
  - An Advisory Council of a small number of IFIAR Members formally starts its operations to assist and advise the IFIAR Chair and Vice Chair in their duties.
- 
- 2011**
- IFIAR establishes 11 Core Principles for Independent Audit Regulators which seek to promote effective independent audit oversight globally.
- IFIAR joins the Monitoring Group comprising international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit standard setting and audit quality.
- 
- 2012**
- IFIAR publishes its first annual report.
- IFIAR launches its first annual Inspection Findings Survey Report summarizing issues identified by Members around the world. The Survey is designed to identify the level of inspection activity and common inspection findings related to the audits of public companies, and responds to a request from the FSB to provide information regarding findings from the inspections of audits of major financial institutions. Three surveys have been conducted and published since then.
- 
- 2013**
- IFIAR issues its first comment letter to the International Auditing and Assurance Standards Board (IAASB), marking a new step in its ongoing discussions with international audit standard setters.
- 
- 2014**
- IFIAR reaches 50 Members.
- 
- 2015**
- IFIAR Membership approves the Multilateral Memorandum of Understanding Concerning the Co-operation in the Exchange of Information for Audit Oversight (MMOU). The MMOU will facilitate the exchange of confidential information among Members regarding public oversight of audit firms and auditors, including inspections, investigations, enforcement and registration.
  - IFIAR releases *Current Trends in the Audit Industry* – a thought leadership publication that explores the current state of, and trends in the audit industry in six key areas (firm revenue and growth, competition in the audit market, governance within the global network structure, partnership model and the threat of litigation, quality and extent of resources in the labor market, impact of emerging technologies on the audit).
  - IFIAR releases its Report on Survey of Enforcement Regimes and the first Enforcement Workshop is held in Chinese Taipei.
  - IFIAR issues its first Thematic Review report, addressing how IFIAR Members apply IFIAR's Core Principles 9 and 11 on risk-based inspections and on inspections reporting.
  - IFIAR's Global Audit Quality Working Group (GAQWG) and the six largest network firms agree on a new initiative to improve audit quality globally. IFIAR's Working Group that engages regularly with the largest global audit firms has set a measurable target for the reduction of audits with findings: a reduction of at least 25 per cent in the next four years in audits with at least one finding as reported by the members of this Working Group.
- 
- 2016**
- IFIAR Members approve establishing a permanent Secretariat in Tokyo, Japan. Together with the implementation of IFIAR's new Board-led governance structure as of April 2017 this will significantly enhance IFIAR's organizational capabilities and accelerate its ability to take actions aimed at improving audit quality.
  - IFIAR establishes an Advisory Group comprising high level representatives from the investor and audit committee community from around the world.
  - IFIAR publishes its Reference Guide intended to assist non-member jurisdictions to implement independent auditor oversight systems.
- IFIAR celebrates 10 year anniversary.**

## Appendix 2

# Member Highlights



Below are selected highlights of new and innovative activities undertaken by IFIAR Members in 2016. For more details, please visit the Member websites listed in the Member Directory at the end of this report.

### **ABU DHABI:** Abu Dhabi Accountability Authority (ADAA) hosts inspections workshop; supports G20 Member outreach strategy

In 2016, ADAA hosted the Inspection Workshop in Abu Dhabi. The Workshop kicked off with a presentation from Dr. Daniel Aobdia, the Senior Fellow at the Centre for Economic Analysis at PCAOB. The agenda also featured a speech by Arnold Schilder, Chair, IAASB, which provided an overview of the IAASB's Invitation to Comment – Enhancing Audit Quality in the Public Interest, the history and reasons behind it, and the role of inspection findings in that regard. More than 160 audit inspectors from 34 jurisdictions attended. Other Workshop sessions addressed key regulatory issues and challenges, including development and enhancement of audit quality indicators, considerations and challenges in the inspection of bank and insurance audits, considerations in the design and development of audit inspection regimes, grading of firms and audit engagements, and fair value measurement.

In line with IFIAR's outreach objectives, ADAA met with the Kingdom of Saudi Arabia Capital Market Authority (CMA) to introduce IFIAR.

In 2016, ADAA continued to chair the Abu Dhabi Technical Forum (ADTF) composed of UAE based audit professionals of the international accounting firms, aiming to eliminate inconsistency in the local interpretation and application of accounting standards and improving the comparability and quality of financial reporting. In addition, ADAA published illustrative consolidated and entity financial statements for IFRS and IPSAS reporters, including guidance on Management Commentary and Reporting Service Performance.

### **CANADA:** Canadian Public Accountability Board (CPAB) to pilot new inspection approach to address consistency of execution challenge; expands engagement with audit committees and investors

CPAB's 2016 inspection findings improved overall, yet consistency of execution remains a challenge. To further enhance audit quality CPAB explored what the firms and CPAB should do differently to drive quality improvements deeper into their organizations. As a result, to better identify and understand impediments to improving firm quality systems (actual workflow and monitoring that workflow) CPAB will shift its inspections focus to more operational reviews of firm structure, accountabilities, quality processes, and culture while continuing to conduct file inspections to validate systems findings. The plan is to develop and implement the new approach over the next two years beginning with the Big Four firms.

To increase the dialogue about audit quality, in 2016 CPAB further expanded its interaction with audit committees, with a focus on mid-market cap (\$100-\$500 million) reporting issuers. As part of its Industry Forum series, CPAB held two sessions focused on the mining and oil and gas sectors – providing a venue for audit committee members to share industry-specific issues and insights. Early feedback on these small group discussions has been positive and similar events are planned for audit committees serving the financial, retail and mid cap reporting issuer sectors in 2017.

To support the dialogue on audit quality indicators (AQIs) among the broader director community, CPAB launched a pilot project with the audit committees of six leading Canadian public companies to explore what they, management and their auditors are currently doing in this arena. CPAB will expand participation in the pilot in 2017.

In 2016 CPAB commissioned an independent third party survey of audit partners and audit committee chairs regarding its Protocol for Audit Firm Communication of CPAB Inspection Findings with Audit Committees (Protocol). The Protocol covers the sharing of CPAB's overall inspection results as well as reporting issuer specific results with audit committees. Overall, respondents found our reports useful, easy to read, and timely. At the same time, they suggested including more specific, case-study style information and increasing CPAB's involvement and participation in the communications of results.

CPAB started planning for its 2017 Audit Quality Symposium: Earning Investor Confidence, with a focus on exploring the relevance of audit to institutional investors. As well, CPAB accepted the honor of hosting IFIAR's 2018 Plenary Meeting in Canada and began preparations for this important meeting.

### **DENMARK: Danish Business Authority (ERT) publishes strategic focus areas for 2017-2019**

The ERT's new 2017-19 strategic plan includes 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 representatives of the public – have built a legitimate trust.

The strategy focuses on a risk-based oversight approach, versus a systematic approach, as well as awareness and transparency. In the future, and at the engagement level, the Danish Auditing Oversight body will focus, to a wider extent, on PIE engagements and large audit engagements with a public interest. Focus will be on the potential consequences of mistakes, rather than on the risk of mistakes occurring.

### **EGYPT: Auditors Oversight Unit (AOU) collaborates on new standards**

In 2016, the AOU participated in drafting the new Egyptian Accounting Standards and providing related training for auditors, and particularly for those who audit companies, associations and institutions practicing microfinance activity. The Standards were last updated in 2006.

In 2014, a new law for the regulation of microfinance activities gave EFSA the responsibility of supervising all companies and NGOs that issue micro loans (under a specific threshold). This required additional training of those auditors to be able to meet the requirements and standards set by the AOU.

### **FRANCE: Haut Conseil du Commissariat aux Comptes (H3C) mandate expands and reaffirms reciprocal working arrangements.**

In 2016, the H3C focused its activities on the practical implementation of the EU audit reform texts (EU Regulation 537/2014 and EU Directive 2014/EC/56) which came into effect through the French Commercial Code.

The H3C's mission and audit supervisory responsibilities were expanded to include registration, standards, continuing education, market monitoring and enforcement. An investigations department was created to conduct investigations of statutory auditors and audit firms. The H3C, in addition, has also been given sanctioning powers for violations identified in a statutory audit.

The H3C agreed on reciprocal working arrangements with the CPAAOB/JFSA for the exchange of information relating to statutory audits in their respective jurisdictions, and renewed its Statement of Protocol with the PCAOB for audit supervisory cooperation in the area of inspections and investigations.

In June, the H3C issued its first report relating to the French statutory audit market as part of regular monitoring of the quality and competition of audit markets in Europe.

Finally, an updated Professional Code of Ethics is expected to be released in 2017 for application by statutory auditors and audit firms in France.

## **GERMANY: Auditor Oversight Body (AOB) newly established in 2016 commits to continued international cooperation**

Germany's new public oversight body, the Abschlussprüferaufsichtsstelle (APAS) or Auditor Oversight Body (AOB), was established in 2016 following the European Union Audit Reform. The AOB's Chief Executive Director, Ralf Bose, was elected as Chair of the Committee of European Auditing Oversight Bodies (CEAOB) and will serve a four year term.

The AOB remains committed to international cooperation, devoting itself in the past year to the establishment of the CEOB and engaging in the work of all of its sub-groups. Martin Kocks, Executive Director, Inspections and Quality Assurance, is the facilitator of one of the Colleges of Regulators established by the CEOB. The same dedication will continue to be given to international cooperation within IFIAR and on bilateral levels in the coming years

## **JAPAN: Certified Public Accountants & Auditing Oversight Board/Financial Services Agency (CPA/OB/JFSA) drives new audit firm governance code**

The Audit Firm Governance Code is currently under development in Japan. On December 2016, JFSA published an exposure draft called **Principles for Effective Management of Audit Firms (The Audit Firm Governance Code)** for public consultation. It is basically intended for large-sized audit firms with many partners and staff that conduct audits of major listed companies. The Code consists of five principles and related guidance for effective implementation of the principles for ensuring audit quality but those are subject to change depending on feedback. The Code is due to be finalized over the course of 2017.

The Code states the following;

- The top of an audit firm should exercise its leadership to accomplish public interest role of the firm.
- An audit firm should clarify the role of its management in order to meet the public expectation of audits and ensure effective management of the firm.
- An audit firm should enhance the function for supervision and evaluation for its effective management and operations, and effectively utilize the knowledge and experience of independent third persons.
- An audit firm should have proactive dialogue within the firm and with outside stakeholders about its management and operations. It should also promote the initiatives for people development, human resources management and performance evaluation in order for the firm members to appropriately demonstrate their professional competence.
- In addition, an audit firm should disclose its initiatives for effective management as stated above in plain language and proactively have dialogue with stakeholders about such initiatives.

## **MALAYSIA: Audit Oversight Board (AOB) collaborates with stakeholders to influence the financial reporting ecosystem; promotes continuous capacity building**

In 2016, the AOB organized two half-day sessions titled The New Auditor's Report – Sharing the UK Experience featuring Paul George, FRC, UK. Intended for directors, audit committees of public companies and external auditors, this event explored potential impacts and how to manage stakeholder expectations.

In September, the AOB and the Malaysian Institute of Accountants (MIA) held a two day Forum on Key Audit Matters with 123 participants. Guest speaker Dan Montgomery, Chair of Auditor Reporting Implementation Working Group of the International Auditing and Assurance Standards Board (IAASB), shared insights into identifying key audit matters (KAM). Through case studies, participants explored practices for describing KAM and documentation requirements in dealing with such disclosures.

The AOB is actively involved in the Committee to Strengthen the Accountancy Profession (CSAP) which submitted a report with 15 recommendations to the Minister of Finance, including ways accountancy education and training can ensure the requisite number of professional accountants possessing competencies demanded by the evolving marketplace are available. The CSAP Implementation Committee was established in May 2016 to implement the recommendations and meet the intended objectives of the CSAP report.

In 2016, the European Commission recognized the AOB's requirements as equivalent to those of its EU counterparts for transferring audit working papers and other related documents of inspection and investigation. As a result, the AOB can now establish bilateral agreements with audit oversight authorities of EU member states.

The AOB continued to collect data from the Top 10 Audit Firms based on public listed companies' (PLC) market capitalisation in Malaysia and share key findings with the industry and certain statistics with the leadership of those firms. This allows audit firms to benchmark their performance against their peers and Malaysia's audit industry average. Also in 2016, the AOB began the second phase of its Small Firm Initiative, engaging with six smaller audit firms yet to be inspected.

Malaysia participated in the ASEAN Audit Regulators Group (AARG) Inspection Workshop and attended the 6th Annual Meeting of the AARG featuring a session with the World Bank on collaborative efforts to further raise the standard of audit quality in ASEAN, including capacity building workshops and technical assistance catering to the differing capacity levels of ASEAN members.

### **THE NETHERLANDS: Dutch Authority for the Financial Markets (AFM) continues focus on audit quality, governance and culture**

The AFM continued its targeted inspections on the implementation of the 53 measures audit firms will implement in the Netherlands in response to the 'In the public interest' report by the Dutch audit profession. The focus of the AFM's inspections is on whether the firms have sufficiently implemented changes to their culture, organization and processes to enhance the quality of statutory audits. The AFM expects to publicly report about these inspections in Q2 2017 in conjunction with the outcome of the inspections at files.

In 2016, the AFM imposed fines (varying from €845,000 to €2.23 million) on the Big Four audit firms (Deloitte, EY, KPMG and PwC) because earlier AFM inspections showed that these firms did not comply with their duty of care. Several audits inspected by the AFM included significant shortcomings that the auditor failed to obtain sufficient and appropriate audit evidence in order to support the issued auditor's opinion.

Also in 2016, the AFM sent a public letter to audit firms asking for their attention to corruption risks and providing guidance on monitoring those risks. This year the AFM contributed to the implementation of the EU Audit Reforms into the Dutch legal order. The Dutch Implementation Act and Decree entered into force on January 1, 2017.

The AFM participated in various international fora and working groups in 2016. The AFM provided the Chair and Secretariat of IFIAR, and participated in various IFIAR Working Groups. In addition, the AFM participated as a Member of the EAIG Steering Group, Member of the Committee of European Auditing Oversight Bodies (CEAOB) and IOSCO. Finally, the AFM's Board Member Gerben Everts chaired the Monitoring Group, a group of international financial institutions and regulatory bodies committed to advancing the public interest in areas related to international audit standard setting and audit quality.

### **SINGAPORE: Accounting and Corporate Regulatory Authority (ACRA) engages with audit committees and investors**

In August 2016, ACRA published Into The Minds of Investors: Views of Financial Reporting, Audit and Corporate Governance, a report on investors' views on financial reporting, audit and corporate governance. ACRA surveyed over 200 institutional and retail investors, and conducted focus group discussions. The following key observations were made:

- Investors viewed financial statements as the most important source of information for decision-making.

- Investors placed a premium on audited financial statements, reaffirming the value of audits.
- Investors wanted greater transparency and improved interactions with audit committees.
- Investors valued regulatory programs aimed at improving financial reporting and audit quality, but more could be done to raise their awareness on these initiatives.

ACRA is working with the national retail investors association and the national professional accountancy body to develop a guide to educate retail investors on the new enhanced auditor's report that will be effective in Singapore in 2017.

Initiatives targeted towards audit committees included an annual audit committee seminar to bring regulators and industry experts together to share the latest in audit and financial reporting regulatory developments, an Audit Committee Guide covering key concepts, principles and approaches relating to duties and responsibilities of audit committees, a 2017 Mini-Guide for Audit Committees covering regulatory developments, and the introduction of targets for six audit quality indicators (AQIs).

### **SOUTH AFRICA: Independent Regulatory Board for Auditors (IRBA) drives on-the-job learning, audit tenure disclosure and mandatory rotation**

IRBA's Audit Development Program (ADP) was established in 2015 and is a specialization program undertaken by professional accountants eligible to become registered auditors (RAs). All individuals who wish to become RAs and who qualify as professional accountants through a professional body accredited by the IRBA must undertake the ADP to be eligible to register as RAs. The South African Institute of Chartered Accountants (SAICA) is currently the only professional body accredited by the IRBA. The ADP is premised on the fact that professional competence is best developed and assessed on the job. Registered candidate auditors (RCAs) will be required to demonstrate professional competence on the job and develop a portfolio of evidence that supports their application to become RAs, as opposed to writing an exam.

IRBA requires the mandatory disclosure of audit tenure in the context of strengthening auditor independence consistent with measures implemented in other jurisdictions. The rule applies to audit reports issued on the Annual Financial Statements of all public companies – as defined in the Companies Act of 2008 – that meet the definition of a public interest entity as per the IRBA Code of Professional Conduct for Registered Auditors. As such, disclosing how long an auditor has been auditing a public company's financial statements will no longer be optional.

In 2016, IRBA announced its decision to implement mandatory audit firm rotation to occur every ten years for listed companies, effective for financial years commencing on or after 1 April 2023. There are transitional arrangements for companies with joint audits. The requirement also provides for a cooling off period of five years for the outgoing audit firm before that firm may be eligible to be reappointed.

### **UNITED KINGDOM: Financial Reporting Council (FRC) further improves its public reporting and provides insights into practices in key areas such as root cause analysis and data analytics**

In 2016, the FRC issued a new style report, *Developments in Audit*, focused on assessing confidence in UK audit and summarizing the current state of play. The report included the results of an independent survey to benchmark confidence in audit which indicated that stakeholders have a clearer understanding of what audit is and a higher level of confidence in it.

The FRC also published new-style reports on its annual inspections of each of the top six firms in the UK. The reports focus on key findings, why they matter and the actions firms are taking, and include responses to the key findings. The FRC requested the firms to undertake root cause analysis of its key findings before providing their responses and related actions. The reports also set out examples of good practices.

The FRC performed three thematic reviews in 2016 which looked across the six largest audit firms in the UK for the areas noted below:

- Root cause analysis (RCA) – The report identifies that the firms are improving their RCA processes and some are more advanced than others. It recommends that firms improve their planning and training on the processes, consider using individuals and RCA techniques from outside the audit practice and adopt more consistent processes for investigating causes for internal and external inspections.
- Firms' use of data analytics in the audit – The FRC published a thematic review on the stage that audit firms have reached in developing their tools in this area in January 2017. The firms are each making significant investment in data analytic tools. The review noted that a more structured approach to their deployment could accelerate their effective use and that the use of data analytic techniques is not yet widespread. The report gives examples of good practice identified during FRC audit inspections.
- Firm's processes for achieving consistent audit quality – This review considers the processes audit firms have in place to support audit teams in delivering a quality audit. These include technical reviews of financial statements, internal reviews of audit work, use of specialists on audits and the firm's responsibilities for these quality processes. The FRC published its findings on this in March 2017.

The UK Corporate Governance Code and the Audit Committees guidance was enhanced in 2016, including new wording to require the audit committee, as a whole, to have competence relevant to the sector in which the company operates and wording added to set out what the audit committee's report in the annual report should include, to specify that the audit committee should give advance notice of any audit retendering plans. The Guidance on Audit Committees was revised to clarify the committee's role in respect of risk and internal audit. There is also now an expectation that the committee will report on the significant findings of reviews undertaken by the FRC's Corporate Reporting Review and Audit Quality Review teams.

In 2016, the FRC was appointed the UK's single competent authority for audit.

### **UNITED STATES: Public Company Accountability Oversight Board (PCAOB) sets enforcement record, enhances investor transparency, root cause analysis, and international cooperation**

During 2016 the PCAOB continued its enforcement efforts, making public a record 47 settled disciplinary proceedings, imposing sanctions including censures, monetary penalties, revocations of firm registration, and bars on individuals' association with registered firms. In December 2016 the PCAOB announced enforcement actions against Deloitte Brazil and Deloitte Mexico. Both firms were fined for violations of the PCAOB standards for issuing materially false audit reports, attempting to cover up audit violations by improperly altering documents and providing false testimony. In the case of Deloitte Brazil the firm was fined \$8 million, the largest civil penalty imposed by the PCAOB to date; 12 partners and staff were individually sanctioned. All but one were barred or suspended from associating with a registered public accounting firm. In the case of Deloitte Mexico the fine was \$750,000 and three partners or staff were sanctioned. The sanctions in this case barred auditors from association with PCAOB-registered public accounting firms for as long as five years.

In 2016 the rule-making process was completed for a rule to provide investors with more information about who is participating in public company audits. The new rule requires the disclosure of the names of audit engagement partners, as well as information about other firms that participate in an audit. The information will be available through a searchable database on the PCAOB website where users will be able to search by engagement partner name, by public company or issuer name, and by audit firm to see the engagement partner assigned to an audit.

PCAOB inspections staff continued to focus on identifying the potential root causes of audit deficiencies and positive quality events through analysis of specific events, as well as evaluating the results of those firms that also perform their own internal root cause analyses. Inspections staff have continued their communications with stakeholders on root cause analysis, including through its Staff Inspection Brief Detailing Scope and Objectives of 2016 Inspections of Auditors of Public Companies.

The PCAOB entered into three new bilateral cooperation agreements that provide a framework for joint inspections and allow for the exchange of confidential information between the PCAOB and auditor regulators outside of the US. An agreement with the Italian audit oversight regulator, CONSOB, became effective in November 2016. The PCAOB also entered into cooperative agreements with the newly organized successor organizations of the audit regulatory bodies in Finland and Germany; the PCAOB previously had cooperative arrangements with these organizations' predecessor bodies. In addition, the PCAOB and a number of European Union member state regulators updated their bilateral cooperative arrangements to reflect recent EU audit reforms and a new European Commission Adequacy Decision.

The PCAOB released a request for public comment in April 2016 as part of the first post-implementation review of the overall effect of previously adopted PCAOB rules and standards. The review is of the PCAOB's Auditing Standard No. 7, Engagement Quality Review (EQR). The review is being conducted by the PCAOB's Center for Economic Analysis, which will evaluate whether the standard is accomplishing its intended purpose, identify any unintended consequences, and assess the overall effects of the standard. The process includes the use of economic analysis to determine the economic impact of the standard. In addition to conducting an analysis of both internal and external data, the Center will evaluate public comments on the overall effect of the EQR standard. The PCAOB intends to conduct post-implementation reviews of other PCAOB standards in the future.

## Appendix 3

# Abbreviations Guide

**Abv.**

International Forum of Independent Audit Regulators <b>(IFIAR)</b>	Small Regulators Task Force <b>(SRTF)</b>
Public Company Accounting Oversight Board <b>(PCAOB)</b>	Dubai International Financial Centre <b>(DIFC)</b>
Dutch Authority for the Financial Markets <b>(AFM)</b>	Multilateral Memorandum of Understanding <b>(MMOU)</b>
Canadian Public Accountability Board <b>(CPAB)</b>	Public interest entities <b>(PIEs)</b>
Swiss Federal Audit Oversight Authority <b>(FAOA)</b>	Systemically important financial institutions <b>(SIFIs)</b>
Australian Securities & Investments Commission <b>(ASIC)</b>	Enforcement Working Group <b>(EWG)</b>
Haut Conseil du commissariat aux comptes <b>(H3C)</b>	Inspection Workshop Working Group <b>(IWWG)</b>
Accounting and Corporate Regulatory Authority <b>(ACRA)</b>	International Cooperation Working Group <b>(ICWG)</b>
German Auditor Oversight Body <b>(AOB)</b>	Investor and Other Stakeholders Working Group <b>(IOSWG)</b>
Certified Public Accountants & Auditing Oversight Board/ Financial Services Agency <b>(CPAAOB/JFSA)</b>	Standards Coordination Working Group <b>(SCWG)</b>
Financial Reporting Council <b>(FRC)</b>	Public Interest Oversight Board <b>(PIOB)</b>
Global Audit Quality Working Group <b>(GAQWG)</b>	International Federation of Accountants <b>(IFAC)</b>
Global Public Policy Committee <b>(GPPC)</b>	Egyptian Financial Supervisory Authority <b>(EFSA)</b>
International Auditing and Assurance Standards Board <b>(IAASB)</b>	Audit Quality Indicators <b>(AQIs)</b>
International Ethics Standards Board for Accountants <b>(IESBA)</b>	ASEAN Audit Regulators Group <b>(AARG)</b>
Financial Stability Board <b>(FSB)</b>	Audit Oversight Board <b>(AOB - Malaysia)</b>
Basel Committee on Banking Supervision <b>(BCBS)</b>	Center for Economic Analysis <b>(Center)</b>
International Organization of Securities Commissions <b>(IOSCO)</b>	



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 Dutch Authority for the Financial Markets  
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 Level 5, Ernst & Young Building  
 2 Takutai Square, Britomart  
 PO Box 106 672  
 Auckland 1143  
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 Tel: 0064 (09) 300 0400 | Fax: 0064 (09) 300 0499  
 Website: [www.fma.govt.nz](http://www.fma.govt.nz)

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Finanstilsynet / The Financial Supervisory Authority of Norway  
 P.O. Box 1187 Sentrum  
 N-0107 Oslo  
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 Tel: 00 47 2293 9901 | Fax: 00 47 2293 9996  
 Website: <http://www.finanstilsynet.no/en/>

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 Portuguese Securities Market Commission  
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 E-mail: [cmvm@cmvm.pt](mailto:cmvm@cmvm.pt) | Website: [www.cmvm.pt](http://www.cmvm.pt)

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**SLOVAK REPUBLIC**

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 Agency for Public Oversight of Auditing (APOA)  
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**SOUTH AFRICA**

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 P.O. Box 8237, Greenstone, 1616 (postal address)  
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 Email: [Board@irba.co.za](mailto:Board@irba.co.za) | Website: [www.irba.co.za](http://www.irba.co.za)

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 28014 Madrid  
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 Website: [www.icac.meh.es](http://www.icac.meh.es)

**SRI LANKA**

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 3rd Floor  
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 Email: [slaasmb@sltnet.lk](mailto:slaasmb@sltnet.lk) | Website: [www.slaasmb.org/](http://www.slaasmb.org/)

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 Website: <http://www.sec.or.th/EN/Pages/Home.aspx>

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Capital Markets Board of Turkey (CMB)  
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**OBSERVERS:**

The following organizations are observers of IFIAR meetings:

Basel Committee on Banking Supervision (BCBS)  
 European Commission  
 Financial Stability Board (FSB)  
 International Association of Insurance Supervisors (IAIS)  
 International Organization of Securities Commissions (IOSCO)  
 Public Interest Oversight Board (PIOB)  
 World Bank

