



IFIAR 2017 Member Profile – FSA

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Norway
2. Member ¹	2.1 Insert the name of the Member, both in the local language and in English: Finanstilsynet The Financial Supervisory Authority of Norway (FSA)
	2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: postal address: Postbox 1187, Sentrum, 0107 Oslo, Norway telephone number: 0047 2293 98 00 fax number: 0047 22 63 02 26 http://www.finanstilsynet.no/en/ Contact Persons: Anne Merethe Bellamy TEL: +47 22 93 98 00 E-mail: anne.merethe.bellamy@finanstilsynet.no Kjersti Elvestad TEL: +47 22 93 98 00 E-mail: Kjersti.elvestad@finanstilsynet.no Anders Grini TEL: +47 22 93 98 00 E-mail: anders.grini@finanstilsynet.no
	2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation: The Financial Supervision Act (article 1).



	<p>The Financial Supervisory Authority of Norway (the FSA) was established by Parliament in 1985, through a merger between the Banking Inspectorate and the Insurance Council, and thus became the first independent integrated supervisor. In 1992, supervision of auditors and external accountants was added to the FSA's responsibility. Today, the FSA supervises (inter alia) banks, finance companies, mortgage companies, e-money institutions, insurance companies, pension funds, insurance intermediaries, investment firms, management companies for securities funds, regulated markets, clearing houses, the central securities depository, real estate brokers, debt-collection agencies, auditors and external accountants. The FSA also oversees listed companies' financial reporting and market conduct in the securities market and approves prospectuses.</p> <ul style="list-style-type: none"> ▪ Through its supervision of entities and markets, the FSA strives to promote financial stability and orderly market conditions and to instil confidence that financial contracts will be honoured and services performed as intended. In addition to its preventative work, the FSA maintains preparedness for dealing with concrete problems that may arise. ▪ Maintaining financial stability and confidence is thus the primary regulatory objective for the financial sector. ▪ A further objective of regulation and supervision is to protect consumers and other users of financial services. ▪ The Capital Markets Supervision Department and its section for auditors/audit firms has the responsibility for: <p>The administrative duties which include:</p> <ul style="list-style-type: none"> • Authorization of auditors and audit firms, • Keeping of the auditors' register (a public register of authorized auditors and audit firms), • Handling applications for exemptions, • Communicating legal interpretations of the regulations applicable to auditors, • Drawing up regulations, • Undertaking practical tests for auditors on an annual basis. <p>The supervisory duties which include:</p> <ul style="list-style-type: none"> • an extensive on-site audit inspection program, including annual thematic audit inspections (ad hoc inspections addressing specific topics) • off-site supervision and analysis <p>2.4 Have there been any major changes to the Member's organization or to the governing legislation since completing last year's Member Profile?</p>
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe these changes with an appropriate level of detail:
3. Governing Body Composition and members	<p>3.1 Describe with an appropriate level of detail the current composition of the Member's governing body, including the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.²</p> <p>The board consists of the following persons:</p> <ul style="list-style-type: none"> • Endre Skjørestad, Lawyer, Chair • Giuditta Cordero-Moss, Professor, Vice Chair • Eirik Wærness, director, Board Member • Mette Bjørndal, Professor, Board Member • Arne Skauge, Former Bank Director, Board Member • Thorunn Falkanger, Associate Professor, 1st alternate • Kjetil Wibe, Lawyer, 2nd alternate • Sindre Weme Røyse, Director, Observer from the Norwegian Central Bank <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>The FSA is headed by a board of five non-executive members and two alternates. Members and alternates are appointed by the Ministry of Finance for a four-year term. In addition, two members are elected by and from the employees to supplement the Board on administrative matters. Although the Board is part of the FSA, the board members are non-executive, i.e. they are not employed by the FSA and do not take part in the day-to-day management of the FSA. No Board member may be an executive of the supervisory authority, or employee of Ministries or other government departments and agencies (except the observer from the central bank). None of them may be employed by institutions under supervision, hence, no auditor may be appointed as member of the board.</p>

² For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.³</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</p>
	<p>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>It is the duty of a board member and others that take part in a board resolution to consider and if so declare her/him to be disqualified in dealing with a specific issue.</p>
	<p>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (e.g., in a management or inspection function)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail:</p>

³ Ibid.



4. Funding Arrangements	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>The Financial Supervision Act states that the costs of supervision shall be levied on the institutions under supervision, hereunder the auditors. The FSA's costs related to supervision of auditors/audit firms are therefore covered by the audit firms.</p> <p>However, it is the Norwegian Parliament that determines the FSA's budget and adopts the principles of and the amount to be levied on the institutions in the year following the year for which the budget was approved. Therefore the auditors cannot influence the decisions concerning the funding of the supervision of auditors.</p>
	<p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p>
5. Inspection System	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</p>
	<p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The Norwegian Auditing Act requires all statutory auditors to be subject to quality assurance every six years, and all audit firms with PIE engagements to be subject to inspections every three years. For the FSA, it is a goal that inspections as a minimum are executed as frequently as the Act requires</p>



6. Audit and Financial Market	<p>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</p> <p>As per December 31, 2016, 507 (516 LY) audit firms are subject to inspections. 13 (15 LY) of these audit firms audit PIE engagements. In total, there are approx.400 PIE audit engagements</p>											
	<p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <p>From the 2015 report - no updated figures available yet, but no major changes.</p> <p>The BIG 4 firms together with BDO share approximately 70% (62% LY) of the total market for statutory audits and 93% (89% LY) of PIEs.</p> <p>The shares of the big 5:</p> <table border="0"> <tr> <td>EY</td> <td>19,1%</td> </tr> <tr> <td>PwC</td> <td>17,0%</td> </tr> <tr> <td>BDO</td> <td>12,5%</td> </tr> <tr> <td>KPMG</td> <td>11,6%</td> </tr> <tr> <td>Deloitte</td> <td>10,4%</td> </tr> <tr> <td>Total</td> <td>70,6%</td> </tr> </table>	EY	19,1%	PwC	17,0%	BDO	12,5%	KPMG	11,6%	Deloitte	10,4%	Total
EY	19,1%											
PwC	17,0%											
BDO	12,5%											
KPMG	11,6%											
Deloitte	10,4%											
Total	70,6%											
7. Main Other Responsibilities of the Member within the area of Audit Oversight	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p> <input checked="" type="checkbox"/> Registration/Licensing <input type="checkbox"/> Audit and/or Ethics Standard Setting <input type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement <input checked="" type="checkbox"/> Other: We are not Standard setters, but through our oversight we influence standards and supplement and interpret standards. </p>											
	<p>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</p> <p> <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight </p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners</p>											



	<p>from the audit profession⁴ are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>We consider all applications and decide whether a license might be given. We also withdraw licenses if there are breaches to continuing education, quality, financial issues or required financial security (insurance).</p> <p>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession⁵ are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</p> <p><input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession⁶ are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>
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⁴ For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

⁵ Ibid.

⁶ For the purpose of this Member Profile, the audit profession does not include an individual who is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession⁷ are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p>
	<p>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</p> <p>We issue inspection letters thematic reports and circulars to enhance audit quality. These reports are available at our website.</p>
<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</p> <p>The audit oversight department has of FSA has not such responsibility, but FSA has as an integrated supervisory authority. This is described under 2 above.</p>

⁷ Ibid.



<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <p>Every other year the FSA carries out off-site supervision of all registered auditors and audit firms. These are obliged to respond to a questionnaire concerning their activities. The information collected provides a basis for determining the supervision activities to be carried out. Off-site supervision will be carried out in 2017.</p> <p>Every year, the FSA decides whether or not to perform on-site inspections directed at the profession in large of a defined, specific auditing theme, so-called thematic on-site inspections. The most recent thematic inspections have included the following themes:</p> <ul style="list-style-type: none"> • Audit of entities with restricted client`s funds - 2013 • Monitoring of the audit firm`s internal quality control system - 2014 • Audit of banks - 2015 • Audit of estimates - 2015 • Sample sizes 2016 • Anti-money laundering 2016
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