



IFIAR 2017 Member Profile – RI

1. Jurisdiction	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Kingdom of Sweden</p>
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Revisorsinspektionen - Swedish Inspectorate of Auditors</p>
	<p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>P.O. Box 24014, SE-104 50 STOCKHOLM, SWEDEN Phone +46 8 738 46 00 Fax +46 8 738 46 01 Website: www.revisorsinspektionen.se</p>
	<p>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:</p> <p>The Swedish Inspectorate of Auditors (RI) was established by the Swedish Parliament in the Auditors Act of 1995, succeeded by the present Auditors Act (2001:883), hereafter referred to as the Auditors Act. RI is a governmental authority under the Ministry of Justice.</p> <p>RI is the government’s authority for all matters concerning auditors. RI has two overall tasks; firstly, to provide the Swedish business world with highly qualified auditors and, secondly, to supervise and regulate those auditors.</p> <p>RI’s task in the supervisory field covers supervision of statutory auditors and registered audit firms as well as supervision of auditing. It also includes</p>

¹ In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.



	<p>the task to ensure that professional ethics for auditors, as well as generally accepted auditing standards, are developed appropriately.</p> <p>The tools available for RI's oversight are recurring quality control (inspections) as well as risk based inspections, disciplinary investigations, and the power to impose disciplinary sanctions. On the regulatory side of the supervisory function, RI can issue binding advance rulings in ethical matters and issue formal regulations in areas delegated by the Government. However, the most important regulatory impact on the application of standards is statements by RI in its reports on inspections and its disciplinary rulings.</p> <p>RI's mandate covers all auditors and registered audit firms and all categories of audit clients.</p> <hr/> <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> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>EU legislation has been implemented as of June 17th 2016.</p>
<p>3. Governing Body Composition and members</p>	<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>RI has no board as a governing body. The Authority is headed by a Director General. The Director general is appointed by the Swedish Government and he has appointed a deputy Director General. According to Swedish legislation the Director General and the Deputy Director cannot be auditors.</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>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>See above.</p> <hr/> <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> <hr/> <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> <hr/> <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> <hr/> <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 type="checkbox"/> Yes <input checked="" 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>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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail:</p>

³ Ibid.



	<p>RI has a separate decision making body, the Oversight Board, which is responsible for making decisions in certain factual matters, mainly in the field of disciplinary actions concerning individual auditors or audit firms. That body is composed of nine external members, all on a part time engagement and appointed by the government on a three-year term. The chairman and vice chairman are high ranking judges, while the other members represent various professions or central governmental authorities. They are selected and appointed on a personal basis for their specific competence in audit related matters. Two of the nine members are public accountants in practice.</p>
<p>4. Funding Arrangements</p>	<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>RI is funded entirely by fees paid by auditors and audit firms. The government decides by means of regulation the size or the specific grounds on how to calculate most fees, e.g. the different annual fees levied on auditors and registered audit firms.</p> <p>Fees for taking part in professional exams arranged by RI are decided by RI itself. All fees are paid directly to RI. Failure to pay an annual fee is an immediate ground for withdrawal of an auditor's approval or the registration of an audit firm. RI sets its own annual budget according to the expected influx of fees, but is obliged to keep costs and incomes in balance over time.</p> <p>4.2 Is the funding free from undue influence by the profession? <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> <p>Yes, see above.</p>
<p>5. Inspection System</p>	<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> <hr/> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>RI has the sole responsibility for the system for inspections of audit firms and auditors. RI's inspection schedule is based on the EU Audit Directive and Regulation. RI does directly inspect all PIE-firms and PIE-auditors every third or sixth year depending on the size of the clients.</p> <p>When it comes to PIE's, RI carries out inspections on the 13 audit firms and 54 auditors auditing PIE's.</p> <p>When it comes to inspections of auditors and audit firms that do not audit PIEs, RI relies on the inspections carried out by the professional organization FAR. The activities of FAR are monitored by RI. Under an agreement between RI and FAR, the organization has a duty to report to RI material breaches of auditing standards or professional ethics.</p>
<p>6. Audit and Financial Market</p>	<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>In total the Swedish inspection program covers 3 661 statutory auditors and 160 audit firms. Of those 13 audit firms and 54 signs audit reports on PIE audits.</p> <p>Approximately 237 000 out of totally 550 000 limited companies has an auditor. Of those approximately 650 are PIE's</p> <p>The "big four" firms, dominates the whole audit market. Out of 3 361 qualified auditors, approximately 2 000 are employed by the "big four," and another 500 are employed by the three firms in the next tier. The "big four" firms also dominates the audit market for PIEs as they have 95 percent of that market.</p> <hr/> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <p>See above.</p>



7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight: <input checked="" type="checkbox"/> Registration/Licensing <input checked="" 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: Examination
	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? <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight 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 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>In order to become an auditor, the candidate has to pass an examination of professional competence. The purpose of the examination is to make sure that the applicant has sufficient theoretical knowledge to perform statutory audit, and the ability to use this knowledge in practice. In order to be admitted to the examination, the candidate must have passed theoretical as well as practical education. When the candidate has passed the examination, he or she may apply for authorization as auditor.</p> <p>Admittance to the exams requires that the candidate meets the theoretical requirements stated in the Auditors Ordinance. The requirements are based on, and in line with, Article 8 of the Audit Directive.</p> <p>A qualification as an auditor is valid for five years. Thereafter, the auditor must apply for renewal every fifth year. In order to be granted renewed qualification as auditor, the applicant must be able to show that he or she has fulfilled RN's requirements on i.a. audit practice and continuing education.</p>

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	<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 checked="" type="checkbox"/> Directly <input checked="" 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>Statutory audit in Sweden is carried out according to the legal standard - god revisionsssed- (Generally Accepted Auditing Standards in Sweden). For fiscal years beginning after January 1st 2011, the standard includes requirements to apply International Standards on Auditing (ISA) and ISQC 1. These standards are extended with the specific Swedish add-on regarding audit of the management's administration. Provisions on independence and ethics are laid down in the Swedish Auditors Act. The rules are built on a principle based approach.</p> <p>The add-ons are mainly based on requirements in i.a. the Companies Act and developed by the professional institute FAR. RN has the ultimate responsibility to secure that the ISA's and national add-ons are developed and interpreted in a proper way. RN also develops give interpretation on the application of audit standards in Sweden via its disciplinary rulings.</p> <p>When it comes to ethics the same principles applies although RI has the powers to issue binding rules.</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</p>

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



	<p>description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p>7.5 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>See above.</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>N/A</p>
<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <p>During the last year, RI has had two major projects. The most central one was the implementation of the EU audit package. The second one was the work regulation on money laundering and financing of terrorism.</p> <p>RI has changed its name to Revisorsinspektionen as of April 1, 2017.</p>

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.

⁷ Ibid.

