

平成28年4月22日  
公認会計士・監査審査会

## 監査監督機関国際フォーラム・常設事務局の東京設置について

4月19日から21日にかけてロンドンで開催された、監査監督機関国際フォーラム（International Forum of Independent Audit Regulators ; IFIAR）の本会合において、IFIARの常設事務局を東京に設置することが決定されました。

金融庁及び公認会計士・監査審査会は、IFIARの常設事務局を東京に誘致すべく、様々な活動を行ってきたところですが、これまで誘致活動に対しご協力・ご支持いただきました関係者の皆様に、厚く御礼申し上げます。

IFIARは2017年4月の事務局開設を目指しているところ、金融庁及び公認会計士・監査審査会としては、IFIARの常設事務局が円滑に活動を行っていくことができるよう、総力を挙げて支援を行うとともに、その活動に積極的に貢献していきます。

（注）IFIARは、2006年9月に設立された監査監督上の連携及び協力を目的とした国際組織であり、公認会計士・監査法人等を監督する51か国・地域の当局で構成されています。日本からは、金融庁及び公認会計士・監査審査会が参加しています。

関連サイト：[IFIAR agrees on Permanent Secretariat in Tokyo, Japan](#) (PDF) 

### お問い合わせ先

公認会計士・監査審査会 Tel : 03-3506-6000（代表）  
事務局総務試験室（内線2432）

## IFIAR多国間情報交換枠組みへの署名について

1. 平成29年4月4日、公認会計士・監査審査会と金融庁は、IFIAR（監査監督機関国際フォーラム）の東京総会において、IFIARにおける「監査監督情報交換に関する協力のための多国間覚書（IFIAR Multilateral Memorandum of Understanding concerning Co-operation in the Exchange of Information for Audit Oversight。以下、「IFIAR MMOU」。）への署名を行い、正式にIFIAR MMOUの署名当局の一つとなりました。

（注）IFIAR MMOUの署名当局となるためには、情報交換等に関する法規制についてIFIARの審査を受け、承認を受ける必要があります。今回、22の国・地域の監査監督当局が、IFIAR MMOUの署名当局となりました。

2. IFIAR MMOUの署名当局となることにより、公認会計士・監査審査会と金融庁は、他の署名当局との間で、監査監督上必要な情報を相互に交換することが可能となります。

（別添1）[IFIAR MMOU署名国・地域（平成29年4月4日現在）](#) 

（別添2）[IFIAR MMOU](#)

### お問い合わせ先

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IFIAR MMOU 署名国・地域（2018年3月末日時点）

オーストラリア  
ブラジル  
ケイマン諸島  
カナダ  
台湾  
チェコ  
ドバイ  
フランス  
ジブラルタル  
日本  
リヒテンシュタイン  
リトアニア  
ルクセンブルグ  
マレーシア  
オランダ  
ニュージーランド  
スロバキア  
韓国  
スイス  
トルコ  
英国  
米国

**MULTILATERAL MEMORANDUM OF UNDERSTANDING  
CONCERNING CO-OPERATION IN THE EXCHANGE OF INFORMATION  
FOR AUDIT OVERSIGHT**

**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS**



Adopted on June 30, 2015

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**INTERNATIONAL FORUM OF INDEPENDENT AUDIT REGULATORS**  
**MULTILATERAL MEMORANDUM OF UNDERSTANDING**  
**CONCERNING CO-OPERATION IN THE EXCHANGE OF INFORMATION FOR**  
**AUDIT OVERSIGHT**

The Parties to this MMOU share the common goal of serving the public interest and enhancing investor protection by improving audit quality globally. Given the global nature of capital markets, the Parties recognize the need for co-operation in matters related to the oversight of auditors that fall within the regulatory jurisdiction of the Parties. The Parties envision that this MMOU will facilitate such co-operation.

The Explanatory Note annexed to this MMOU forms an integral part thereof. It explains why certain approaches were taken in the MMOU and how certain provisions were drafted in order to accommodate legal frameworks that may vary from signatory to signatory.

**1. Purpose of MMOU**

The purpose of this MMOU is to facilitate co-operation in the exchange of Information between the Parties to the extent permitted by their respective Laws and Regulations in the area of public oversight of auditors, including inspections, investigations, enforcement and/or registration.

**2. Definitions**

2.1 For the purposes of this MMOU:

- (a) "Audit Oversight" means the regulatory functions of a Party relating to Auditors in accordance with the Party's Laws and Regulations;
- (b) "Auditor" means an entity regardless of its legal form, a partnership or a Person that is engaged or participates in the practice of auditing and that is subject to the regulatory jurisdiction of a Party;
- (c) "Enforcement" means oversight activity directed at preventing or addressing violations of audit laws and regulations, which may result in imposition of penalties, punishments, restrictions, or other disciplinary measures/sanctions;
- (d) "IFIAR" means the International Forum of Independent Audit Regulators;
- (e) "IFIAR Officers" means the Chair and Vice Chair of IFIAR;
- (f) "IFIAR Secretariat" means the individuals designated by IFIAR Officers to provide secretariat support to the IFIAR Officers in performing their role and responsibilities as IFIAR Officers;
- (g) "Information" means non-public information – regardless of its form – that relates to the purpose of Audit Oversight;

- (h) "Inspections" refers to reviews of audit engagements, quality control and/or Auditors to assess the quality of audits and/or compliance of each Auditor with applicable Laws and Regulations in connection with the performance of audits and related matters;
- (i) "Investigations" refers to reviews undertaken by a Party of any act or practice, or omission to act, by an Auditor that may violate applicable Laws and Regulations;
- (j) "Laws and Regulations" means:
  - (a) the provisions of the legal authority (including relevant supranational laws) for a Party's competence over Audit Oversight and its regulatory powers, including any relevant restrictions on gathering, obtaining and sharing of Information (such as regarding confidentiality and personal data protection); and
  - (b) the provisions in law, related rules, regulations or directive guidance promulgated thereunder and any other regulatory requirements such as auditing, professional and ethical standards that are relevant to Auditors and subject to oversight by a Party;
- (k) "MMOU" means this multilateral memorandum of understanding;
- (l) "Party" means an IFIAR member who has signed this MMOU;
- (m) "Person" means a natural or legal person, or an entity, body, or association, regardless of the legal form, including corporations and partnerships;
- (n) "Registration" means the registration of an Auditor that enables the Auditor to perform audits of entities established in the jurisdiction of a Party, entities whose securities are listed in the jurisdiction of a Party, or other entities who must be audited by an Auditor registered with the Party.

### **3. General principles**

- 3.1 This MMOU does not create any legal obligations or supersede any Laws or Regulations, and does not give rise to a right on the part of any of the Parties or any other governmental or non-governmental entity or any Person to legally challenge, directly or indirectly, the degree or manner of mutual co-operation by any of the Parties.
- 3.2 The Parties recognize that there may be additional determinations or assessments with respect to the requesting Party that are specifically required by a requested Party's Laws and Regulations before that requested Party may provide Information to the requesting Party. In order to make such determinations or assessments, the requested Party may require certain relevant Information and assurances from the requesting Party.
- 3.3 This MMOU operates in relation to a request by one or more Parties to another Party or Parties only to the extent that it is consistent with the terms of any bilateral or other multilateral arrangements between those Parties in relation to Audit Oversight and does

not supersede or amend any such bilateral or other multilateral arrangements. In the event of any inconsistency between this MMOU and such other arrangements, the bilateral or other multilateral arrangement will prevail.

- 3.4 This MMOU does not prohibit any of the Parties from taking measures with regard to Audit Oversight that are different from or in addition to the measures set forth in this MMOU.
- 3.5 The Parties recognize that transfers of personal data pursuant to this MMOU will be in compliance with their applicable Laws and Regulations for the protection of personal data, and that prior to any transfer, the Parties may need to conclude bilateral data protection agreements or ensure that data that may identify, directly or indirectly, a natural person (personal data) will not be a part of any Information transferred. This MMOU does not constitute consent on behalf of any natural person to the disclosure by a Party to another Party, or to any third party, of any personal data which is protected from disclosure under the Laws and Regulations of the jurisdiction of a Party.

#### **4. Scope of co-operation**

- 4.1 In general, this MMOU covers the exchange of Information between Parties for the purposes permitted or required by their Laws and Regulations, including Inspections, Investigations, Enforcement and/or Registration.
- 4.2 The Parties will endeavour to provide each other with the fullest assistance permissible in facilitating the exchange of Information to secure compliance with their respective Laws and Regulations in respect to Audit Oversight.
- 4.3 Cooperation under this MMOU may include:
- (a) providing Information held by the requested Party regarding the matter set forth in the request for Information under Chapter 5; and
  - (b) when the Information is not already held by the requested Party:
    - (i) obtaining Information upon request of the requesting Party where permitted by the requested Party's Laws and Regulations, or alternatively,
    - (ii) using best efforts to assist the requesting Party to obtain Information regarding the matter set forth in the request for Information under Chapter 5, and, where permitted by the requested Party's Laws and Regulations, to facilitate the direct transfer of Information from the Auditor or other relevant Person(s) within the requested Party's jurisdiction.

#### **5. Requests for Information**

- 5.1 Requests for Information under this MMOU will be made in writing (including by e-mail) and addressed to an appropriate contact of the requested Party. In urgent circumstances, requests for Information may be made orally, and if required by the requested Party, such communication may be confirmed subsequently in writing.



- 5.2 Requests for Information will include the following:
- (a) the Information requested;
  - (b) the purpose for which the Information will be used;
  - (c) the reasons why the Information is needed, including any pertinent facts underlying the request and, if applicable, the relevant provisions that may have been violated;
  - (d) an indication of the date by which the Information is needed;
  - (e) any Information known to, or in the possession of, the requesting Party that might assist the requested Party in identifying either the Persons believed to possess the Information sought or the places where such Information may be obtained;
  - (f) an indication of any special precautions that should be taken in collecting the requested Information due to investigatory considerations, including the sensitivity of such Information;
  - (g) an indication of whether the Information might, consistent with what the Party has disclosed as part of the Assessment Process (Annex C), be used for another purpose or onward shared under the provisions of Chapter 7, or made public under section 8.5, if no bilateral arrangements are in place.
- 5.3 The Parties recognize the importance of providing prompt and timely co-operation and exchange of Information for the purposes of Audit Oversight.

## **6. Execution of the request**

- 6.1 Each request will be assessed on a case-by-case basis by the requested Party to determine the fullest extent of Information that can be provided under the terms of this MMOU and the procedures applicable in the jurisdiction of the requested Party. In any case where the request cannot be met in full within the desired time period, the requested Party will consult with the requesting Party to determine if there are alternative ways to meet the Audit Oversight objectives of the requesting Party.
- 6.2 A request for Information may, in particular, be denied by the requested Party where the request would require the requested Party to act in a manner that would violate its Laws and Regulations or the request is not made in accordance with the provisions of this MMOU.
- 6.3 Where a requested Party denies or is unable to provide all or part of the requested Information, the requested Party will identify the Information withheld, provide the reasons for not granting the Information, and consult according to section 9.1 with the requesting Party to determine if there are alternative ways to meet the Audit Oversight objectives of the requesting Party.

## **7. Permissible Use of Information and Onward Sharing**

Any Information received in the course of co-operation for Audit Oversight purposes under this MMOU will not be used for any other purposes or onward shared (including use or onward sharing for criminal proceedings), except where:

- (a) the use of Information for other purposes and/or onward sharing is addressed in a bilateral arrangement between the Parties; or,
- (b) the requesting Party has obtained prior written consent from the requested Party for the use of Information for other purposes and/or for any onward sharing of such Information.

## **8. Confidentiality**

8.1 Each Party will hold confidential all Information received in the course of co-operating under this MMOU, and will not disclose such Information other than as provided by Chapter 7 or sections 8.5 and 8.6. In addition, each requesting Party will ensure that such confidentiality also applies to those who are or have been authorized to have access to Information according to the applicable Laws and Regulations, in particular:

- (a) persons employed, contracted by, or associated with the Party; or
- (b) persons involved in the governance of the Party.

8.2 Notwithstanding section 8.1, after notifying the requesting Party, the requested Party may disclose the fact that a request for Information has been made to the extent necessary to execute the request. The Parties may consult and agree to disclose additional details regarding the request.

8.3 Each Party will:

- (a) ensure that Information provided to it by another Party in response to a request under this MMOU is protected at least to the same extent and with the same care as it would protect its own Information of a similar nature and that it is retained and destroyed in accordance with appropriate retention policies.
- (b) establish and maintain such safeguards as are necessary and appropriate to protect the confidentiality of the Information, including storing the Information in a secure location.
- (c) comply with this MMOU and all its applicable Laws and Regulations concerning the collection, retention, storage, use and disclosure of Information; and
- (d) ensure that any natural persons as referred to in section 8.1 who are partners, employees, officers or representatives of partnerships, companies and individuals that conduct audits of financial reports and who are authorized to have access to Information obtained from another Party under this MMOU:

- (i) are bound by confidentiality requirements; and
- (ii) do not participate in a matter where a ‘reasonable person’ would conclude that they may have a conflict of interest;
- (iii) receive Information in relation to a matter where they may have a conflict of interest only when that Information can be effectively anonymised; or
- (iv) are subject to other appropriate procedures to protect the Information and address any possible conflict of interest.

8.4 The provision of Information by a Party pursuant to this MMOU does not negate or waive any confidentiality or privilege that might otherwise attach to such Information.

### **Exceptions to confidentiality**

8.5 A Party may issue its own public inspection reports that include Information received under this MMOU or in accordance to 3.5 under additional data protection agreements as permitted or required by its Laws and Regulations, including public reports that identify the Auditor inspected and the inspection results, but do not identify the names of the audit clients reviewed. Before issuing public inspection reports, the Party will give prior notice of the publication to the other Party if its Laws and Regulations do not prohibit such notice.

8.6 A Party may also publicly announce its jurisdiction’s sanctions – including disciplinary measures - imposed upon Auditors as permitted or required by its Laws and Regulations. Before publicly announcing any sanctions imposed on an Auditor that is located in the other Party’s jurisdiction, and subject to the other Party’s authority, the Party will give prior notice of the announcement to the other Party if its Laws and Regulations do not prohibit such notice.

## **9. Consultations**

9.1 In the case of specific requests made pursuant to this MMOU, the requesting Party and requested Party will consult with one another as necessary, for example, where a request for Information or consent for onward sharing may have been denied according to section 6.2 or Chapter 7 respectively. If it appears that responding to a request will involve a substantial cost to or administrative burden for the requested Party, the Parties will seek to narrow the request or may agree to cost sharing arrangements. In all consultations, the Parties will endeavour to co-operate to the fullest extent possible, keeping in mind that Audit Oversight is established to serve the public interest and protect investors in global markets. A request may be denied where consultation does not lead to a resolution. In such case, a requesting Party may take measures as provided in section 3.4.

9.2 The Parties may periodically consult on issues related to the matters covered by this MMOU and otherwise exchange views and share experiences and knowledge gained in the discharge of their respective duties to the extent consistent with their respective Laws and Regulations and will consult about matters of common concern with a view to improving its operation and resolving any issues that may arise.

The Parties may, for example, consult in the event of:

- (a) a significant change in market or business conditions or in legislation where such change is relevant to the operation of this MMOU;
- (b) a demonstrated change in the willingness or ability of a Party to meet the provisions of this MMOU; and
- (c) any other circumstance that makes it necessary or appropriate to consult, amend or extend this MMOU in order to achieve its purposes.

## **10. Participation**

- 10.1 IFIAR members may become a Party to this MMOU in accordance with the procedures set forth in the MMOU's Assessment Process (Annex C). The Assessment Process forms an integral part of this MMOU.
- 10.2 Subject to the announcement of a positive assessment, an IFIAR member will be added as a new Party under this MMOU by providing a signed copy of this MMOU to the IFIAR Secretariat.
- 10.3. Each Party agrees to notify the IFIAR Secretariat of any material change in circumstances that may be relevant to its ongoing participation in the MMOU, including changes in circumstances relating to the confidentiality of Information received from other Parties and relevant changes in the governance structure of the Party.

## **11. Termination**

- 11.1 A Party may terminate its participation in this MMOU at any time upon written notice to the IFIAR Secretariat.
- 11.2 When a Party terminates its participation in this MMOU, co-operation and assistance by such Party with the other Parties under this MMOU will cease after having provided written notice to the IFIAR Secretariat of its termination of participation. The IFIAR Secretariat will immediately notify the other Parties to the MMOU of such termination.
- 11.3 A Party who ceases to be an IFIAR member automatically ceases to be a Party to this MMOU on the same date as the date of termination of its status as an IFIAR member, as determined under the IFIAR Charter.
- 11.4 In the event that it is considered that a Party no longer meets the requirements for continued participation in this MMOU, the Party's participation may be terminated in accordance with section 11.5. The requirements for continued participation are referred to in item 5 of the MMOU's Assessment Process (Annex C). For example, where a Party has failed to comply with provisions of the MMOU or where it contravenes the confidentiality regime, its participation may be terminated.

- 11.5 The IFIAR Officers may, after consultation with the IFIAR Advisory Council (or any successor IFIAR governing body), terminate the participation of a Party in this MMOU as described in section 11.4. In such a case, the Party's participation is terminated immediately upon the issuance of written confirmation by the IFIAR Chair to the terminated Party and to the other Parties.
- 11.6 In the event of the termination of a Party's participation in this MMOU, the Party will continue to treat Information obtained under this MMOU in the manner prescribed under Chapters 7 and 8.
- 11.7 This MMOU continues in force until superseded by a subsequent MMOU or until terminated by the members of IFIAR in accordance with the IFIAR Charter.

**12. Effective date**

The provisions of this MMOU become effective in relation to a Party on the date such Party executes a signed copy of this MMOU in accordance with section 10.2.

**Annex A: List of the Signatories to the MMOU (省略)**

**Annex B: Explanatory Note**

**Annex C: Assessment Process (省略)**

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**ANNEX B**  
**EXPLANATORY NOTE**

(1) Purpose of the Explanatory Note

The Explanatory Note annexed to this MMOU explains why certain approaches were taken in the MMOU and how certain provisions were drafted in order to accommodate legal frameworks that may vary from signatory to signatory. Three general principles were followed in the creation of the MMOU:

- The MMOU is a framework for co-operation, and does not impose a limitation on Parties to make further co-operative arrangements;
- The MMOU seeks to maximize co-operation in a flexible approach with a goal to promote the public interest and to safeguard investors;
- The MMOU works within the scope of existing authorities so as not to require any signatory to change or act in a manner that is inconsistent with its regulatory regime.

In the event there is an inconsistency between the MMOU and the Explanatory Note, the MMOU is authoritative.

(2) Definitions

Because the MMOU includes many Parties whose terminology and scope of each definition might differ in each country, the MMOU sets forth definitions that are as neutral and generic as possible.

The term “**Auditor**” is intended to be expansive and to cover the competence of a given Party.

The definition of “**Information**” applies by its terms to non-public information “regardless of its form” meaning, for example, that if a Party to the MMOU receives information from another Party and subsequently incorporates that information into an internal working document or memorandum, the information that was received from the other Party under the MMOU and is subsequently incorporated into that document or memorandum remains subject to the provisions of the MMOU; or if a Party creates a translation of information received from another Party under the MMOU, the translation of such information would also be subject to the provisions of the MMOU.

“**Investigations**” is stated as a separate definition given there are jurisdictions where this is part of the enforcement-regime (i.e. Japan, USA) and other jurisdictions where it is part of the inspection-regime (for example France, the Netherlands). Including “Investigations”, “Inspections” and “Enforcement” as separate definitions makes it clear that all of these activities are covered by the MMOU.

The definition of “**Laws and Regulations**” refers to relevant competences and regulatory powers of a Party and any standards that are applicable to Auditors in its jurisdiction, and also covers any relevant restrictions on gathering, obtaining and sharing of information by that Party. This



definition is used in the MMOU to ensure that domestic and supranational Laws and Regulations are respected. For example section 6.2 of the MMOU says that a request may be denied where the request would require the requested Party to act in a manner that would violate its Laws and Regulations.

The Parties recognize that the application of the definition of a “**Party**” may differ depending on the specific effects of a non-application clause (see further paragraph 12).

(3) MMOU as a non-binding instrument, sections 3.1 and 3.4

The MMOU expressly states it does not create any legal obligations, *i.e.* it is a non-binding agreement (sections 3.1 and 3.4). It cannot override any jurisdiction’s laws or regulations and does not create any rights or obligations with respect to any of the Parties or other persons or entities. The non-binding character is also implicit throughout the MMOU through the use of non-binding words such as “may” or “should” with respect to the *framework* of co-operation. In contrast, once two or more Parties actually start co-operating under this MMOU, they have expectations that they will use best efforts to cooperate and act in accordance with the procedures set forth in the MMOU. For this reason stronger terminology – such as “will” is used with respect to the *process* of the co-operation. However, this use does not mean that the MMOU creates any enforceable rights or obligations.

(4) Additional determinations or assessments, section 3.2

The MMOU foresees that in some cases additional determinations or assessments may be needed before a Party may provide confidential information in response to a request. It is understood that, pursuant to a Party’s Laws and Regulations, it might be required to undertake an additional assessment on a case-by-case basis.

Some examples of additional determinations/assessments are:

- Where the Laws and Regulations of a requested Party require compliance with additional (legal) requirements to the general assessment process. For example, the requested Party may have to determine first whether the requesting Party has some form of responsibility over the same tasks (registration, inspections, investigations and/or enforcement) and/or exercise similar/additional competences/authority as the requested Party.
- Where a separate legal imperative may be required to be met (see sections 3.2 and 3.5 of the MMOU).

For example, the Parties of the European Union including Lichtenstein, Norway and Iceland (hereafter referred to as EU/EEA Parties) have informed the other

Parties that they may only share personal data for audit oversight purposes with non-EU/EEA Parties when:

- The jurisdiction of the non-EU/EEA Party has been subject to a positive Decision by the EC on the adequacy of protection of personal data (section 3.2);
  - The EU/EEA Party and non-EU/EEA Party have a bilateral agreement on the protection of personal data (section 3.5); or
  - When other specific requirements are met as set out in the Data Protection Directive (95/46/EC) (section 3.2).
- Where the Laws and Regulations of a Party require a case-by-case assessment of another Party's confidentiality regime and may impose additional requirements for confidentiality purposes.

Whether additional determinations or assessments may be needed by a Party, and the nature of those determinations or assessments, should be disclosed through the Assessment Process and be made available for information purposes on the Members' area of the IFIAR website.

(5) Effect of the MMOU on bilateral or multilateral arrangements, section 3.3

As noted in the general principles, the MMOU as a framework document anticipates bilateral arrangements where parties need or want to document more detailed technical points and protocols specific to their two regimes. Many IFIAR members have in place bilateral working arrangements that provide a specific level of co-operation which may include particular conditions and/or responsibilities. The MMOU is not intended to supersede, amend or interpret bilateral working arrangements that are in place or that will be negotiated in the future. Such working arrangements take precedence over the terms of the MMOU. Bilateral working arrangements are beneficial for the Parties to identify and work on specific points of cooperation that may not be provided by a multilateral arrangement.

- The EU/EEA Parties have informed the other Parties that when the MMOU is effective between an EU/EEA Party and a non EU/EEA Party according to the non-application clause (see further paragraph 12), the MMOU may be considered to serve as a working arrangement for the purposes of Article 47 Directive 2006/43/EC.

(6) Reciprocity and the need to accommodate different regulatory regimes, Chapter 4

While reciprocity is a fundamental legal principle in co-operation within many jurisdictions, the concept and application of reciprocity may vary among the Parties' jurisdictions. This does not

imply any limitations in all Parties' ability to cooperate in the exchange of information for audit oversight purposes.

Reciprocity issues under this MMOU should be resolved on a case-by-case basis between those Parties that seek to co-operate with one another (kindly refer to point (4) above about section 3.2 MMOU). Whilst some Parties may have the authority to obtain information on behalf of a foreign regulator, others may not, or they may allow a requesting Party to obtain the information directly from the Auditor. The requested Party may obtain the information or, alternatively, use best efforts to facilitate access to the information sought by the requesting Party (see section 4.3 paragraph (b)). Hence, the MMOU does not seek to define reciprocity or require it other than to set forth that each Party should be able to exchange information which is already held by the requested Party and to use best efforts to assist to obtain the information if the information is not already held by the Party, and, where permitted by the requested Party's Laws and Regulations, to facilitate direct access to that information by the other Party.

The ability of a regulator to obtain information for another regulator, or by alternative means, will be asked in the assessment process and will be duly mentioned in the Members' area of the IFIAR website for information purposes of the other Parties to the MMOU.

(7) Broadest scope possible, sections 4.2 and 4.3

The Parties to this MMOU seek to cooperate to the broadest extent possible consistent with their respective mandates and relevant Laws and Regulations in sharing non-public information for audit oversight (e.g. inspections, enforcement, and registration). In addition, the MMOU may provide a basis for the co-operation on supervisory colleges and multilateral inspections, although for these purposes the Parties may need to develop certain protocols.

(8) Denial of a request, sections 6.2 and 6.3

Section 6.2 outlines two grounds for the denial of a request. A request for information may be denied by the requested Party where the request would require the requested Party to act in a manner that would violate its Laws and Regulations or where the request is not made in accordance with the provisions of the MMOU.

Grounds to deny a request may vary from jurisdiction to jurisdiction, some examples under these general provisions may include:

- Where the provision of information would adversely affect the sovereignty, security, or public order of the requested Party;
- Where judicial proceedings have already been initiated or concluded in respect of the same actions and against the same persons in the requested Party's jurisdiction (Double jeopardy);
- Where final judgment has already been passed in respect of the same actions (for the same violations) and on the same statutory auditors or audit firms by the competent authorities of the requested Party;

- Where the protection of commercial interest of the audited entity, including its industrial and intellectual property, would be undermined;
  - Where, in accordance with section 3.2 and/or 3.5, additional determinations or assessments with respect to the requesting Party may be needed before the requested Party may exchange confidential information;
  - Where information would be provided to current practitioners as mentioned in section 8.3 (d).
- Where a request is denied or likely to be denied, either in part or in whole, the Parties should consult with each other to find any alternative ways (see section 6.3). Section 6.3 refers to Chapter 9 on consultation.

(9) Permissible use of information and onward sharing, Chapter 7

The Parties to this MMOU are subject to various legal and regulatory requirements regarding the possible use and potential onward sharing of information received from another regulator. The MMOU provides that a Party would either need (a) to negotiate a bilateral arrangement on the use of information for other purposes and/or onward sharing of information or (b) to obtain prior written consent on a case-by-case basis to use any received information for purposes other than audit oversight or to share it with other domestic regulators/third parties. Chapter 7 is intended to cover such instances as onward sharing within the same organization (e.g. an integrated audit and securities/market regulator), with other domestic regulators (including a professional body), public prosecutors and regulators in another jurisdiction. In the case where the information becomes needed for criminal proceedings, this will not be considered under this MMOU as use for audit oversight purposes. Thus, where the information received or requested by the requesting Party is intended for an onward transfer to a public prosecutor or judge to be used in criminal proceedings, this is subject to Chapter 7.

Some Parties may have under their Laws and Regulations a legal obligation to onward share information under specific circumstances (or a legal obligation to use it for other purposes). To deal with such circumstances, a bilateral agreement between the two parties could set out specific arrangements to address such situations taking into account the legislation of these involved Parties (Chapter 7 under (a)). Given the various legislative frameworks of all the Parties to this MMOU, this cannot be dealt with in the MMOU itself.

Where a Party has legal obligations to use information for another purpose and/or onward share information in certain circumstances, this should be disclosed through the Assessment Process and will be made available for information purposes on the Members' area of the IFIAR website. This allows any Party in advance to assess the need for a bilateral agreement as mentioned in Chapter 7 with that Party before it decides to transfer any information to that Party under this MMOU.

When information is received under this MMOU from Party (A) and the receiving Party (B) wants to transfer the information to another Party (C) under this MMOU (onward sharing), Chapter 7 is applicable. However, if such a situation occurs, Party (C) should, as a principle, request information directly from Party (A).

(10) Confidentiality, Chapter 8

The sensitivity of information relating to audit oversight is well recognized. Disclosure of such information may cause financial and business implications to the audit client or the Auditor, may undercut administrative or even criminal actions, and may affect capital markets. Consequently, it is important for the Parties to ensure there are adequate safeguards in place to maintain the confidentiality of information exchanged. The MMOU gives prominence to confidentiality for these reasons.

The Chapter of the MMOU on confidentiality does not expressly consider the matter of sharing information with a professional body. Rather, Chapter 7 on permissible use and onward sharing is intended to cover such instances. If a requesting Party seeks to share information with a professional body, it will need to either obtain prior consent or enter into a bilateral arrangement with the requested Party.

Sections 8.5 and 8.6 refer to the issuing of public inspection reports or sanctions of *the requesting Party's own jurisdiction* and requires prior notice of publication to the extent a Party's Laws and Regulations permit. If the requesting Party does not have that authority to provide prior notice before it issues its own reports or sanctions, this should be disclosed to all Parties through the Assessment Process, and posted in the Members' area of the IFIAR website, so that the requested Party can take this into account when considering the request. Where permitted by a requesting Party's Law and Regulations, the prior notice may, upon request, identify the extent to which any information shared by the requested Party is published. Through the Assessment Process a Party should disclose its authority and/or requirements to publish inspection reports and announce sanctions that include personal data.

(11) Consultation, Chapter 9

Chapter 9 provides the basic mechanism for the Parties to resolve, conflicts of law, conflicting demands or varying mandates through consultation. Although, section 9.1 addresses the situation where a request would burden the requested Party disproportionately (in cost or administrative burden) and triggers consultation with the requesting Party, it may also, amongst other matters, include situations provided in sections 6.2 and 6.3. The reference to cost or burden is to the *Party* and should not reflect the cost or burden to the *Auditor* which may bear the costs of copying, reviewing and redacting, etc. as a compliance cost. It is understood that as the number of requests for information increase, there will be costs and burdens. As a general rule, all Parties should benefit from the co-operation framework and requested Parties should bear their own costs. It is recognized, however, that some requests, may involve substantial costs or administrative burdens

on the resources of the requested Party, and therefore could be an appropriate subject for consultation.

(12) Aim, effect and operation of a non-application clause

The MMOU provides a generic framework for cooperation in the exchange of information without mentioning any specific regime of a certain Party or Parties. Within the definition of “Laws and Regulations” (see above under (2)) the mandate of each Party involved will be decisive for the application of this MMOU in a certain case. However, an exception to this approach is made for the Parties of this MMOU that are EU/EEA-regulators.

The EU/EEA Parties have informed the other Parties that an EU/EEA Party only enters into a working arrangement for information exchange and shares certain information with non-EU/EEA regulators after - and as long as - the European Commission (EC) declares that regulator adequate for the purposes of Article 47 of Directive 2006/43/EC (Directive). Since that adequacy assessment is done by the EC before the MMOU is effective between an EU/EEA Party and a non-EU/EEA Party, the requirement is covered by the EU/EEA Parties signing with a non-application clause whereby the MMOU as a whole would not be effective as between an EU/EEA Party and any non-EU/EEA Party that had not been declared adequate by the EC. This means that the MMOU does not apply in relation to ‘non-adequate third country’ Parties regarding information under the scope of Article 47 of the Directive 2006/43/EC.

This non-application clause will have the effect that, according to the abovementioned information, the MMOU can only operate—and therefore only information can be exchanged—amongst Parties within each of the following groups:

- (1) EU/EEA Parties;
- (2) EU/EEA Parties and non-EU/EEA Parties that have been declared adequate by the European Commission through the adoption of an EC Decision;
- (3) non EU/EEA Parties.

In other words, EU/EEA Parties are only considered as Parties as to an adequate declared non-EU/EEA Party and only so long as the non-EU/EEA Party continues to be declared adequate. Conversely, a non-EU/EEA Party that is not or no longer declared adequate by an EC Decision is not considered as a Party in relation to an EU/EEA Party.

The Assessment Group (as referred to in paragraph 4 of Annex C of the MMOU) may, on request, review the possibility for other non-application clauses. The use of non-application clauses should be consistent with the overall spirit of the MMOU to promote cooperation in the exchange of audit oversight information between audit regulators and limited to compelling circumstances, such as where laws and Regulations would prohibit cooperation with a particular regulator or where the overall relationship with a particular regulator would make cooperation

under the MMOU impossible to implement in practice. It is understood that any non-application clause will operate mutually, ensuring that neither the Party signing with a non-application clause nor the Party or Parties that are intended to be within its scope have any requirement under the MMOU to exchange information with one another, though the non-EU/EEA Party may elect to continue to share information on a voluntary basis despite the lack of reciprocity where it protects investors.

## 第17回監査監督機関国際フォーラム（東京会合）について

第17回監査監督機関国際フォーラム（IFIAR）が下記のとおり開催され、公認会計士・監査審査会からは、廣本会長が参加し、最近の監査監督に関する議論に参画し、各監査監督当局と意見交換を実施しました。概要につきましては、IFIAR事務局によるプレスリリースをご参照ください。

### 記

#### 1. 日程・開催場所

平成29年4月4日（火）～4月6日（木）  
日本・東京

#### 2. 参加者

52のメンバー（各国・地域の監査監督機関）から、47の国・地域が本会合に参加

#### オブザーバー

バーゼル銀行監督委員会（BCBS）、欧州委員会（EC）、金融安定理事会（FSB）、保険監督者国際機構（IAIS）、世界銀行（WB）、公益監視委員会（PIOB） 計6国際機関

#### 議長

ジャン・ファン・ディゲレン議長 蘭金融市場庁（AFM）国際監査・会計・政策・基準設定部門長

#### 3. 主な議題

正副議長及び代表理事会理事国・地域の選任  
IFIAR多国間情報交換枠組み（MMOU）への署名  
監査法人のグローバルCEO等との監査品質に関する議論  
基準設定主体と公益監視委員会（PIOB）との連携 等

#### 4. プレスリリース

[\(原文\)](#)  ・ [\(仮訳\)](#) 

IFIARやその活動に関する更なる情報は、IFIARウェブサイト（[www.ifiar.org](http://www.ifiar.org)）を参照されたい。

### お問い合わせ先

公認会計士・監査審査会 事務局総務試験室

03-3506-6000 (代表)(内線2432)



## プレスリリース（仮訳）

### **監査監督国際フォーラムが東京に本部を設置；初となる代表理事会を開催**

2017年4月3日 - 6日（東京、日本） — 監査監督機関国際フォーラム（IFIAR）の47のメンバーによる、国際的な監査品質向上のための年次総会が、公認会計士・監査審査会及び金融庁によって日本の東京で開催された。

IFIARのジャン・ファン・ディゲレン議長及び金融庁の森信親長官は、日本におけるIFIARの新しい常設事務局の開設を祝うためのレセプションを共同開催した。

ファン・ディゲレン議長は「2016年4月、IFIARメンバーは、東京に常設事務局を設置することに合意した。そのちょうど1年後に開所式を開催できることを我々は大変光栄に思っており、金融庁によるこのプロセスを通じての多大なる支援に感謝している」と述べた。

森長官は「金融庁はIFIARが日本で新しく事務局を設置したことを嬉しく思う。我々は一元的な金融規制当局としての貢献を通して、グローバルな監査品質向上という目標の達成に向けてIFIARと協力していく」と付け加えた。

IFIAR常設事務局の開設とガバナンス改革の実施により、今後IFIARが代表理事会による主導となることは、2016年に10周年を迎えたこの国際機関にとっての重要な節目を示す。有効なガバナンスは、カール・レナー事務局長以下献身的な事務局と組み合わせられることにより、グローバル監査品質の問題に効果的かつ効率的に対応するIFIARの能力を強化する。

### **IFIAR戦略と情報共有**

年次総会において、IFIARは、監査品質のグローバルな問題に率先して影響を及ぼすこと、メンバーや利害関係者との連携を強化することを目的に、新たな戦略計画の概略について議論した。IFIARの多国間覚書（MMOU）が次に掲げる22のメンバーによって署名された：オーストラリア、ブラジル、カナダ、ケイマン諸島、台湾、チェコ、ドバイ、フランス、ジブラルタル、日本、韓国、リヒテンシュタイン、リトアニア、ルクセンブルグ、マレーシア、オランダ、ニュージーランド、スロバキア、スイス、トルコ、英国、米国。本MMOUは、メンバー間の効果的な情報交換と協力関係を促進・強化し、より効率的かつ効果的な監査法人の規制に貢献する。

## 投資家及び利害関係者にとって重要な事項に関するアドバイザリーグループのアドバイス

IFIARの投資家・その他利害関係者ワーキンググループに対するアドバイザリーグループは昨年設立され、投資家、監査委員会の代表者や、また、グローバルな監査品質の向上及び投資家保護の促進というIFIARの目的を共有するその他の利害関係者によって構成されている。会合中、[アドバイザリーグループのメンバー](#)はIFIARに対して、投資家と利害関係者にとって重要な事項について助言を行った。重要なトピックとしては、監査品質と財務報告を監視するにあたっての監査委員会の役割がある。IFIARは、監査委員会の役割及び監査品質に関するペーパーを公表した。本ペーパーは[こちら](#)から入手できる。

## 監査品質に関するグローバルCEOとの対話

IFIARは、主にIFIARのグローバル監査品質ワーキンググループ（GAQWG）を通じて、6大グローバルネットワーク（BDO、デロイト、EY、グラントソントン、KPMG、PwC）のグローバルリーダーシップとの監査品質に関する対話を継続している。会合中、IFIARはグローバルCEOの6人それぞれと、数々の戦略的な問題について議論し、監査品質のさらなる向上やネットワークを通じた監査業務の一貫性の促進のための最近の取組み、組織文化が果たす役割や、新しいテクノロジーやデータ分析ツールが監査にもたらし得る変化や人材に与える影響についての考えを話し合った。CEOらはまた、多分野にわたるサービスの提供、コーポレートガバナンスの世界的な発展、強制法人ローテーションと入札に係る最近の経験について、彼らの考えを共有した。

IFIARの年次検査指摘事項報告書においてGAQWGメンバーが報告する監査不備の割合を減少させるためのイニシアチブについて、2015年、IFIARが提案を行い6大ネットワークファームが合意した。目標は、このワーキンググループのメンバーが報告する、一以上の指摘があった上場PIE監査について、2019年までに最低でも25%以上削減することである。IFIARは、このイニシアチブに関する中間報告を次回の検査指摘事項報告書において公表する予定である。

## 基準設定主体との会合

IFIARは国際的な基準設定主体であるIAASB（国際監査・保証基準審議会）、IESBA（国際会計士倫理基準審議会）及びPIOB（公益監視委員会）の代表と、どのように国際基準がグローバルな監査品質を向上させることができるかについて議論した。

## 第一回代表理事会

アブダビ、オーストラリア、カナダ、フランス、ドイツ、日本、韓国、オランダ、ノルウェー、シンガポール、南アフリカ、スイス、トルコ、英国、米国の監査監督当局は、IFIARにおける初の代表理事会の理事に選任された。カナダ公共会計責任委員会のブライアン・ハントCEO及びスイス連邦監査監督機構のフランク・シュナイダーCEOは、IFIARにおける議長と副議長としてそれぞれ選任された。第一回代表理事会は年次総会の直後に開催された。

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## IFIARについて

監査監督機関国際フォーラム（IFIAR）は、2006年に組織され、アフリカ、北米、南米、アジア、オセアニア、ヨーロッパの52の国・地域の独立した監査監督当局で構成されている。次に掲げる機関は、IFIARの会合におけるオブザーバーである：バーゼル銀行監督委員会（BCBS）、金融安定理事会（FSB）、保険監督者国際機構（IAIS）、証券監督者国際機構（IOSCO）、公益監視委員会（PIOB）、世界銀行。公益に資するとともに投資家の保護を強化するため、IFIARは、世界中の監査品質や規制実務についての対話や知見の共有を行うプラットフォームを提供し、規制活動の協調や一貫性を促す。IFIARに関する更なる情報は、IFIAR ウェブサイト（[www.ifiar.org](http://www.ifiar.org)）を参照されたい。

## 監査監督機関国際フォーラムによる 「2017年検査指摘事項報告書」の公表について

監査監督機関国際フォーラム（IFIAR）は、IFIARのメンバーである各国監査監督当局を対象に、6回目となる検査指摘事項に関する調査を実施し、その結果を取りまとめた「2017年検査指摘事項報告書」（原題：Survey of Inspection Findings 2017）を公表しました。

なお、公認会計士・監査審査会は、本報告書の取りまとめに向けて設けられた作業チームに参画しており、引き続き当該取組みに貢献してまいります。

詳細につきましては、以下をご覧ください。

- ▶ [プレスリリース（原文）](#)（PDF） ・ [（仮訳）](#)（PDF:151KB）
- ▶ [「2017年検査指摘事項報告書」](#)（原文）（PDF）

### お問い合わせ先

公認会計士・監査審査会事務局総務試験室  
03-3506-6000（内線2415）

## プレスリリース（仮訳）

監査監督機関国際フォーラム（IFIAR）は第6回 検査指摘事項調査の報告書を公表

2018年3月8日

本日、IFIAR は、6大グローバル監査法人ネットワークに加盟している監査法人に対して、IFIAR メンバー当局が個別に行った検査から得られた6回目の年次検査指摘事項調査の結果に係る報告書を公表した。IFIAR は、法人全体の品質管理システムに対して行われた検査、及び、個別監査業務に対する検査の2種類の活動に係る情報を収集した。2017年調査は、42のIFIAR メンバー当局から回答があった。

IFIAR メンバー当局は、2017年調査において、検査を受けた監査業務の40%に少なくとも1つの指摘があったと報告した。これに対して、2016年調査においては42%、この計数を捕捉した初めての調査（2014年調査）においては47%であった。

調査結果は、リスクベースの監査業務選定等の要因から、監査法人の品質管理向上の進捗を厳密に測定するものではなく、今後の進展を考える際の唯一の要素ともならない。監査品質の包括的な評価には、検査の過程で特定され、報告された監査不備の数字上の情報を超えた様々な要素に対する判断が必要となる。

しかし、高い指摘率は改善が必要であることを示している。この点に関して、2015年、IFIAR の国際監査品質作業部会（GAQWG）は、6大監査法人ネットワークに対し、IFIAR の年次検査指摘事項調査の中で報告される、不備の見つかった監査業務（少なくとも一つの指摘を受けたもの）を、当該作業部会のメンバー当局全体で2019年までに当初から25%以上、すなわち29%以下に削減するという目標を設定した。中間点にあたる2017年調査結果は、メンバー当局全体で30%の指摘率を示している。6大監査法人ネットワークと個別メンバーファームは、これらの地域で、監査不備に対処すべく数年かけて行動している。6大監査法人ネットワークは、2019年の目標以上にまで、指摘の全体的水準を維持、減少させる努力を継続すべく自らのコミットメントを表明している。

個別監査業務の検査から得られた指摘の数は、前回の調査と比較すると一般的に減少しているものの、全ての地域で進捗があるわけではなく、その割合も同じではない。その上、法人全体の品質管理システムの検査から得られた指摘は、何らかの傾向を示しているわけではない。この結果は、グローバルネットワークが品質管理システムを向上させ、高品質な監査の世界中で一貫した実施を促すべく、努力を続ける必要があるとするIFIAR の見解を支持するものである。

## 検査指摘事項調査

IFIAR の年次検査指摘事項調査は、システム上重要な金融機関（SIFIs）を含む上場企業の監査、及び、監査法人の品質管理システムについて、IFIAR メンバー当局から提出された主要な検査結果をまとめたものである。検査指摘事項は、監査法人が監査意見を裏付けるのに十分かつ適切な監査証拠を入手していなかったことを示す、監査手続上の不備である。しかし、このことは当該財務諸表にも重要な虚偽表示があることを示唆するものでは必ずしもない。

### \*\*\*

監査監督機関国際フォーラム（IFIAR）は、2006年に組織され、現在では、アフリカ、北米、南米、アジア、オセアニア、ヨーロッパの52か国・地域の独立した監査監督当局で構成されている。公益に資するとともに投資家の保護を強化するため、IFIARは、世界中の監査品質や規制実施について、対話や知見の共有ができるプラットフォームを提供し、規制活動について協調や一貫性を促す。IFIARの公式のオブザーバーは、バーゼル銀行監督委員会（BCBS）、欧州委員会（EC）、金融安定理事会（FSB）、保険監督者国際機構（IAIS）、証券監督者国際機構（IOSCO）、公益監視委員会（PIOB）及び世界銀行である。IFIARに関する更なる情報は、IFIARウェブサイト（[www.ifiar.org](http://www.ifiar.org)）を参照されたい。

平成29年4月17日  
公認会計士・監査審査会

## 監査監督機関国際フォーラムによる監査委員会に関する報告書の公表について

監査監督機関国際フォーラム（IFIAR）は、4月7日、「監査委員会と監査品質：傾向と更なる検討となり得る分野」（原題：Audit Committees and Audit Quality: Trends and Possible Areas for Further Consideration）と題する報告書を公表しました。

詳細につきましては、以下をご覧ください。

- ・「監査委員会と監査品質：傾向と更なる検討となり得る分野」

[\(原文\)](#) 

### お問い合わせ先

公認会計士・監査審査会 事務局総務試験室

03-3506-6000 (代表)(内線2432)



# Audit Committees and Audit Quality: Trends and Possible Areas for Further Consideration

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## 1 Introduction

The audit committee plays an important role in oversight of audit quality and financial reporting. The audit committee may also oversee the risk management system of a company, including financial, operational and compliance risks. Concerns as to the impact of ineffective audit committees in the financial reporting failures at the turn of the 21st century have resulted in tighter regulatory and monitoring frameworks for audit committees across the globe. Even though the importance of audit committees is widely acknowledged, one study - by the University Utara Malaysia - has demonstrated that an independent audit committee is often not opted for voluntarily. Instead, the study noted a trend to have audit committees operate only in accordance with the minimum requirements as prescribed by local law.<sup>1</sup>

Direct supervision on audit committees by audit regulators is uncommon. Many IFIAR members do not have jurisdiction over audit committees or only in a monitoring capacity (EU). At the same time, audit regulators (whether they have jurisdiction or not) and audit committees share a central role in the support of audit quality and might help to improve audit quality by working together, e.g. by sharing information. This IFIAR paper provides information with the aim of developing a better understanding of how audit committees function under existing requirements. It also raises questions and identifies areas for further consideration that might provoke discussion among interested parties, such as investors, audit committee members, (audit) regulators and policymakers and also lead to improvement in individual jurisdictions, e.g. on whether audit regulators should share their inspection findings directly with audit committees. As such, the paper is intended to provide food for thought for those with jurisdiction over audit committees and all other interested stakeholders. This paper is not binding, nor an IFIAR position paper.

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<sup>1</sup> Strengthening Corporate Governance Through An Audit Committee: An Empirical Study, article in Wulfenia 23(2):2-27, February 2016, [https://www.researchgate.net/publication/293826024\\_STRENGTHENING\\_CORPORATE\\_GOVERNANCE\\_THROUGH\\_AN\\_AUDIT\\_COMMITTEE\\_AN\\_EMPIRICAL\\_STUDY](https://www.researchgate.net/publication/293826024_STRENGTHENING_CORPORATE_GOVERNANCE_THROUGH_AN_AUDIT_COMMITTEE_AN_EMPIRICAL_STUDY)



The purpose of this paper is to describe the state of play with respect to existing audit committee requirements around the world. In doing so, the paper draws heavily on a recent survey from the International Organization of Securities Commissions' ("IOSCO"). Secondly, the paper asks questions and identifies areas for further consideration by interested parties, both those IFIAR Members with jurisdiction over audit committees or in a monitoring capacity, as well as other interested stakeholders. For audit regulators that do not have jurisdiction over audit committees, the paper is for information purposes only.

The paper is structured as follows: Chapter 2 provides an executive summary. Chapter 3 elaborates on the results from the IOSCO Survey Report on Audit Committee Oversight of Auditors ("the 2016 Survey") on requirements related to audit committees. Chapter 3 also includes observations about the operation of audit committees in various jurisdictions around the world. Based on the information provided in the previous chapter, Chapter 4 raises various questions related to the oversight role of audit committees and their interaction with audit regulators, and also identifies areas for further consideration that might further enhance audit quality. Chapter 5 offers some brief concluding remarks.

**Disclaimer**

*The content of this paper, including the questions raised and areas for consideration suggested in this paper, reflect the views expressed by some, but not necessarily all, of the Members of IFIAR. They are not intended to include, or reflect, any or all the views of individual Members. Nothing in this paper is binding on any Member nor gives rise to any legal rights or obligations. Members participate in IFIAR in accordance with their respective legal and policy frameworks, which are in no way affected by anything in this paper.*

## 2 Executive Summary

Audit committees play an important role in audit quality oversight and in improving audit quality globally. A recent IOSCO survey of audit committee requirements around the world demonstrates that there is much common ground with respect to such requirements.

For example, in many jurisdictions:

- Audit committees (or some similar governance entity) are required within listed companies, and there are also requirements regarding the independence, special skills and expertise of audit committee members;
- The audit committee is responsible for or should at least play an active role in the selection of the external auditor, determination of the audit fees and the periodic assessment of auditor performance;
- The audit committee should set the policy for and monitor the provision of non-audit services by the auditor, including specific tax or advisory services to the audited entity; and
- Effective engagement and communication between the audit committee and the auditor is encouraged.



This paper also raises questions and identifies areas for further consideration that could enhance the role of audit committees in improving audit quality. For example, the following areas might benefit from further consideration, discussion and research by regulators, audit committees, shareholders and audit firms:

- The desirability of criteria that define and determine the independence, special skills and expertise of audit committees.
- To enable the audit committee to make more appropriate assessment of the auditor’s performance, the utility of:
  - having a set of Audit Quality Indicators (“AQIs”) which audit committees could use to engage auditors in audit quality matters;
  - asking audit firms and audit committees to consult with each other regarding the findings by the independent audit regulator of the reviews of the quality of statutory audits;
  - providing more detailed expectations for periodic assessments of auditor performance; and/or
  - asking audit committees to make use of other sources of information besides their own experiences and information from the company’s management, which may not always be complete and objective.
- Engaging shareholders in auditor selection.
- Involving investors with audit committees as a way to incentivize audit firms to sharpen their focus on audit quality.
- How communications from audit regulators, the audit firms and shareholders to the audit committee can serve to improve audit quality.
- The use of a “comply or explain” procedure in carrying out various responsibilities of the audit committee, for example when an audit failure is exposed

The following chapter reviews the IOSCO Survey on requirements related to audit committees and provides a number of observations about the operation of audit committees in various jurisdictions around the world.

### **3 IOSCO's Survey provides a good starting point for understanding existing requirements for audit committees and identifying possible areas for further consideration**

In 2016, the Audit Quality Task Force (“AQTF”) of IOSCO’s Board surveyed its ordinary members to gain a better understanding of the current requirements of its members related to the audit committee’s oversight of the auditor and the audit process of publicly listed entities in IOSCO member jurisdictions (“the 2016 Survey”).<sup>2</sup> These requirements include both existing legal and regulatory requirements, as well as soft law requirements, such as self-regulatory codes or best practices documents. In total, 47 IOSCO members took part in the survey.<sup>3</sup> The core areas covered by the 2016 Survey are the following: Audit Committee Requirements; Selection of the External Auditor and Fee Determination; Audit Committee’s Role and requirements to Oversee the Audit and the Auditor; Periodic Assessment of auditor performance; Auditor’s Communication with the Audit Committee; and Audit Committee Reporting to Shareholders.

A comparison of the 2016 Survey with IOSCO’s previous survey of audit committee requirements in 2004 (“the 2004 Survey”) illustrates that audit committees have been established in a growing number of jurisdictions. It indicates a promising progress which is welcomed by IFIAR. The information provided by the 2016 Survey have also helped in the identification of possible areas for further consideration related to audit committees.

#### **3.1 Audit committees often require independence, special skills and expertise**

Most of the responding jurisdictions in the 2016 Survey require an audit committee or a committee with similar functions. In all jurisdictions that have such a requirement, it is compulsory that at least one audit committee member is an independent non-executive director. Some require more than one, or all, audit committee members to be independent. The respondents reported various criteria which they apply to determine independence. Some take an objective approach (e.g. by considering share ownership percentage), while others take a more subjective approach (e.g. whether the audit committee member is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of a publicly listed entity). In addition, some jurisdictions limit the maximum total term for an audit committee member’s (re-)appointment. These terms normally range from 6 to 12 years and may in some cases be aligned with other corporate governance requirements.

<sup>2</sup> <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD531.pdf>

<sup>3</sup> Argentina, Australia, The Bahamas, Belgium, Brazil, Canada, Chile, China, Czech Republic, Denmark, Dominican Republic, El Salvador, France, Germany, Greece, Hong Kong, Hungary, India, Ireland, Israel, Jamaica, Japan, Lithuania, Luxembourg, Malawi, Malaysia, Mauritius, Mexico, The Netherlands, Oman, Pakistan, Poland, Portugal, Russia, Slovenia, Spain, Sri Lanka, Republic of Srpska, Sweden, Switzerland, Chinese Taipei, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States of America.

In the vast majority of the responding jurisdictions, one or more member(s) of the audit committee must possess special skills or experience. However, there is not a uniform approach as to whether the requirement is applicable to one member, several members, or all members of the audit committee. A limited number of jurisdictions apply incremental requirements only to the chair of the audit committee.

### *Independence*

Ensuring the independence, objectivity and professional scepticism of the audit committee can be facilitated, for instance, by requiring the chair as well as the majority of the audit committee to be independent. Such a practice is in place in a number of jurisdictions.

### *Observed practice in many jurisdictions*

*Before a former audit practitioner can become an audit committee member, full departure and financial separation from the audit firm is required. Stock exchange listing rules require that the publicly listed entity itself establish clear hiring policies for employees or former employees of the independent auditor. It is also observed that further restrictions apply in the auditing and ethics standards.*

### *Special skills and expertise*

Specifying the required skills and expertise of audit committee members can contribute to the effectiveness of the audit committee. The increasing complexity of businesses, financial reporting, internal controls and the audit has an impact on both the scope and nature of the responsibilities of the audit committee. Therefore, it is important that the individual audit committee members possess appropriate expertise. Furthermore, the collective competence of an audit committee should be such that it is able to effectively carry out its responsibilities. Thus, it is important that the audit committee as a whole possesses the appropriate skills needed to carry out its work in a responsible manner.<sup>4</sup> Various stakeholders have emphasized the benefit of an audit committee composed of members with diverse experience and expertise and encourage a complement of financial and non-financial expertise to enhance the objectivity and scepticism of committee members.<sup>5</sup> In considering financial expertise, there should not be an undue emphasis on qualifications, but current and relevant experience should also be considered, for instance by having a background as a Chief Financial Officer (CFO).

### *Chair*

The importance of strong leadership qualities for the chair of the audit committee has been emphasized by various commentators.<sup>6</sup>

<sup>4</sup> Accountancy Europe recommendation for improvements of audit committees no. 4 [http://www.accountancyeurope.eu/wp-content/uploads/Discussion\\_Paper\\_on\\_Audit\\_Committees\\_120615.pdf](http://www.accountancyeurope.eu/wp-content/uploads/Discussion_Paper_on_Audit_Committees_120615.pdf)

<sup>5</sup> Global Observations on the Role of the Audit Committee, A summary of Roundtable Discussions <http://thecaq.org/sites/default/files/globalobservationsontheroleoftheauditcommittee.pdf>

<sup>6</sup> Global Observations on the Role of the Audit Committee, A summary of Roundtable Discussions <http://thecaq.org/sites/default/files/globalobservationsontheroleoftheauditcommittee.pdf>

### **3.2 The audit committee often plays an active role in the selection of the external auditor and in fee determination**

The audit committee is involved in the initial selection and the subsequent re-appointment of the external auditor in the vast majority of responding jurisdictions in the 2016 Survey. They are either directly responsible or they are involved by means of making a recommendation to the board of directors (or equivalent body). For instance, the EU audit reform legislation requires that the audit committee be responsible for auditor selection procedure and also define the selection procedure.<sup>7</sup> On the other hand, the audit committee is often *not* involved in the determination of the audit fee. According again to the 2016 Survey, in only some of the reporting jurisdictions is the audit committee required to make a recommendation or assessment of the audit fee for the consideration of the board of directors and in only a minority of the reporting jurisdictions is the audit committee directly responsible for the determination or approval of the audit fee, without further consideration by the board of directors.

#### *Observed practice in many jurisdictions*

*The audit committee, in its capacity as a committee of the board of directors, is directly responsible for the selection and re-appointment of the auditor.*

#### *Quality First*

It is a widely accepted view that it is not appropriate for the audited entity's management to appoint its own auditor. The selection of the auditor should be based more on the quality of the auditor than on fee considerations. In cases where the selection process is determined or significantly influenced by audit committees, this generally results in a more in-depth external audit (e.g. lower materiality threshold, greater degree of professional scepticism). It has also been suggested that auditors should not accept engagements where the audit committee is not leading the selection process.

In addition, it has also been suggested that, given the significance and complexity of the selection of an auditor, and recognizing that investors are the ultimate clients for a statutory audit, investors should be engaged in the selection process for the auditor. The audit committee could, for instance, include shareholder views and perceptions in risk indicator analyses. Moreover, by not including observations and perceptions from investors in the selection and evaluation of the auditor, investors may build in extra cost of capital for the audited entity.<sup>8</sup> A recent investor perception study carried out in Singapore also indicated that investors would like to engage with audit committees more and would like audit committees to explain to them the basis for selecting auditors.<sup>9</sup> This also comes from notes on good practice on audit tenders published recently by the Financial Reporting Council (FRC)<sup>10</sup>.

<sup>7</sup> Directive 2014/56/EU – Article 39.6 (f), Regulation 537/2014 – Article 16

<sup>8</sup> Panel session with the Advisory Group to the IOSWG, IFIAR plenary meeting, 20 April 2016

<sup>9</sup> ACRA-SGX-SID Investor Perception Study [https://www.acra.gov.sg/Into\\_the\\_Minds\\_of\\_Investors/](https://www.acra.gov.sg/Into_the_Minds_of_Investors/)

<sup>10</sup> Audit Tenders Notes on Best Practice, FRC, February 2017, <https://www.frc.org.uk/Our-Work/Publications/Audit-Quality-Review/Audit-Tenders-notes-on-best-practice.pdf>

Once the selection of the auditor is made, the determination of the audit fee can be the outcome of a careful consideration of different factors. Since investors pay the auditor's fee in their capacity as shareholders of the audited entity, this is often presented as the reason why the audit committee should actively engage with investors over the level of the fee. Ultimately, the fee should be dependent on the scope and quality of the audit and investors are not likely to accept a fee level that only delivers a low quality, high risk audit.

### **3.3 *The role of the audit committee with respect to auditor independence and the provision of non-audit services by the auditor, including tax or advisory services, to the audited entity***

In almost every reporting jurisdiction in the 2016 Survey, the audit committee is responsible for assessing and ensuring the independence of the auditor. In most cases, this assessment occurs only upon the appointment and re-appointment of the auditor. Many jurisdictions also noted that the applicable audit standards require the auditor to report to the audit committee whenever his or her independence is potentially impaired and to explain the safeguards in place to protect independence. In addition, in order to ensure auditor independence, the vast majority of the respondents prohibit the provision of certain non-audit services or, alternatively, require approval for certain non-audit services by the audit committee.

### **3.4 *Periodic assessment of auditor performance is an important task of the audit committee in many jurisdictions***

In approximately three quarters of the responding jurisdictions in the 2016 Survey, audit committees are responsible for periodically assessing auditor performance. In the majority of those jurisdictions, however, the specific factors to be considered are not set out in the relevant laws and regulations. Most audit committees choose to take into account the overall effectiveness of the audit process and their experience with the auditors by looking at quality and service.

Assessing audit quality can be a challenge for the audit committee. For example, research by the Dutch Authority for the Financial Markets ("AFM") revealed that audit committees in the Netherlands tend to use their own experiences and information from the company's executive board for this purpose. They have

limited access to or awareness of the findings of the internal quality reviews carried out by the audit firm on audit files or of the findings of reviews of the audit firm by the AFM or other supervisors.

#### ***Observed practice in many jurisdictions***

*Audit committees are required to establish and subsequently monitor a mechanism by which the audit committee can be alerted to complaints related to accounting, internal controls or auditing matters. Such a complaint monitoring mechanism (e.g. a whistle-blower hotline) can be used to monitor auditor performance, in addition to management's performance.*

On the other hand, drawing on evidence from own enquiries of the audit committee is also very valid. UK's FRC has developed a practice aid at the request of and with the input of audit committee members, which asked for guidance as to how to structure and obtain evidence to support their assessment of the external audit. The practice aid sets out how audit committees might obtain such evidence in the course of undertaking normal oversight of the financial reporting process; including drawing on the audit committee's observations of, and interactions with, the auditors and through interactions with management, company personnel and from external parties such as regulators.<sup>11</sup>

In recent times, greater emphasis has also been placed on measuring audit quality through the development of audit quality indicators ("AQIs") by some regulators, oversight bodies, professional bodies and audit firms<sup>12</sup>. Such indicators may help audit committees to make a more objective evaluation of the auditor's performance on audit quality, although it is recognised that selection of appropriate AQIs is key and that a range of more subjective factors will also be relevant.

#### *Observed practice in the European Union*

*Jurisdictions that advocate transparency to all stakeholders require a Transparency Report. Recent European Audit Regulation contains specific requirements for the statutory audit of Public Interest Entities (PIE) and requires the auditor to prepare an additional report for the audit committee. In this additional report, the auditor explains the results of the statutory audit performed and includes information with respect to his communication with the audit committee, his findings in relation to (suspected or identified) non-compliance, to the extent these findings are considered to be relevant to the ability of the audit committee to perform its duties.*

<sup>11</sup> Audit Quality Practice Aid for Audit Committees, FRC, May 2015, <https://www.frc.org.uk/Our-Work/Publications/Audit-and-Assurance-Team/Audit-Quality-Practice-Aid-for-Audit-Committees.pdf>

<sup>12</sup> Accountancy Europe's Overview of Audit Quality Indicators Initiative: [http://www.accountancyeurope.eu/wp-content/uploads/1607\\_Update\\_of\\_Overview\\_of\\_AQIs.pdf](http://www.accountancyeurope.eu/wp-content/uploads/1607_Update_of_Overview_of_AQIs.pdf)



### 3.5 *Effective communication between the auditor and the audit committee is widely required*

In most of the responding jurisdictions in the 2016 Survey, the auditor is required to communicate with the audit committee. The level of detail and formalisation of requirements on communication varies widely across jurisdictions. Some respondents require an auditor to report on details and insights that are not provided in the ordinary audit report, such as the nature and extent of the auditors public reporting.

#### *Observed practice in many jurisdictions*

*There are audit committee networks in which audit committees share (best) practices and Audit Committee Institutes that provide guidance and various resources in order to update and refresh the skills and knowledge of audit committees.*

In addition, in some jurisdictions, which are nearly all European, the audit committee receives a report about the governance of the audit firm and elements of its system of quality control for financial statement audits.

The above suggests that the auditor's communication with the audit committee can be an important part of the audit process and that enhanced communication between the auditor and the audit committee can be beneficial to both parties in their respective duties. Moreover, communication between the auditor and the audit committee can facilitate the audit committee's periodic assessment of auditor performance because it reduces the information gap.

#### *Observed practice in some jurisdictions*

*While not an explicit requirement for the audit committee to meet with the auditor without management present, a private meeting at yearly intervals is common practice.*

To assist audit committees in communicating with auditors, some regulators provide practice aids or questions.<sup>13</sup> These offered a model and inspiration for annex 1 which provides various questions that audit committee members may want to ask their auditors.

<sup>13</sup> For instance a) the PCAOB Audit Committee Dialogue, May 2015, <https://pcaobus.org/sites/digitalpublications/Pages/auditcommittees.aspx>, and the b) FRC Audit Quality Practice aid for audit committee, May 2015, [https://www.frc.org.uk/Our-Work/Publications/Audit-and-Assurance-Team/Audit-Quality-Practice-Aid-for-Audit-Committee-\(1\).pdf](https://www.frc.org.uk/Our-Work/Publications/Audit-and-Assurance-Team/Audit-Quality-Practice-Aid-for-Audit-Committee-(1).pdf)

### *Observed practice in a number of jurisdictions*

*Examples of guidance provided by some regulators on how audit committees might conduct their assessment of the effectiveness of the external audit include:*

- *highlighting factors related to audit quality that audit committees could consider when making their assessment and steps they could take in doing so;*
- *describing possible inputs (sources of evidence) for the audit committee's assessment;*
- *discussing the key professional judgments the auditor makes during the audit and how audit committees might assess them; and / or*
- *describing three elements that audit committees can consider when evaluating the quality of their auditor: (i) Skills, Character and Knowledge; (ii) Mindset and Culture; and (iii) Quality Control.*

### **3.6 Communication from the audit committee to the shareholders**

According to the 2016 Survey, half of the responding jurisdictions have established minimum requirements for audit committees to report to shareholders on the oversight of the auditor.

Shareholders have an (increasing) interest in understanding the role and performance of the auditor. By involving investors via the audit committees, the audit firms may feel an extra incentive to sharpen their focus on audit quality.

### *Observed practice*

*For those jurisdictions with audit committee reporting requirements to shareholders, many of the respondents noted that the requirements include the following disclosures:*

1. *approach to appointing or re-appointing the auditor;*
2. *how the audit committee assessed threats to auditor independence;*
3. *work performed by the audit committee in overseeing the auditor; and*
4. *how the audit committee assessed the effectiveness of the audit process.*

## 4 Questions and Possible Areas for Further Consideration

The previous chapter discussed the results from the IOSCO Survey Report on Audit Committee Oversight of Auditors (“the 2016 Survey”) on requirements related to audit committees, and also provided a number of observations about the operation of audit committees in various jurisdictions around the world. Based on the information in the previous chapter, this chapter poses various questions and identifies possible areas for further consideration about how to improve the oversight role of audit committees in order to further enhance audit quality globally. Many of the ideas presented below have previously been the subject of discussion in various jurisdictions around the world and will therefore benefit from additional discussion at the international level by interested parties, such as investors, audit committee members, (audit) regulators and policymakers as well as from academic research.

### A. *In order to enhance audit quality, to what extent should audit committee requirements address independence and special skills and expertise?*

#### *Independence*

As can be noted from the results of the 2016 Survey, it is important for the audit committee to be independent. However, there are various criteria that may be applied in order to define and determine the independence of audit committee members. Would it be worthwhile to further explore which criteria should define and determine independence, and how could such criteria serve to enhance audit quality? Examples of such criteria that have been considered elsewhere but might benefit from additional discussion are:

- the maximum term that an audit committee member may serve in his or her role;
- the relationships and other functions the audit committee member is allowed to maintain while serving on the committee; and
- the maximum share ownership percentage the audit committee member may hold, either directly or indirectly through the entities the member represents or has links with.

#### *Special skills and expertise*

In the vast majority of the responding jurisdictions in the 2016 Survey, one or more member(s) of the audit committee must possess special skills or experience relevant to the company in question. The skills or expertise required for the individual member and the audit committee collectively vary across jurisdictions. To what extent might the following criteria serve to enhance audit quality?

- Required “competencies” for an audit committee member. Examples could be a university degree in economics or finance, a professional qualification from a relevant professional organisation or significant professional and practical experience in accounting/auditing.<sup>14</sup>
- Required qualifications, for instance a background in finance or qualifications in the field of IT.
- A validity period of such qualifications and a continuing education system to ensure that members stay up to date with the latest developments in their field.
- The composition of the audit committee and whether only non-executive directors should act as audit committee members. Such a requirement could include the exclusion of management including the CFO of the company from the audit committee.<sup>15</sup>

**B. *What factors should be taken into account in the periodic assessment of the auditor’s performance?***

In the majority of jurisdictions taking part in the 2016 Survey, the audit committee assesses the auditor’s performance periodically. To what extent would it be beneficial for audit committees, in making their periodic assessment, to:

- have a framework of Audit Quality Indicators (AQI’s) which audit committees can use in their discussion with auditors on audit quality. It is recognised that the selection of appropriate AQI’s is key, however this discussion is still controversial and pending. Therefore, a range of more subjective factors may remain relevant;
- ask audit firms for their findings in the internal quality reviews. The audit committee could also request for the quality reviews of statutory audits by the independent audit regulator. These findings could be consequently discussed within the audit committee and be reflected on in future engagements and evaluations;
- provide a more detailed expectation for the periodic assessments of the auditor performance; and
- make use of sources of information that supplements to their own experiences and information provided by the company’s executive board which potentially provides more objectivity.

The periodic assessment of the auditor by the audit committee provides an opportunity to review the quality of the audit being produced by the auditor. If such assessment only occurs on a periodic basis, the auditor could be expected to provide more attention to quality only at the time of the assessment. In between these periodic assessments, however, the auditor might feel less pressure from audit committees to provide high quality audits. This leads to the following questions:

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<sup>14</sup> Accountancy Europe recommendation for improvements of audit committees no. 5 [http://www.accountancyeurope.eu/wp-content/uploads/Discussion\\_Paper\\_on\\_Audit\\_Committees\\_120615.pdf](http://www.accountancyeurope.eu/wp-content/uploads/Discussion_Paper_on_Audit_Committees_120615.pdf)

<sup>15</sup> Accountancy Europe recommendation for improvements of audit committees no. 2 [http://www.accountancyeurope.eu/wp-content/uploads/Discussion\\_Paper\\_on\\_Audit\\_Committees\\_120615.pdf](http://www.accountancyeurope.eu/wp-content/uploads/Discussion_Paper_on_Audit_Committees_120615.pdf)

- Would the auditor be more likely to deliver more consistently a high quality audit if audit committees were to demonstrate a more continuous interest in the quality of an audit and the outcome of a root cause analysis, for example, by putting, each audit on the agenda of the annual general meeting of the audited entity?
- What could be done to provide impetus to the audit committee to carefully monitor the audit and the auditor to ensure that deficiencies were prevented, or if not, at least exposed at an earlier stage?
- In the case of an audit failure without an appropriate remediation plan, what should be the response of the audit committee?
- Should it recommend not to reappoint the auditor or, as a last resort, propose to end the audit engagement with the auditor or the audit firm in question, or if it chooses not to do so, should it provide a reasonable explanation for retaining the auditor?
- In other words, should an internal procedure or a “comply or explain” practice be considered for the (dis)continuity of the auditor or audit firm by the audit committee in case of, for example, an audit failure or an ineffective root cause analysis?

**C. *How can communications with the audit committee serve to improve audit quality?***

The 2016 Survey revealed that, in most responding jurisdictions, audit committees are responsible for periodically assessing the auditor’s performance without being subject to specific requirements regarding the factors that they need to consider in making this assessment. It may be of interest to further explore ways in which various communication channels could be beneficial to the audit committee’s efforts to oversee the quality of an audit.

*Communication between the audit regulator and the audit committee*

It is a practical reality that audit regulators cannot draw statistically significant conclusions on the full set of audits performed by a large global audit firm. Generally, a risk-based approach is applied. Inspections findings which point at inconsistent quality are representative for internal control weaknesses and lack of duty of care applied within an audit firm. Checks and balances being absent or dis-functioning, will have a potential negative impact on any engagement. It can therefore be considered valuable for all quality assessments by audit committees to discuss the findings of the independent audit regulator(s) and risk mitigating actions proposed/taken, even though an audit was not selected by the audit regulator. This leads to the following questions:

- Would it be beneficial if audit regulators were to share their inspection findings directly with audit committees? If yes;
- Would this provide audit committees with a useful source of objective information about the performance of the auditor and would the audit committee be better positioned to further improve its assessment function? If so;

- Should such information be disclosed for an individual audit, or at a higher level about the firm itself, and not related to any specific issuer audit?

*Communication between the audit firm and the audit committee*

If audit firms were to share their inspection results as well as information on their quality control function with the audit committee would this reduce the information gap and better position the audit committee to further improve its assessment function? Would the external auditor provide the audit committee with useful insights when they meet more frequently?

*Communication between the shareholders and the audit committee*

Would some form of communication from the audit committee to the shareholders regarding the audit and the auditor's performance be worthwhile? If so, should it be encouraged through a 'comply or explain' reporting approach?

*Communication between the internal auditor and the audit committee*

Would the audit committee benefit from receiving information about the activities of the internal auditor – mainly focusing on the effectiveness of the internal risk management and control systems – including the internal auditor's interactions with and views about the audit firm?

## 5 Conclusion

The intention of this paper has been to provide information about the current role played by, and existing requirements relating to, audit committees in various jurisdictions around the world in order to contribute to a better understanding of these matters by interested parties and to enhance awareness about the potential impact of audit committees on audit quality globally. The paper also raises questions and identifies areas for further consideration by investors, audit committee members, (audit) regulators and policymakers with respect to how the audit committee might play an even greater role in improving audit quality in the future than is currently the case. Further research, including from academia, is encouraged to provide insights about audit committee practices and their influence on audit quality.

## Annex 1 – Possible Questions for Your Auditor (not limitative)

### Materiality

**Judgments about materiality are critical to the audit. The auditor has to determine an ‘overall’ level of materiality, this is essentially a judgment the auditor makes about the level of errors (misstatements) that would render the financial statements unacceptably incorrect. In planning the audit, materiality, taken together with the risk assessment, drives the extent and nature of the audit work.**

**Failure to make appropriate materiality judgments, or to update materiality during the audit, reduces audit quality by driving an inappropriate work effort, even if the auditor’s risk assessment is valid.**

Examples of matters audit committees may consider when assessing the auditor’s judgments about materiality:

- What are the bases for the materiality levels set, and how appropriate are those benchmarks used by the auditor in determining materiality levels? How do these reflect the needs and expectations of users?
- What is the overall performance materiality and what factors were taken into account in determining it?
- How will materiality levels affect the scope and level of audit work? Is the auditor applying their informed judgment or adopting a limit in the audit firm’s methodology with little or no judgment? What are the reasons for any change in materiality levels, and how does this affect the level of auditor’s work?
- What is the auditor’s approach to qualitative aspects of materiality, for example, how does the auditor evaluate misstatements in narrative disclosures?
- Have materiality levels been adjusted in the light of significant events arising near the year end and/or actual results that are very different from plan?
- At what level are identified misstatements reported to the audit committee and why?



### Nature and extent of audit work

**The auditor has to make judgments about the nature and extent of audit work that needs to be performed, so that it is responsive to the risks identified, and takes account of the materiality levels set.**

**Designing an appropriate response to the risks identified requires the auditor to use their auditing skills to design tests of the financial reporting processes and controls and/or the reported financial information that will enable them to evaluate whether the identified risks have materialised.**

Examples of matters audit committees may consider when assessing the auditor's judgments about audit testing included:

- Has the auditor been able to articulate their testing strategy in a manner that is understandable?
- Are there specific areas of risk that are of greater concern to the audit committee, where they might want to probe the auditor's judgments more deeply?
- To what extent does the auditor intend to rely on the effectiveness of internal controls? Is this consistent with the audit committee's understanding of the reliability of the company's relevant internal controls?
- Can the auditor clearly explain their testing strategy in relation to fraud, revenue recognition, laws and regulation, and management override of controls?

### Auditing estimates, including fair value measurements, and disclosures

**Accounting estimates warrant significant audit attention because they involve subjective factors and judgments, which make them susceptible to management bias and material misstatement. For instance areas such as revenue, allowances for loan losses, inventory reserves, fair value measurements, and tax-related estimates.**

**Auditors also need to pay close attention to the identification and evaluation of indicators of asset impairments, particularly when economic conditions deteriorate. They need to pay close attention to the related controls.**

**Auditors have to make sure that they evaluate the available information that appeared to be contrary to the information management used to support its estimates, including, for example, cash flow forecasts used in the budgeting process that differ from those used to determine the fair value of intangible assets for purposes of assessing whether those intangible assets or goodwill is impaired.**

Examples of matters audit committees may consider when assessing the auditing estimates, including fair value measurements, and disclosures:

- What does your auditor do to obtain a thorough understanding of the assumptions and methods the company used to develop critical estimates, including fair value measurements?
- What is your auditor's approach to auditing critical accounting estimates, such as allowances for loan losses, inventory reserves, and tax-related estimates?
- Will your engagement team use its firm's in-house valuation specialists? If so, how are the specialists integrated into the engagement team? How are specialists supervised, and how are significant issues they identify resolved? If the firm does not have in-house valuation specialists, does the firm engage external specialists to assist the auditor with their audit of complex estimates?

### Referred work in cross-border audits

**When auditing a multi-national company, the signing (or principal) auditor usually refers portions of the audit work (so-called “referred work”) to other firms, which are usually affiliated firms that are located in the foreign countries where the company has operations. In such cases, the quality of the referred work can be critical to determining whether the financial statements are free of material misstatement and, if required, whether the company’s internal control over financial reporting is effective.**

Examples of matters audit committees may consider when assessing referred work in cross-border audits:

- How does the engagement partner assess the quality of the audit work performed in other jurisdictions?
- How does your auditor review the work? Does your auditor visit other countries to review the audit work done there? What steps does your auditor take to make sure that the work is performed by persons who understand the applicable audit and accounting standards and financial reporting requirements?
- As part of planning the audit, does your auditor consider performing additional steps if the referred work is in an area that has recently been the subject of a significant number of inspection findings on your auditor by your audit regulator?

### Quality reviews by audit regulator and internal reviews

Examples of questions audit committees can ask their auditor:

- Were the firms that participate in the group audit recently inspected by your audit regulator? If yes, what does the engagement partner know about the results?
- To what extent are the audit quality issues identified by the audit regulator in their public reports related to the testing strategy and what remedial action has the auditor considered?



### **About IFIAR**

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. The following organisations are observers of IFIAR meetings: Basel Committee of Banking Supervisors (BCBS) European Commission, Financial Stability Board (FSB), International Association of Insurance Supervisors (IAIS) International Organization of Securities Commission (IOSCO), Public Interest Oversight Board (PIOB) and the World Bank. Dedicated to serving the public interest and enhancing investor protection, IFIAR provides a platform for dialogue and information-sharing regarding audit quality matters and regulatory practices around the world, and promotes collaboration and consistency in regulatory activity. For more information about IFIAR, please visit [www.ifiar.org](http://www.ifiar.org).

## 監査監督機関国際フォーラム（IFIAR）本会合開催実績

	期 間	場 所	参 加 当 局
第 1 回	平成 19 年 3 月 22・23 日	東京	22 か国・地域
第 2 回	平成 19 年 9 月 24・25 日	トロント	21 か国・地域
第 3 回	平成 20 年 4 月 9～11 日	オスロ	22 か国・地域
第 4 回	平成 20 年 9 月 22～24 日	ケープタウン	21 か国・地域
第 5 回	平成 21 年 4 月 27～29 日	バーゼル	30 か国・地域
第 6 回	平成 21 年 9 月 14～16 日	シンガポール	29 か国・地域
第 7 回	平成 22 年 3 月 22～24 日	アブダビ	30 か国・地域
第 8 回	平成 22 年 9 月 27～29 日	マドリッド	37 か国・地域
第 9 回	平成 23 年 4 月 11～13 日	ベルリン	34 か国・地域
第 10 回	平成 23 年 9 月 26～28 日	バンコク	29 か国・地域
第 11 回	平成 24 年 4 月 16～18 日	釜山	32 か国・地域
第 12 回	平成 24 年 10 月 1～3 日	ロンドン	39 か国・地域
第 13 回	平成 25 年 4 月 15～17 日	ノールドワイク	42 か国・地域
第 14 回	平成 26 年 4 月 7～9 日	ワシントン D.C.	44 か国・地域
第 15 回	平成 27 年 4 月 21～23 日	台北	38 か国・地域
第 16 回	平成 28 年 4 月 19～21 日	ロンドン	48 か国・地域
第 17 回	平成 29 年 4 月 4～6 日	東京	47 か国・地域

(注)平成 25 年以降、本会合は年1回の開催とし、別途オフィサー、諮問委員会メンバー及びワーキング・グループ議長等による中間会合を開催。

## IFIAR 検査ワークショップ開催実績

	期 間	場 所	参 加 当 局
第 1 回	平成 19 年 5 月 30・31 日	アムステルダム	22 か国・地域
第 2 回	平成 20 年 1 月 29・30 日	ベルリン	20 か国・地域
第 3 回	平成 21 年 2 月 11～13 日	ストックホルム	25 か国・地域
第 4 回	平成 22 年 2 月 9～12 日	パリ	31 か国・地域
第 5 回	平成 23 年 2 月 23～25 日	ワシントン	30 か国・地域
第 6 回	平成 24 年 3 月 5～7 日	アブダビ	32 か国・地域
第 7 回	平成 25 年 3 月 4～6 日	チューリッヒ	38 か国・地域
第 8 回	平成 26 年 3 月 10～12 日	クアラルンプール	36 か国・地域
第 9 回	平成 27 年 3 月 2～4 日	ロンドン	37 か国・地域
第 10 回	平成 28 年 2 月 22～24 日	アブダビ	34 か国・地域
第 11 回	平成 29 年 2 月 8～10 日	アテネ	41 か国・地域
第 12 回	平成 30 年 2 月 20～22 日	コロンボ	41 か国・地域

**【会計監査税務】**

- 日本監査研究学会
- 日本監査役協会
- 日本公認会計士協会  
日本税理士会連合会
- 日本内部監査協会

**【経済界】**

- 経済同友会
- 日本経済団体連合会

**【金融資本市場】**

- 金融先物取引業協会
- 国際銀行協会（I B A）
- 信託協会
- 生命保険協会
- 全国銀行協会
- 第二種金融商品取引業協会
- 投資信託協会
- 日本証券アナリスト協会
- 日本証券業協会
- 日本損害保険協会
- 日本投資顧問業協会
- 日本取引所グループ
- 日本 I R 協議会

**【その他】**

- 日本弁護士連合会

**【オブザーバー】**

- 東京都

計 22 団体

（注 1）各分類内で 50 音順

（注 2）○印は、ネットワークの行事を企画する企画委員会に所属する会員。計 9 会員。



平成29年12月22日  
金融庁/公認会計士・監査審査会

## 監査監督上の協力に関する中華人民共和国財政部 との書簡交換について

1. 本日、北京において、越智隆雄内閣府副大臣と史耀斌中国財政部副部長が会談を行い、日中間の監査監督上の協力に関する書簡の交換を行いました。
2. 本書簡は、両国の監査法人に対する監督当局が、相互主義等の原則の下、必要な範囲内で監督上の情報交換を行うことを可能にするものです。
3. これにより、日本企業の中国本土におけるパンダ債発行に必要な環境整備を図るとともに、日本で起債する中国企業に投資を行う本邦資本市場における投資者の保護に資することが期待されます。

(注) パンダ債：中国本土で非居住者が発行する人民元建債券

4. 本書簡の交換は、本年5月に横浜で開催された第6回日中財務対話において合意された、金融分野における実務的協力の更なる強化、日中両国の金融協力の拡大に資するものです。

### お問い合わせ先

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総務企画局企業開示課 (内線3661、2768)

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