

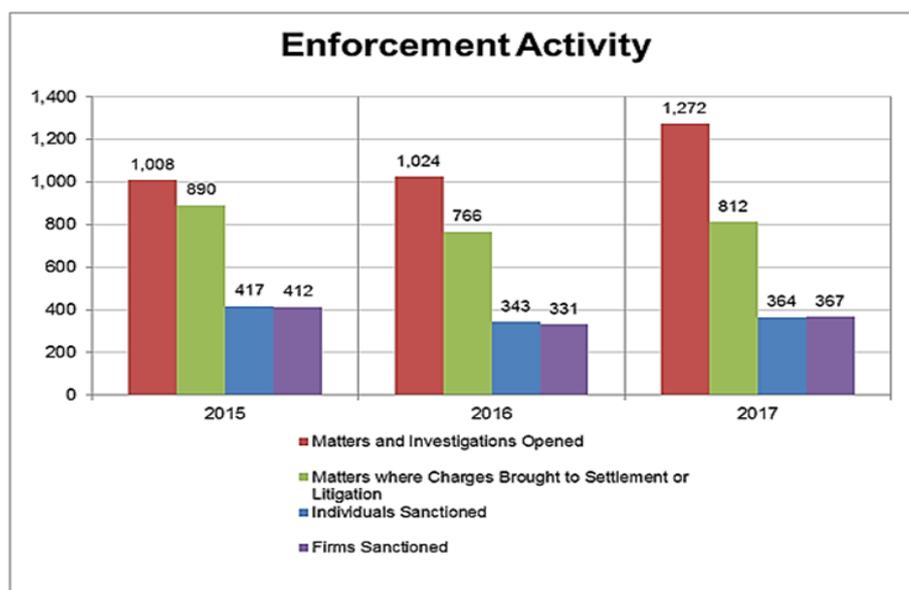
IFIAR Releases Report on Survey of Audit Regulators’ Enforcement Regimes

December 14, 2018

An IFIAR [report](#) released today on the second Survey of Enforcement Regimes underscores the extent to which IFIAR members have the authority to respond to auditor misconduct and enforce compliance with the rules, laws, and standards that govern the audit profession in different parts of the globe. The results recognize the unique and critical role that enforcement plays in audit oversight.

Forty-two IFIAR members participated in the 2018 Survey, which sought information from members concerning the authority and structures of their enforcement programs, the handling and reporting of enforcement matters, historical and trend information, sharing information with other regulatory authorities, and ideas for reform. The 2018 Survey updates results from the first enforcement survey in 2014 and focuses on the three years from 2015 through 2017.

The report documents the ways in which IFIAR members exercise their investigative and disciplinary powers as well as grow or improve their enforcement programs. The IFIAR members reported a significant level of enforcement activity from opening investigations and litigating or settling matters to imposing sanctions from 2015 through 2017:



During the same period, many members (52% of those who participated in both the 2014 and 2018 surveys) were also given new enforcement authority, including additional types of disciplinary measures and sanctions, the ability to publish enforcement matters at earlier stages, and expanded jurisdiction to oversee and discipline third parties involved in an audit.

Demonstrating regulators' ability to pursue matters that may be larger, some 60% of the responding IFIAR members had imposed disciplinary measures or sanctions against at least one larger firm (i.e., at least one member firm of the six largest international audit networks) during the 2015 to 2017 period. The survey results also showed that the number of fines imposed on these largest firms and their partners increased in the same period as compared to the period from 2011 to 2013.

The 2018 Survey questioned members on observed trends and recurring issues relating to certain quality control areas. The leading response was independence, with 57% of respondents citing this as a recurring theme. Members consistently identified independence as a lingering compliance issue to be addressed by enforcement despite the variation in regimes, standards, and rules. Engagement Quality Control Review (EQCR) was a close second, cited by 50% of respondents. Other dominant themes that emerged from the 2018 Survey results include the importance of cross-border cooperation between members, particularly with the magnitude of cross-border audit services. Also, the ability to publish information about matters and the timing of such publications varies widely but regulators actively seek, consider, and use public disclosure as an enforcement tool.

Taken together, the 2018 Survey results highlight audit regulators' efforts to address audit quality through disciplinary measures and sanctions that influence auditor behaviour.

About the Survey

IFIAR's Survey of Enforcement Regimes, first performed in 2014 and updated for 2018, is designed to elicit useful information about enforcement powers and activities conducted by IFIAR members primarily concerning audits of financial statements, but also addressing other accounting services and activities. The Survey's purpose is to develop an understanding of the mandates, objectives, and legal authority of members' enforcement regimes with the goal of sharing information and fostering the discussion of current and emerging enforcement issues, methodologies, and techniques. The report is a summary and analysis of responses and is intended to be used for informational purposes, not as recommended best practices. In addition, the table on the preceding page, which is also on page 33 of the report, should be read with the understanding that some respondents did not report data for this question either because they said their information concerning enforcement activity level was confidential, they declined to answer without explanation, they said no information was available, or their program was not yet established. As a result, it is possible that the numbers in the table understate the true numbers.

About IFIAR

Established in 2006, the International Forum of Independent Audit Regulators (IFIAR) comprises independent audit regulators from 53 jurisdictions representing Africa, North America, South America, Asia, Oceania, and Europe. 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 in regulatory activity. IFIAR's official observer organizations are the Basel Committee on Banking Supervision, the European Commission, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the Public Interest Oversight Board and the World Bank. For more information about IFIAR, visit www.ifiar.org.