



**REPORTS ON THE OBSERVANCE OF STANDARDS AND CODES
(ROSC)**

Accounting and Auditing

DIAGNOSTIC TOOL - PART 1

Review of the Accounting and Auditing Environment

June 2008

INTRODUCTION

I. Background Information – Accounting and Auditing ROSC

As part of the Reports on the Observance of Standards and Codes (ROSC) initiative, the World Bank conducts the Review of Accounting and Auditing (A&A) Practices. This review assesses the comparability of national accounting and auditing standards with International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISAs), respectively, and the degree of actual compliance with the standards applicable to the Statutory Financial Statements of business entities. The review also focuses on the institutional arrangements that underpin the quality of accounting and auditing practices. An overview of the ROSC-A&A program, as well as a detailed presentation of the ROSC A&A methodology and the diagnostic tool, are available at http://www.worldbank.org/ifa/rosc_aa.html.

The World Bank has developed a diagnostic tool with four parts to support the review. The Responses to the diagnostic tool are supplemented by a due diligence exercise by members of the World Bank ROSC-A&A team.¹ This first part of the diagnostic tool seeks to provide an overview of the accounting and auditing environment in the country.

II. Instructions for Completing the Questionnaire

For ease of reference and in the interest of promoting comparability across questionnaires, this introduction section includes [a definitional section](#).

The questionnaire begins with general information ([Section I](#)); then asks for information on the statutory framework ([Section II—A](#)) which governs the preparation and auditing of financial statements, distinguishing between requirements applicable to general commercial entities and regulated commercial entities (e.g., financial institutions, publicly-traded companies). The questionnaire then proceeds to look at the public accounting and auditing profession, its oversight, certification and licensing requirements, and other practices associated with the exercise of the profession ([Section II—B](#)). The following part ([Section II—C](#)) deals with the education and training of accountants and auditors, both initial and ongoing. It is followed by a section on standards setting ([Section II-D](#)). Finally, monitoring and enforcement by various regulatory authorities is dealt with separately in [Section II-E](#).

The questionnaire is quite detailed and extensive. Parts of it may not be relevant to the country, for example, in Sections II—A and II—E there are detailed sub-sections on the regulation of the securities market, the banking sector, the insurance sector, non banking financial institutions, and undertakings for collective investment (e.g., investment funds). Where there is no separate regulation for such sub-sections in the country, please give a brief explanation of the circumstances and the sub-section may be omitted.

Depending on the country, there may appear to be some overlap or duplication in the information requested (statutory overview and monitoring and enforcement, for example). However, experience with the questionnaire has indicated that questions from different perspectives may elicit different responses. Some questions may not fit exactly the system of law and regulation in the country (for example, regarding an Accounting Law or an Auditing Law, should the country follow a common

¹ ROSC-A&A team members consist of the World Bank staff as well as representatives of partner institutions (e.g., accounting standard setters, financial sector regulators, etc.) invited to participate in the ROSC A&A assessments.

law system). Please try to give information relevant to the question area where any such mismatch occurs.

Please provide your responses by keying information into the blank spaces provided, identifying the article/section of the legislation your response is based on. The blue lines are formatted so that your responses will appear **in blue lettering**. Also, please provide a complete copy of legislation, regulations, stock exchange listing rules, standards, rules of professional bodies/associations, and codes of corporate governance dealing with the issues covered in this questionnaire (electronic or paper version in the country's official language and in English, if available).

III. Definitions

- **Employed Professional Accountant** A professional accountant employed in industry, commerce, the public sector or education. A professional accountant is an individual who is a member of an IFAC member body.²
- **Government Business Enterprises** Refers to business enterprises, which operate within the public sector ordinarily to meet a political or social interest objective. They are ordinarily required to operate commercially, that is, to make profits or to recoup through user charges a substantial proportion of their operating costs.³
- **Group Financial Statements** Refers to the financial statements of a group, i.e. a parent and all its subsidiaries, presented as those of a single combined economic entity (also known as “consolidated financial statements”).
- **IFRS** Within the ROSC A&A diagnostic tool, IFRS refers to all standards and related interpretations issued by the International Accounting Standards Board (IASB) and its predecessor, the International Accounting Standards Committee (IASC). IASC- issued standards are known as International Accounting Standards (IAS). In line with IASB's pronouncements, it is a common practice, reference to IFRS also includes IAS.
- **Legal Entity Financial Statements** Refers to the separate financial statements of an entity (also known as “individual financial statements”).
- **Listed Company** Refers to companies whose equity or debt securities are admitted to trading on a regulated market (also known as “publicly traded companies”).
- **National Accounting Standards** Refers to any applicable national accounting and financial reporting requirements including laws, regulations, charts of accounts, standards etc. irrespective of whether they are issued or mandated by parliament, government, government agencies, securities commission, standard setting body, the accountancy profession or any

² Adapted from Glossary of Terms (2008 Edition), Handbook of International Auditing, Assurance, and Ethics Pronouncement, International Federation of Accountants, 2008.

³ Source: Glossary of Terms (2008 Edition), Handbook of International Auditing, Assurance, and Ethics Pronouncement, International Federation of Accountants, 2008.

other body. They may deal with the preparation, presentation and content of financial statements as well as the accounting records that underpin the financial statements. They may also deal with the publication or filing of financial statements.

- National Auditing Standards Refers to any applicable national auditing requirements including laws, regulations, standards etc. irrespective of whether they are issued or mandated by parliament, government, government agencies, securities commission, standard setting body, the accountancy profession or any other body.
- OECD Organization for Economic Cooperation and Development
- Professional Accountant A professional accountant is an individual who is a member of an IFAC member body. This refers to those persons, whether they are in public practice, (including a sole practitioner, partnership or corporate body), industry, commerce, the public sector or education, who is a member of a professional accountancy body.⁴
- Professional Accountant in Public Practice A professional accountant, irrespective of functional classification (e.g., audit, tax or consulting) in a firm that provides professional services. This term is also used to refer to a firm of professional accountants in public practice.⁵
- Statutory (Legal Entity/Group) Financial Statements Refers to general purpose financial statements that are directed at the common needs of external users including shareholders, creditors, employees, governments, government agencies and the public at large. Statutory financial statements are prepared in order to meet requirements issued or mandated by Parliament, Government, Government Agencies, securities market regulator or any other body vested with legal authority to establish such a requirement.
- Statutory Audit Refers to an external audit of Statutory Financial Statements, which is undertaken in order to meet requirements issued or mandated by Parliament, Government, Government Agencies, securities market regulator or any other body vested with legal authority to establish such a requirement.
- Statutory Auditor A professional accountant in public practice, individual or firm, conducting a Statutory Audit.

⁴ Adapted from Glossary of Terms (2008 Edition), Handbook of International Auditing, Assurance, and Ethics Pronouncement, International Federation of Accountants, 2008.

⁵ Source: Glossary of Terms (2008 Edition), Handbook of International Auditing, Assurance, and Ethics Pronouncement, International Federation of Accountants, 2008.

QUESTIONNAIRE

I. General Information

Please fill out the column to the right:

Country:	_____
Date of Preparation:	_____
Individual(s) Responsible for Preparation:	_____
Organizational Affiliation(s):	_____
Job Title/Qualifications	_____
Address:	_____
Telephone Number:	_____
Fax Number:	_____
E-mail Address:	_____

II. Statutory and Institutional Frameworks

II. A. Statutory Framework

II.A.1. Overview of the Statutory Framework

1. How would you generally describe the main influences on your legal system (Commonwealth, French civil law, German civil law, Roman-Dutch law, Japanese law, a combination of these, or other influences)?

2. Has your legislative and regulatory regime applicable to commercial entities, financial institutions, undertakings for collective investment, capital markets, financial reporting, accounting or Statutory Audit been subject to significant changes of any kind in recent years (e.g., in the last 10 years)?

3. If so, what were the main sources for the changes (e.g., introduction of market principles, internationally comparable securities laws)?

4. Does your legal system have a specific Accounting Law? Statutory Audit Law? Are financial reporting requirements set out in corporate legislation or securities markets regulation?

5. Does your country have a Code of Corporate Governance?

6. If yes, is compliance with the Code of Corporate Governance voluntary or mandatory?

7. Whether the corporate accountants and/or auditors have any specific obligation under the Code of Corporate Governance?

II.A.2. Commercial Entity Legislation⁶

8. Please provide the following data regarding the different kinds of commercial entities:

<i>Type of commercial entity/legal form (e.g., joint stock company, limited liability company)</i>	<i>Number of registered entities</i>	<i>Comments on the economic significance of this type of commercial entity (e.g., contribution to GDP)</i>

9. What legislation governs the creation and internal affairs of entities engaged in commercial activities (e.g., Commercial Code, Civil Code, Corporations Law, Partnership Act, Companies Act, etc)?

10. What is the enacting body, the enactment date and date of most recent significant amendments of the legislation in Question 9?

11. What legislation governs the creation and internal affairs of entities engaged in non-commercial activities, such as foundations, not-for-profit associations?

12. What is the enacting body, the enactment date and date of most recent significant amendments of the legislation in Question 11?

13. What legislation governs the creation and internal affairs of Government Business Enterprises?

14. What is the enacting body, the enactment date and date of most recent significant amendments of the legislation in Question 13?

15. What are the financial reporting requirements established by the commercial entity legislation? For each kind of commercial entity and Government Business Enterprises please specify:

- (a) the type of Statutory Financial Statements to be prepared (e.g., balance sheet and income statement, Legal Entity and/or Group Financial Statements),
- (b) the information contained therein (e.g., specific format imposed by the legislation),
- (c) the publication and filing requirements (e.g., whether the Statutory Financial Statements must be published in a newspaper or filed with a “business registry,” and
- (d) the deadline(s) for publication and/or filing.

⁶ This Section should not be restricted to “Companies Act” and/or “Commercial Code” but should extend to legislation pertaining to commercial entities—which would include partnerships, associations of various kinds (for profit and not-for-profit), and Government Business Enterprises.

16. What are the Statutory Audit requirements established by the commercial entity legislation? Please distinguish among the various types of entities, if applicable. Also, please distinguish between Legal Entity and Group Financial Statements, if applicable.

17. What are the conditions established by the commercial entity legislation to be met to act as Statutory Auditor of a commercial entity? Please distinguish among the various types of entities, if applicable.

18. What are the mechanisms governing Statutory Auditor appointment and termination set out in the commercial entity legislation?

Specifically, how does the commercial entity legislation regulate the following matters?

Who nominates and who appoints the Statutory Auditor?

How long is the Statutory Auditor appointed for? Is this period renewable?

Are joint Statutory Audits required? If so, please describe.

Is there a requirement for rotation of the Statutory Auditor (or audit partner)? If so, please describe.

19. Does the commercial entity legislation include provisions regarding the establishment of monitoring mechanisms to ensure compliance with the accounting, reporting, and auditing requirements? If yes, please describe the mechanisms as set out in the legislation.

20. Does the commercial entity legislation require that the Statutory Auditor attends the annual shareholders' meeting and be available for questions by the shareholders? If yes, please describe.

21. What are the potential consequences in the event of noncompliance with the accounting, reporting, and auditing requirements (e.g., fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by shareholders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the company, and its Statutory Auditor?

Where are the consequences found (e.g., in the Acts or Codes, in a civil code, criminal code, capital markets legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken such action in recent years (e.g., last five years).⁷

22. Does the commercial entity legislation relating to accounting, financial reporting, and auditing pose any difficulty to commercial entities or their Statutory Auditors? About what would the entities or their auditors typically complain?

Specifically, please describe whether:

There are areas where commercial entities would like to see changes in accounting, financial reporting, or auditing requirements?

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

II.A.3. Securities Market Regulations

23. Please provide the following data regarding the country's securities market:

	<i>Number/Amount as of:</i>	<i>Comments</i>
Number of stock exchanges^a		
Total market capitalization^b		
Number of Listed Companies^c		
Number of newly Listed Companies within the last 12 months		
Listed bond volume^d		

^a Please list in "Comments" all stock exchanges.
^b Please specify in "Comments" for each stock exchange, if applicable. Also provide breakdown among different listing tiers, if applicable.
^c Please provide breakdown among different listing tiers, if applicable.
^d Please specify in "Comments" the volume for government and corporate bonds, if applicable.

24. With regard to the securities market regulator and the stock exchange(s), what are the name(s) of the related laws, decrees, circulars, other regulations, and listing rules with the enacting bodies and the enactment date? Please provide a copy where such regulations relate to financial reporting.

⁷ Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

25. What are the accounting requirements and interim and annual financial reporting requirements applicable to Listed Companies set forth in listing rules emanating from a stock exchange as well as legislation and regulation administered by a securities market authority?

Specifically, please indicate:

The type of reports/financial statements to be prepared

The publication and filing requirements

The deadlines for publication and filing

26. Are there any differences between the rules and regulations of the securities market authority relating to financial reporting and stock exchange rules/listing requirements? If there are differences, indicate in tabular form what they are, and what Listed Companies comply with in practice?

<i>Securities market authority Rules</i>	<i>Stock Exchange Rules</i>
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27. What are the Statutory Audit requirements applicable to Listed Companies set forth in listing rules emanating from a stock exchange as well as legislation and regulation administered by a securities market authority?

28. What conditions are required to be met to act as Statutory Auditor of a Listed Company set forth in listing rules emanating from a stock exchange as well as legislation and regulation administered by a securities market authority?

29. What are the mechanisms governing Statutory Auditor appointment and termination set forth in listing rules emanating from a stock exchange as well as legislation and regulation administered by a securities market authority?

Specifically, please indicate:

Who appoints the Statutory Auditor?

How long is the Statutory Auditor appointed for?

Are joint Statutory Audits required? If so, please describe.

Is there a requirement for rotation of the Statutory Auditor (or audit partner)? If so, please describe.

30. Does the resignation or termination of a Statutory Audit engagement need to be reported to the securities market authority and/or the stock exchange(s)? If so, please describe the procedure.

31. Is there a limitation on the number of Listed Companies a single Statutory Auditor can work on in a year?

32. Please provide the following data regarding the first six Statutory Auditors of Listed Companies ranked by number of companies they audit:

<i>Name of the Statutory Auditor</i>	<i>Number of Listed Companies they audit</i>	<i>% of Market Capitalization</i>
1)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>
2)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>
3)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>
4)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>
5)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>
6)	<input style="width: 90%; height: 15px;" type="text"/>	<input style="width: 90%; height: 15px;" type="text"/>

33. Describe briefly the accounting, financial reporting, and Statutory Audit requirements for filing a registration statement in the case of an initial or secondary public offering (equity or debt).

34. What are the institutions responsible for monitoring compliance with the accounting, financial reporting, and Statutory Audit requirements for Listed Companies?

Specifically, please indicate/provide:

The department name	<input style="width: 95%; height: 15px;" type="text"/>
The number of staff dedicated to the monitoring activities	<input style="width: 95%; height: 15px;" type="text"/>
The average number of years of experience of the staff members	<input style="width: 95%; height: 15px;" type="text"/>
The professional background of the staff members	<input style="width: 95%; height: 15px;" type="text"/>
A brief description of the monitoring mechanisms	<input style="width: 95%; height: 15px;" type="text"/>

35. Please describe the relationship between the securities market authority and the Statutory Auditors (e.g., is there any additional requirement for the Statutory Auditors to contribute to the monitoring and enforcement process, including “whistle-blowing” requirements, etc.):

36. What are the potential consequences in the event of noncompliance with the accounting, financial reporting, and Statutory Audit requirements (e.g., are there fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by shareholders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the	<input style="width: 95%; height: 15px;" type="text"/>
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company, and its Statutory Auditor?

Where are the consequences found (e.g., in the Act or Code, in a civil code, criminal code, capital markets legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken such action in recent years (e.g., last five years).⁸

- 37. Do listing rules emanating from a stock exchange or the legislation and regulation administered by a securities market authority relating to accounting, financial reporting, and Statutory Audit pose any difficulty to commercial entities or their auditors? About what would the entities or their auditors typically complain?

Specifically, please describe whether:

There are areas where commercial entities would like to see changes in accounting, financial reporting, or auditing requirements?

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

- 38. Are there any inconsistencies between securities markets regulations covering accounting, financial reporting and Statutory Audit requirements, and the provisions of other laws and regulations in the country? Describe the inconsistencies.

II.A.4. Regulations Applicable to Banks⁹

- 39. Please provide the following data regarding the country’s banking sector:

Table with 3 columns: Category, Number/Amount as of, and Comments. Rows include Number of banks and Total banking assets.

Provide a general description of the banking sector’s ownership (e.g., state-owned, foreign-owned):

8 Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

9 For the purpose of this questionnaire, the term “bank” includes all financial institutions, one of whose principal activities is to take deposits and borrow with the objective of lending and investing.

40. With regard to the banking sector regulatory authority and banking legislation, what are the name(s) of the related laws, decrees, circulars, and other regulations, with the enacting bodies and the enactment date?

41. What are the accounting requirements applicable to banks? Please indicate what additional accounting and financial reporting requirements (such as prudential and regulatory reporting) are applicable to banks over and above the general requirements for business entities.

Specifically, please indicate:

Accounting standards used in
Statutory Financial Statements

Accounting standards used in
regulatory/prudential financial
statements

42. What are the interim and annual financial reporting requirements applicable to banks?

Specifically, please provide the following information regarding Statutory Financial Statements:

The type of financial statements to be
prepared (e.g., Legal Entity Financial
Statements, Group Financial
Statements)

The publication and filing
requirements

The deadlines for publication and
filing

43. What are the Statutory Audit requirements applicable to banks?

44. What conditions are required to be met to act as Statutory Auditor of a bank?

45. What are the mechanisms governing Statutory Auditor appointment and termination set forth in the banking legislation?

Specifically, please indicate:

Who appoints the Statutory Auditor?

How long is the Statutory Auditor
appointed for?

Are joint Statutory Audits required?
If so, please describe.

Is there a requirement for rotation of the Statutory Auditor? If so, please describe.

46. Does the resignation or termination of a Statutory Auditor engagement need to be reported to the banking sector regulatory authority? If so, please describe the procedure.

47. Is there a limitation on the number of banks a single Statutory Auditor can work on in a year?

48. Please provide the following data regarding the six major Statutory Auditors of banks ranked by number of banks they audit:

<i>Name of the Statutory Auditor</i>	<i>Number of banks they audit</i>	<i>% of total banking assets</i>
1)		
2)		
3)		
4)		
5)		
6)		

49. What are the institutions responsible for monitoring compliance with the accounting, financial reporting, and Statutory Audit requirements for banks?

Specifically, please indicate/provide:

The department name

The number of staff dedicated to the monitoring activities

The average number of years of experience of the staff members

The professional background of the staff members

A brief description of the monitoring mechanisms

50. Please describe the relationship between the banking sector regulatory authority and the Statutory Auditors (e.g., is there any additional requirement for the Statutory Auditors to contribute to the monitoring and enforcement process, including “whistle-blowing” requirements, etc.):

51. What are the potential consequences in the event of noncompliance with the accounting, financial reporting, and Statutory Audit requirements (e.g., are there fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by shareholders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the company, and its Statutory Auditor?

Where are the consequences found (e.g. in the Act or Code, in a civil code, criminal code, capital markets legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken such action in recent years (e.g., last five years).¹⁰

52. Does banking legislation relating to accounting, financial reporting, and Statutory Audit pose any difficulty to banks or their Statutory Auditors? About what would the banks or their auditors typically complain?

Specifically, please describe whether:

There are areas where banks would like to see changes in accounting, financial reporting, or auditing requirements?

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

53. Are there any inconsistencies between regulations pertaining to banks covering accounting, financial reporting and Statutory Audit requirements, and the provisions of other laws and regulations in the country (e.g., inconsistencies between the commercial entity and the banking legislation)?

54. Are there any conflicts between the banking sector regulatory authority's and the securities market authority's requirements relating to financial statements of listed banks? What are they? How are they resolved in practice?

II.A.5. Regulations Applicable to Insurance Undertakings¹¹

55. Please provide the following data regarding the country's insurance sector:

¹⁰ Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

¹¹ For the purpose of this questionnaire, the term "insurance undertaking" includes all life and non-life insurance undertakings, as well as reinsurance undertakings.

	<i>Number/Amount as of:</i> _____	<i>Comments</i>
Number of insurance undertakings	_____	_____
Of which:	_____	_____
Life insurance	_____	_____
Non-life insurance	_____	_____

Provide a general description of the insurance sector as follows:

Ownership (e.g., state-owned, foreign-owned)
 Insurance penetration (e.g., insurance sector growth, insurance premiums as compared with GDP)

56. With regard to the insurance sector regulatory authority and insurance legislation, what are the name(s) of the related laws, decrees, circulars, and other regulations, with the enacting bodies and the enactment date?

57. What are the accounting requirements applicable to insurance undertakings? Please indicate what additional accounting and financial reporting requirements (such as prudential and regulatory reporting) are applicable to insurance undertakings over and above the general requirements for business entities.

Specifically, please indicate:

Accounting standards used in Statutory Financial Statements
 Accounting standards used in regulatory/prudential financial statements

58. What are the interim and annual financial reporting requirements applicable to insurance undertakings?

Specifically, please provide the following information regarding Statutory Financial Statements:

The type of financial statements to be prepared (e.g., Legal Entity Financial Statements, Group Financial Statements)
 The publication and filing requirements
 The deadlines for publication and filing

59. What are the Statutory Audit requirements applicable to insurance undertakings?

60. What conditions are required to be met to act as Statutory Auditor of an insurance undertaking?

61. What are the mechanisms governing Statutory Auditor appointment and termination set forth in the insurance legislation?

Specifically, please indicate:

Who appoints the Statutory Auditor?

How long is the Statutory Auditor appointed for?

Are joint Statutory Audits required? If so, please describe.

Is there a requirement for rotation of the Statutory Auditor (or audit partner)? If so, please describe.

62. Does the resignation or termination of a Statutory Auditor engagement need to be reported to the insurance sector regulatory authority? If so, please describe the procedure.

63. Is there a limitation on the number of insurance undertakings a single Statutory Auditor can work on in a year?

64. Please provide the following data regarding the first six Statutory Auditors of insurance undertakings ranked by number of insurance undertakings they audit:

<i>Name of the Statutory Auditor</i>	<i>Number of insurance undertakings they audit</i>	<i>% of market share^a</i>
1)		
2)		
3)		
4)		
5)		
6)		

^a Please describe the method used to determine market share (e.g., percentage of total premiums earned):

65. What are the institutions responsible for monitoring compliance with the accounting, financial reporting, and Statutory Audit requirements for insurance undertakings?

Specifically, please indicate/provide:

The department name

The number of staff dedicated to the monitoring activities

The average number of years of experience of the staff members

The professional background of the staff members

A brief description of the monitoring mechanisms

66. Please describe the relationship between the insurance sector regulatory authority and the Statutory Auditors (e.g., is there any additional requirement for the Statutory Auditors to contribute to the monitoring and enforcement process, including “whistle-blowing” requirements, etc.):

67. What are the potential consequences in the event of noncompliance with the accounting, financial reporting, and Statutory Audit requirements (e.g., are there fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by shareholders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the company, and its Statutory Auditor?

Where are the consequences found (e.g. in the Act or Code, in a civil code, criminal code, capital markets legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken such action in recent years (e.g., last five years).¹²

68. Does insurance legislation relating to accounting, financial reporting, and Statutory Audit pose any difficulty to insurance undertakings or their Statutory Auditors? About what would the insurance undertakings or their auditors typically complain?

Specifically, please describe whether:

There are areas where insurance undertakings would like to see changes in accounting, financial reporting, or auditing requirements?

¹² Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

69. Are there any inconsistencies between regulations pertaining to insurance undertakings covering accounting, financial reporting and Statutory Audit requirements, and the provisions of other laws and regulations in the country (e.g., inconsistencies between the commercial entity and the insurance legislation)?

70. Are there any conflicts between the insurance sector regulatory authority's and the securities market authority's requirements relating to financial statements of listed insurance undertakings? What are they? How are they resolved in practice?

II.A.6. Regulations Applicable to Non-Bank Financial Institutions (NBFIs) ¹³

71. What are the NBFIs be included in this section? What are their respective size (e.g., number of companies, total assets, etc.):

<i>Types of NBFIs to be covered in this Section (e.g., leasing companies)</i>	<i>Number as of:</i>	<i>Size of the Sector</i>

72. With regard to the NBFIs regulatory authority(ies) and the legislation to NBFIs, what are the name(s) of the related laws, decrees, circulars, and other regulations, with the enacting bodies and the enactment date?

73. What are the accounting requirements applicable to NBFIs? Please indicate what additional accounting and financial reporting requirements (such as prudential and regulatory reporting) are applicable to NBFIs over and above the general requirements for business entities.

Specifically, please indicate:

Accounting standards used in Statutory Financial Statements

Accounting standards used in regulatory/prudential financial statements

¹³ For the purpose of this questionnaire, the term “non-bank financial institution” includes all financial institutions other than banks, insurance undertakings, and undertakings for collective investments. For example, finance companies, leasing companies, and securities firms.

74. What are the interim and annual financial reporting requirements applicable to NBFIs?

Specifically, please provide the following information regarding Statutory Financial Statements:

The type of financial statements to be prepared (e.g., Legal Entity Financial Statements, Group Financial Statements)

The publication and filing requirements

The deadlines for publication and filing

75. What are the Statutory Audit requirements applicable to NBFIs?

76. What conditions are required to be met to act as Statutory Auditor of an NBFIs?

77. What are the mechanisms governing Statutory Auditor appointment and termination set forth in the legislation applicable to NBFIs?

Specifically, please indicate:

Who appoints the Statutory Auditor?

How long is the Statutory Auditor appointed for?

Are joint Statutory Audits required? If so, please describe.

Is there a requirement for rotation of the Statutory Auditor? If so, please describe.

78. Does the resignation or termination of a Statutory Auditor engagement need to be reported to the NBFIs regulatory authority(ies)? If so, please describe the procedure.

79. Is there a limitation on the number of insurance undertakings a single Statutory Auditor can work on in a year?

80. Please provide the following data regarding the first six Statutory Auditors of NBFIs ranked by number of NBFIs they audit:

<i>Name of the Statutory Auditor</i>	<i>Number of UCIs they audit</i>	<i>% of market share^a</i>
1)		
2)		

3)		
4)		
5)		
6)		

^a Please describe the method used to determine market share (e.g., percentage of total net assets).

81. What are the institutions responsible for monitoring compliance with the accounting, financial reporting, and Statutory Audit requirements for NBFIs?

Specifically, please indicate/provide:

The department name

The number of staff dedicated to the monitoring activities

The average number of years of experience of the staff members

The professional background of the staff members

A brief description of the monitoring mechanisms

82. Please describe the relationship between the NBFi regulatory authority(ies) and the Statutory Auditors (e.g., is there any additional requirement for the Statutory Auditors to contribute to the monitoring and enforcement process, including “whistle-blowing” requirements, etc.):

83. What are the potential consequences in the event of noncompliance with the accounting, financial reporting, and Statutory Audit requirements (e.g., are there fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by shareholders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the company, and its Statutory Auditor?

Where are the consequences found (e.g. in the Act or Code, in a civil code, criminal code, capital markets legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken

such action in recent years (e.g., last five years).¹⁴

84. Does the legislation applicable to NBFIs relating to accounting, financial reporting, and Statutory Audit pose any difficulty to NBFIs or their Statutory Auditors? About what would the NBFIs or their auditors typically complain?

Specifically, please describe whether:

There are areas where NBFIs would like to see changes in accounting, financial reporting, or auditing requirements?

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

85. Are there any inconsistencies between regulations pertaining to NBFIs covering accounting, financial reporting and Statutory Audit requirements, and the provisions of other laws and regulations in the country (e.g., inconsistencies between the commercial entity and the legislation applicable to NBFIs)?

86. Are there any conflicts between the NBFI regulatory authority's(ies') and the securities market authority's requirements relating to financial statements of listed NBFIs? What are they? How are they resolved in practice?

II.A.7. Regulations Applicable to Undertakings for Collective Investment (UCIs)¹⁵

87. What are the types of UCIs to be included in this Section? What is their respective size (e.g., number of companies, total assets, etc.):

<i>Types of UCIs to be covered in this Section</i>	<i>Number as of:</i> _____	<i>Total net assets</i>
	_____	_____
	_____	_____
	_____	_____
	_____	_____

88. With regard to the UCI regulatory authority(ies) and the legislation applicable to UCIs, what are the name(s) of the related laws, decrees, circulars, and other regulations, with the enacting bodies and the enactment date?

¹⁴ Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

¹⁵ For the purpose of this questionnaire, the term “undertaking for collective investment” includes all collective investment vehicles such as mutual funds, investment funds, and private pension funds.

89. What are the accounting requirements applicable to UCIs? Please indicate what additional accounting and financial reporting requirements (such as prudential and regulatory reporting) are applicable to UCIs over and above the general requirements for business entities.

Specifically, please indicate:

Accounting standards used in
Statutory Financial Statements

Accounting standards used in
regulatory/prudential financial
statements

90. What are the interim and annual financial reporting requirements applicable to UCIs?

Specifically, please provide the following information regarding Statutory Financial Statements:

The type of financial statements to be
prepared

The publication and filing
requirements

The deadlines for publication and
filing

91. What are the Statutory Audit requirements applicable to UCIs?

92. What conditions are required to be met to act as Statutory Auditor of a UCI?

93. What are the mechanisms governing Statutory Auditor appointment and termination set forth in the legislation?

Specifically, please indicate:

Who appoints the Statutory Auditor?

How long is the Statutory Auditor
appointed for?

Are joint Statutory Audits required?
If so, please describe.

Is there a requirement for rotation of
the Statutory Auditor? If so, please
describe.

94. Does the resignation or termination of a Statutory Auditor engagement need to be reported to the UCI regulatory authority(ies)? If so, please describe the procedure.

95. Is there a limitation on the number of UCIs a single Statutory Auditor can work on in a year?

96. Please provide the following data regarding the first six Statutory Auditors of UCIs ranked by number of UCIs they audit:

<i>Name of the Statutory Auditor</i>	<i>Number of UCIs they audit</i>	<i>% of market share^a</i>
7)	_____	_____
8)	_____	_____
9)	_____	_____
10)	_____	_____
11)	_____	_____
12)	_____	_____

^a Please describe the method used to determine market share (e.g., percentage of total net assets):

97. What are the institutions responsible for monitoring compliance with the accounting, financial reporting, and Statutory Audit requirements for UCIs?

Specifically, please indicate/provide:

The department name

The number of staff dedicated to the monitoring activities

The average number of years of experience of the staff members

The professional background of the staff members

A brief description of the monitoring mechanisms

98. Please describe the relationship between the UCI regulatory authority(ies) and the Statutory Auditors (e.g., is there any additional requirement for the Statutory Auditors to contribute to the monitoring and enforcement process, including “whistle-blowing” requirements, etc.):

99. What are the potential consequences in the event of noncompliance with the accounting, financial reporting, and Statutory Audit requirements (e.g., are there fines, loss of limited liability status, loss of licenses, prison sentences for managers, claims for reparation by share- or unit-holders or others)?

Specifically, please describe:

How these consequences apply to management, the directors, the company, and its Statutory Auditor?

Where are the consequences found (e.g. in the Act or Code, in a civil code, criminal code, capital markets

legislation, stock exchange listing rules, etc)?

What persons or agencies can take action in the event of noncompliance with the accounting, reporting, or auditing requirements?

Please describe all major cases where these persons or agencies have taken such action in recent years (e.g., last five years).¹⁶

100. Does the legislation relating to accounting, financial reporting, and Statutory Audit pose any difficulty to UCIs or their Statutory Auditors? About what would the UCIs or their auditors typically complain?

Specifically, please describe whether:

There are areas where UCIs would like to see changes in accounting, financial reporting, or auditing requirements?

There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

101. Are there any inconsistencies between regulations pertaining to UCIs covering accounting, financial reporting and Statutory Audit requirements, and the provisions of other laws and regulations in the country (e.g., inconsistencies between the commercial entity and the legislation applicable to UCIs)?

102. Are there any conflicts between the UCI regulatory authority's(ies') and the securities market authority's requirements relating to financial statements of listed UCI? What are they? How are they resolved in practice?

II.A.8. The Law on Accounting and Financial Reporting (if applicable)

103. What is the main Law on Accounting and Financial Reporting ("Accounting Law"), its enacting body, enactment date, and latest amendment date?

104. What are the types of commercial entities (e.g. legal forms, large, medium small enterprises) covered by the Accounting Law?

¹⁶ Please describe all major cases against management, the directors, the company, or its Statutory Auditors.

105. Please provide a bullet point form summary of the Accounting Law, covering reporting and filing requirements, applicable standards, accounting records, required formats etc.:

106. Does the Accounting Law require compliance with IFRS (distinguish among commercial entities, and distinguish between Legal Entity and Group Financial Statements, if applicable)?

107. Does the Accounting Law allow compliance with IFRS (distinguish among commercial entities, and distinguish between Legal Entity and Group Financial Statements, if applicable), even if compliance is not mandated?

108. Other than under regulations for listed and financial sector entities detailed above, are there any specific accounting or financial reporting requirements for *public interest entities*, i.e. entities which due to their nature, size or function have public accountability?

109. Which version of IFRS must be used by entities that are required/allowed to present IFRS Statutory Financial Statements?

Specifically, please indicate:

the date of issuance of the version of IFRS, their language and the name of body, which issued the version used.

110. Please describe the relationship between financial reporting requirements under the Accounting Law and entity reporting for taxation purposes? Are there any links between the Accounting and the Taxation Law?

111. Are there any inconsistencies between regulations pertaining to commercial entities covering accounting and financial reporting, and the provisions of other laws and regulations in the country applicable to commercial entities?

112. What impediments exist in practice to the implementation of the Accounting Law and its requirements? What practical problems exist in implementation (such as capacity constraints, need to use Statutory Financial Statements for tax purposes etc.)?

113. Does the Accounting Law pose any difficulty to commercial entities or their Statutory Auditors? About what would entities or their auditors typically complain?

Specifically, please describe whether:

There are areas where commercial entities would like to see changes in accounting, financial reporting, or

auditing requirements?
There are areas where Statutory Auditors would like to see changes in accounting, financial reporting, or auditing requirements?

II.A.9. The Law on Auditing (if applicable)

114. What is the main law covering a requirement for Statutory Audit (“Audit Law”), its enacting body, enactment date, and latest amendment date?

115. Please provide a bullet point form summary of the contents of the Audit Law, covering the auditing requirements, licensing and qualification requirements for auditors, applicable standards, etc.:

116. Does the Audit Law require compliance with International Standards on Auditing?

117. Does the Audit Law allow compliance with International Standards on Auditing, even if compliance is not mandated?

118. Which version of ISA, if required, must be used by Statutory Auditors in conducting their Statutory Audits? If ISA are not required, are any other standards applicable?

Specifically, please indicate:

the date of issuance of the version of ISA, their language and the name of body, which issued the version used.

119. Does the Audit Law require compliance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants?

120. Does the Audit Law allow compliance with Code of Ethics for Professional Accountants issued by the International Federation of Accountants, even if compliance is not mandated?

121. Which version, if any, of the Code of Ethics for Professional Accountants issued by the International Federation of Accountants must be used by Statutory Auditors in conducting their Statutory Audits? If the Code is not required, is any other Code of Ethics required to be used?

Specifically, please indicate:

the date of issuance of the version of the Code, its language and the name of body, which issued the version

used.

-
122. Does the Audit Law require any further attestation with respect to the opinion of the Statutory Auditor (e.g., on the entity's system of internal controls)?

-
123. Please describe the relationship between auditing requirements under the Audit Law and auditing of entity reporting for taxation purposes? Are there any links between the Audit Law and the Taxation Law?

-
124. Are there any inconsistencies between regulations pertaining to commercial entities covering auditing, and the provisions of other laws and regulations in the country applicable to commercial entities?

-
125. What impediments exist in practice to the implementation of the Audit Law and its requirements? What practical problems exist in implementation (such as capacity constraints, provision of non-audit services, independence issues, etc.)?

-
126. Does the Audit Law pose any difficulty to commercial entities or their Statutory Auditors? About what would entities or their auditors typically complain?

Specifically, please describe whether:

There are areas where commercial entities would like to see changes in auditing requirements?

There are areas where Statutory Auditors would like to see changes in auditing requirements?

II.A.10. Availability of Financial Reporting

127. Please describe the specific reporting channels mandated by laws/regulations (for example, filing with a "business registry," publication in the official gazette, etc.) for each type of commercial entity (e.g., small, medium and large companies).

-
128. Please describe precisely what needs to be filed or published (e.g., full or partial Legal Entity and/or Group Financial Statements, Statutory Auditor's report, etc.).

-
129. Please describe the applicable reporting deadlines.

Specifically, please describe:

whether these deadlines are generally

complied with?

130. Does the public have access to the Statutory Financial Statements?

If so,

Is there a central registrar where Statutory Financial Statements are available?

How long may it take and how much might it cost to obtain Statutory Financial Statements?

Are the Statutory Financial Statements available electronically to any interested party (for example, a prospective investor or lender)? If not available electronically, why not and how could an interested party obtain these financial statements?

131. What are the sanctions for non-compliance with publication/filing requirements?

If so,

Are the sanctions generally imposed?

132. Please critically evaluate the readiness and timely availability of full sets of Statutory Financial Statements to the external interested parties (distinguish among types of companies and stand-alone/consolidated financial statements, if applicable).

133. For which types of companies is there typically a demand for Statutory Financial Statements, and by whom? (e.g., do banks use small company Statutory Financial Statements in lending decisions; do many small investors, foreign investors and/or analysts access Listed Company Statutory Financial Statements and use them in investment decisions?)

II.B. The Accounting Profession

II.B.1. Regulatory Framework

134. What are the name(s) of the related laws, decrees, circulars, other regulations, and self-regulatory rules that regulate the accounting profession with the enacting bodies and the enactment date?

Specifically, please indicate whether access to the following is regulated and how (e.g., accreditation, licensing or registration requirements):

Professional Accountant

Employed Professional Accountant (e.g., chief accountant, controller)

Professional Accountant in Public Practice

Statutory Auditor

Please indicate whether the holders of the titles have reserved functions whereby they are the only professionals entitled to perform certain activities? If so, please indicate what reserved functions they have.

Professional Accountant

Employed Professional Accountant

Professional Accountant in Public Practice (e.g., preparation of tax returns)

Statutory Auditor besides the Statutory Audit (e.g. limited reviews, compilations, agreed-upon procedures)

135. If accountants can provide other services, which are regulated (such as tax advice, financial advice, etc.) please give a description and detail of how these services are regulated.

136. Please list and give details of the institutions involved in the regulation and/or oversight of the accounting and auditing professions (e.g., ministry, public oversight body, professional body, etc.)

137. Please give details of any other oversight mechanisms of the professions other than institutions mentioned above, such as peer review, commercial quality assurance organizations, etc.

II.B.2. Professional Body(ies)

138. Please list and give details of professional accounting/auditing body(ies) that are active in the country?

Please provide the following information for each existing body:

Name

Year of establishment

Requirements to become a member

Official title(s) of members

Number of registered members in the country, by category if applicable (please indicate date in your

response)

Number of registered members in public practice in the country (please indicate date in your response)

Status of Membership of the International Federation of Accountants (IFAC) (e.g., associate, full) and date of accession)

-
139. Please describe whether the/each professional body is a delegated self-regulatory authority by law and/or where any authority has been delegated to the body (such as power to license Statutory Auditors).

II.B.3. Certification and Licensing Arrangements for Statutory Auditors

140. Describe the certification and/or licensing requirements for Statutory Auditors (e.g., public indemnity insurance, requirement to submit to quality monitoring, license renewal period, education, examination, experience, and citizenship).

-
141. What is/are the body(ies) responsible for certifying and/or licensing Statutory Auditors?

-
142. Has the body responsible for certifying and/or licensing Statutory Auditors ever used any “grandfathering” provisions, where individuals qualify on the basis of existing experience as new requirements are brought in? If so, what proportion of the total licensed auditors are “grandfathered in?”

-
143. Have professional accounting/auditing bodies and regulatory/licensing authorities made arrangements for recognition of foreign accountancy qualifications?

If foreign accountancy qualifications are recognized, complete the following items.

Give the number of professionals with foreign accountancy qualifications recognized in the country

Indicate the foreign accountancy qualifications recognized in the country

Describe the education, experience, examination, or residence requirements of an applicant holding a foreign accountancy qualification should satisfy

-
144. Is local qualification recognized in any other country? If yes, what are the arrangements for local qualification in another country?

II.B.4. Statutory Audit Market

145. Provide a brief review of the number of Professional Accountants in Public Practice who are licensed to conduct Statutory Audits.

	<i>Number</i>	<i>Comments</i>
Number of Professional Accountants in Public Practice licensed to conduct Statutory Audits (including those employed by audit firms)	_____	_____
Number of audit firms	_____	_____
Number of sole practitioners	_____	_____
Number of commercial entities subject to Statutory Audit requirements. Please provide detailed analysis in "Comments" (e.g., breakdown between banks, Listed Companies, etc.)	_____	_____

II.B.5. Liability and Professional Indemnity Insurance

146. Are there any statutory provisions or other legal principle(s) imposing liability or other consequences (e.g., under a civil code, criminal code, capital markets legislation, etc.) on a Statutory Auditor for actions taken while acting in a professional capacity?

If yes,

please summarize the provisions, highlighting the range of consequences

is the Statutory Auditor held responsible in his or her individual capacity only, or is there a form of shared responsibility with others, such as their clients?

Can the Statutory Auditor be held responsible or liable to the third parties such as shareholders of an audit client?

147. Are Statutory Auditors allowed to cap or restrict their contractual liability and/or civil responsibility in their engagement letters or is there a legal cap on the auditors' contractual liability or civil responsibility?

148. Is the liability borne by the individual (Statutory Auditor), the audit firm, or both?

149. What is (are) the legal form(s) of audit firms operating in the country (distinguish between local audit firms and those associated with international networks, if applicable)?

Please specify:

whether the legal form(s) provides for limited or unlimited liability of the owners

whether audit firms must meet a minimum capital requirement and, if so, how much

150. In the event of a joint audit, are the joint Statutory Auditors or audit firms severally and jointly liable? Please elaborate on this point.

151. Is auditor's professional indemnity insurance compulsory? If yes, describe briefly the minimum insurance requirements.

152. Have there been any sanctions by regulators or an oversight body of Statutory Auditors in the last five years? If so, please describe the nature of the offence and the sanction imposed.

II.B.6. Internal Quality Review in Audit Firms

153. Is "second/concurring partner review" mandated by National Auditing Standards and/or typically implemented on audit engagements? Briefly describe these arrangements, if applicable.

154. Do major audit firms have a professional practice director (technical director) or department? If yes, give a critical evaluation of the effectiveness of such an individual/department in ensuring quality of audit work.

If yes,

Is the director or department located in or out of the country?

Under what circumstances is consultation mandated with the director or department?

Is the engagement audit team under obligation to follow the advice of the professional practice director/department?

155. Is there any requirement for rotation of the audit firm or the audit partner having primary responsibility for the audit (excluding in the case of sole practitioners)? If so, are any such requirements only applicable to the audits of public interest entities (e.g. listed entities etc)

II.B.7. Audit Firms

156. Provide a description of the following matters for each of the six largest audit firms operating in the country:

the legal structure and ownership

if any of these audit firms belongs to a network, a description of the network and the legal and structural arrangements in the network

a description of the internal quality control system of the audit firm

financial information showing the importance of the audit firm such as the total turnover divided into fees from the Statutory Audit of financial statements, and fees charged for other assurance services, tax advisory services and other non-audit services

information about the basis for the partner remuneration.

II.C. Academic Education, Professional Education, and Training

II.C.1. Academic Education

157. Provide a brief account of the quality of accounting educational and training arrangements in the country's colleges, universities, and business/accounting schools (with emphasis on the quality of curriculum and teaching, including availability of skilled instructors and teaching materials, and the number of years/semesters of the curriculum).

158. Do the national curriculum requirements extend to IFRS and ISA? If yes, briefly describe how this is done. Is particular emphasis given on teaching practical application of international accounting and auditing standards?

159. Is particular emphasis given on teaching business ethics in business schools or equivalent higher educational institutions? If yes, briefly describe how this is done.

160. Are exemptions from any of the early stage examinations of professional accountancy qualifications available to graduates of any of the country's university accounting degrees or programs?

II.C.2. Professional Education

161. Are there minimum academic education requirements for an individual seeking to begin a study program leading to membership of an accountancy body and/or qualification as a Statutory Auditor and/or obtaining the license to practice as Statutory Auditor in the country? If yes, what are those requirements?

162. Are there professional education requirements (such as completion of a set study course or professional body sponsored lecturing course) for an individual in the study program leading to membership of an accountancy body and/or qualification as a Statutory Auditor and/or obtaining the license to practice as Statutory Auditor in the country? If yes, what are the requirements?

163. Does the content of the professional education cover all areas set forth in International Education Standard (IES) for Professional Accountants No. 2, *Content of professional accounting education programs*?

II.C.3. Professional Examination

164. Is there a professional examination requirement for an individual in the study program leading to membership of an accountancy body and/or qualification as a Statutory Auditor and/or obtaining the license to practice as Statutory Auditor in the country? If yes, elaborate on the following questions.

Who administers the examination(s)?	
What is the governance structure under which the examination is administered?	
What is the structure of the examination (i.e. number of stages, number of separate papers, restrictions on number of attempts etc)?	
What is the main emphasis of the examination system (e.g., testing candidates' critical thinking skills, testing candidates' technical knowledge, testing candidates ability to apply knowledge)?	
Does the process of assessing professional competence of the candidates involve oral examination or written examination, or both? If both, what percentage of final result is based on oral examination, and what percentage on written examination?	
Does the examination have a required syllabus which it must cover (such as covering IFRS, ISAs, subjects indicated by IFAC's IESs 2, 3, 4, and 6)? If so, please provide a copy or give details. How often is the syllabus updated?	
Is there a required level of attainment (such as equivalence to degree level)? If so, please give details.	

Please give current statistics regarding the examinations/qualification including numbers of students (by stage where applicable) average pass rates, average length to complete study, number qualifying annually and other relevant statistics.

II.C.4. Practical Experience Requirements

165. Is there any practical experience requirement for taking the professional examination and/or obtaining a license? If yes, elaborate on the following questions.

How many years are required?

Who can act as practical training provider to the prospective Statutory Auditor?

Are there any requirements of, or guidance provided, to training providers by the professional body?

How and by whom is the requirement monitored and enforced?

166. What types of activities are deemed appropriate under legal or other requirements for prospective Statutory Auditors to gain relevant practical experience? Is there a required minimum period (e.g., number of hours) of relevant experience in Statutory Audit?

167. Has a mechanism been established for assuring the suitability as practical training providers (employers) for providing the appropriate experience for the prospective Statutory Auditor? If yes, describe the mechanism.

168. Has a mechanism for assessing the experience gained by the prospective Statutory Auditor been established? If yes, describe the mechanism.

II.C.5. Continuing Professional Development

169. Is there any continuing professional development (CPD) requirement for accountants and Statutory Auditors in the country? If yes, elaborate on the following questions.

What are the norms for the scope of CPD that members should obtain through structured learning activities?

What individuals or institutions are entitled to deliver structured learning?

How and by whom is the requirement monitored and enforced?

What are the mechanisms to respond to instances of noncompliance with CPE requirements?

II.D. Setting Accounting and Auditing Standards

II.D.1. Accounting Standards

170. Are there any National Accounting Standards?

If yes, please specify:

what the legal backing for these standards is?

whether these National Accounting Standards are mandatory for Statutory (Legal Entity and/or Group) Financial Statements?

171. What is the national professional body or standard-setting body responsible for setting accounting standards?

Please specify:

The source of legal authority of this body to set National Accounting Standards

Its composition/membership

The qualification of its members

The process for appointing members – are there any “public interest” members?

Whether any regulators such as the securities, banking or insurance regulator are represented on the body

Its budget

Its funding mechanisms

To whom the standard-setting body is accountable (e.g., Government, etc.)

172. Please provide a description on the standard-setting process (e.g., issuance of an exposure draft, comment period, etc.):

Please specify:

Whether the proceedings of the standard setting body are public

records?

173. Are unique standards established for specialized industries (e.g., insurance, oil and gas)?

174. Do National Accounting Standards generally endorse the “substance over form” principle?

175. Do the National Accounting Standards/regulations require that Statutory Financial Statements show a “true and fair view” of the financial position, financial performance and cash flows of an enterprise?

Please specify:

Whether a commercial entity is required or allowed to override the requirements of applicable National Accounting Standards in order to ensure compliance with the “true and fair” rule?

176. Is there any arrangement for issuance of practical implementation guidelines on the applicable National Accounting Standards? If yes, how is this arrangement accomplished?

177. Have efforts been made to narrow any gap between National Accounting Standards and the accounting standards and related interpretations issued by the International Accounting Standards Board (IASB)? If yes, how was/is this done?

178. Provide an overview of the main differences between National Accounting Standards/requirements and IASB-issued standards and interpretations, if any.¹⁷

II.D.2. Auditing Standards

179. Are there any National Auditing Standards? If so, is there any legal backing for these standards. Briefly describe any National Auditing Standards.

180. What is the national professional body or standard-setting body responsible for setting auditing standards?

Please specify:

The source of legal authority of this body to set National Auditing

¹⁷ You may refer the A&A ROSC team to Part II of the Diagnostic Tool if it was completed.

Standards

Its composition/membership

The qualification of its members

The process for appointing members – are there any “public interest” members?

Its budget

Its funding mechanisms

To whom the standard-setting body is accountable (e.g., Government, etc.)

181. Is a due process of standard setting followed? What is that process?

182. Is there any arrangement for issuance of practical implementation guidelines on the National Auditing Standards? If yes, how is this arrangement accomplished?

183. If national professional accountancy organizations or regulatory/licensing authorities have decided to adopt International Standards on Auditing (ISA) as national standards, answer the following questions.

ISA became effectively used as national standards as of what date (year)?

Are the national standards in FULL compliance with the international standards?

Have additional standards been developed on matters of relevance in the country not covered by ISA? If yes, describe these standards.

184. Provide an overview of the main differences between National Accounting Standards and ISA, if any.¹⁸

II.D.3. Code of Ethics and Independence

185. Are the Professional Accountants required to adhere to a code of ethics? If yes, is the code legally enforceable? Who developed the code and when?

186. Provide an analysis of the main differences between the national code and the June 2005 (Paragraphs 290-14-290.26 were issued in July 2006 and apply to assurance engagements when the

¹⁸ You may refer the A&A ROSC team to Part IV of the Diagnostic Tool if it was completed.

assurance report is dated on or after 31 December 2008) version of the IFAC Code of Ethics for Professional Accountants.

187. Indicate in the table whether a Statutory Auditor is entitled to perform any of the following services for a client contemporaneously with the Statutory Audit of the Statutory Financial Statements of a company.

Note: In the event of an audit of Statutory Group Financial Statements, please specify if the bar extends to all subsidiaries. In your comments, indicate if services require approval from the audit committee, the corporate board, or any other body.

<i>Services</i>	<i>Allowed</i>	<i>Prohibited</i>	<i>Comments</i>
Bookkeeping or other services related to the accounting records or financial statements			
Financial information systems design and implementation			
Appraisal or valuation services, including contribution-in-kind reports			
Actuarial services			
Internal audit outsourcing services			
Management functions or human resources, including executive recruiting			
Broker or dealer, investment adviser, or investment banking services			
Legal services and expert services unrelated to the audit			
Tax services			

188. Are contingent fee arrangements allowed for any services provided by the Statutory Auditor to their clients?

189. Is there any restriction on the hiring of the audit engagement team members by the audited company?

II.E. Monitoring and Enforcement

II.E.1. Securities Market Regulatory Authority

190. Name the securities market regulatory authority. Does this organization have any responsibility for monitoring and enforcing compliance with accounting, financial reporting and auditing requirements? If yes, discuss briefly the legal requirements in this regard.

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191. Briefly describe the role of the securities market regulatory authority as it relates to the following. (Please analyze actual practices with reference to the relevant regulations)

Regulation of the audit profession.	
Accounting and auditing standard setting.	
Review of Statutory Financial Statements prepared by the issuers, and monitoring of compliance with the accounting and disclosure requirements.	
Enforcement of accounting, reporting and auditing requirements.	

192. Briefly describe each department(s) responsible for *reviewing* compliance with accounting, reporting, and auditing requirements within the securities market regulatory authority.

Name(s) and role(s).	
Staffing (personnel), average age of the staff, professional background.	
Work procedure including number of Statutory Financial Statements reviewed annually, method of sampling, scope and depth of review.	
How is the outcome communicated to the relevant company, audit firm and other regulators as necessary (e.g. audit licensing body)?	
Outcome of the review work for the last three years, including details of any actions resulting from the review.	

193. Briefly describe the department(s) responsible for *enforcing* accounting, reporting, and auditing requirements, i.e. acting on findings from the review process, within the securities market regulatory authority.

Name(s) and role(s).	
Staffing (personnel), average age of the staff, professional background.	
Work procedure.	

Significant accomplishments within the last three years (for example, litigation, administrative proceedings and settlements, etc.).

194. Provide a brief evaluation of the number of mandatory and voluntary financial statement restatements or additional disclosures made resulting from reviews by the regulator over the last three years, if any. Include the main reasons for these restatements.

195. Are any actions from the securities market regulatory authority triggered by (a) a qualified audit report, (b) a disclaimer of opinion, and (c) an adverse opinion?

196. Does the securities market regulatory authority have the power to require the disclosure of any document from the audited entity and/or the Statutory Auditor?

197. What type of sanctions and for what types of offences does the securities market regulatory authority impose for violation of accounting and auditing requirements?

198. Are these sanctions imposed on the reporting entity, its management and directors and/or the Statutory Auditor?

199. Briefly describe the type of offences (e.g., late filing, fraud, etc.), the resultant sanctions imposed and the persons on whom the sanctions were imposed (entity, management and directors, auditor) during the past three years, including reasons for the imposition of such sanctions

200. Does the securities market regulatory authority have the power to bring criminal charges (which could result in a fine or imprisonment) against wrongdoers and/or impose civil penalties (such as mandatory fines)?

201. Does the securities market regulatory authority have the option or the obligation to refer potential criminal violations to the public prosecutor, and if so, does the regulator work with the prosecutor to help build the case?

II.E.2. Stock Exchange

202. Name the stock exchange(s) and whether it is organized as a profit or not-for-profit organization.

203. If there is any mechanism at the stock exchange(s) for monitoring and enforcing financial reporting, accounting and auditing of Listed Companies, elaborate on the following questions.

How are the monitoring and enforcement activities conducted (specify the name and number of staff of the responsible unit)?

What are the actions against noncompliance with the financial reporting requirements?

How are these actions administered? Give examples of any such punitive actions in last three years.

Is there adequate capacity and resources at the stock exchange(s) for monitoring and enforcing the rules?

II.E.3. Banks' Regulatory Authority

204. Name the banks' regulatory authority. Discuss whether this organization differentiates between accounting requirements for prudential regulatory reporting and general purpose external financial reporting.

205. Discuss briefly the legal requirements with regard to monitoring and enforcement of accounting and auditing standards/rules applicable to the banks and similar financial institutions.

206. Provide brief description of the role of the banks' regulatory authority as it relates to the following. (Analyze actual practices with reference to the relevant regulations)

Regulation of the audit profession.

Accounting and auditing standard setting.

Review of Statutory Financial Statements prepared by the issuers, and monitoring of compliance with the accounting and disclosure requirements.

Enforcement of accounting, reporting and auditing requirements.

207. Briefly describe each department(s) responsible for *reviewing* and *enforcing* compliance with accounting, reporting, and auditing requirements within the banks' regulatory authority.

Name(s) and role(s).

Staffing (personnel), average age of the staff, professional background.

Work procedure including number of Statutory Financial Statements reviewed annually, method of sampling, scope and depth of review.

How is the outcome communicated to the relevant company, audit firm and other regulators as necessary (e.g. audit licensing body)?

Outcome of the review work for the last three years, including details of any actions resulting from the review.

208. What actions are triggered from the banks' regulatory authority by (a) a qualified audit report, (b) a disclaimer of opinion, and (c) an adverse opinion?

209. Does the banks' regulatory authority have the power to require production of any document from the audited bank and/or the Statutory Auditor?

210. What type of sanctions does the banks' regulatory authority impose for non-compliance with accounting and auditing requirements? Briefly describe sanctions imposed during the past three years, and reasons for such sanctions.

211. Does the banks' regulatory authority have the power to bring criminal charges against wrongdoers and/or impose civil penalties?

II.E.4. Insurance Regulatory Authority

212. Name the insurance regulatory authority. Discuss whether this organization differentiates between accounting requirements for prudential regulatory reporting and general purpose external financial reporting.

213. Discuss briefly the legal requirements with regard to monitoring and enforcement of accounting and auditing standards/rules applicable to the insurance undertakings.

214. Provide brief description of the role of the insurance regulatory authority as it relates to the following. (Analyze actual practices with reference to the relevant regulations)

Regulation of the audit profession.

Accounting and auditing standard setting.

Review of Statutory Financial Statements prepared by the issuers, and monitoring of compliance with the accounting and disclosure requirements.

Enforcement of accounting, reporting and auditing requirements.

215. Briefly describe each department(s) responsible for *reviewing* and *enforcing* compliance with accounting, reporting, and auditing requirements within the securities insurance regulatory authority.

Name(s) and role(s).

Staffing (personnel), average age of the staff, professional background.

Work procedure including number of Statutory Financial Statements reviewed annually, method of sampling, scope and depth of review.

How is the outcome communicated to the relevant company, audit firm and other regulators as necessary (e.g. audit licensing body)?

Outcome of the review work for the last three years, including details of any actions resulting from the review.

216. What actions are triggered from the insurance regulatory authority by (a) a qualified audit report, (b) a disclaimer of opinion, and (c) an adverse opinion?

217. Does the insurance regulatory authority have the power to require production of any document from the audited insurance and/or the Statutory Auditor?

218. What type of sanctions does the insurance regulatory authority impose for non-compliance with accounting and auditing requirements? Briefly describe sanctions imposed during the past three years, and reasons for such sanctions.

219. Does the insurance regulatory authority have the power to bring criminal charges against wrongdoers and/or impose civil penalties?

II.E.5. Auditing Profession Regulatory Authority

220. Is there a public body which directly enforces minimum standards of auditor performance and behavior?

221. Is a program of external quality review of audit practices imposed under the legislation/regulations? If so, is it carried out by a public body and/or organized by the national organization(s) of Professional Accountants in Public Practice / Statutory Auditors or by any other body? Is greater focus placed on those audit practices which audit public interest entities?

For any such program:

Describe the basis for selection of Professional Accountants in Public Practice / Statutory Auditors for review (for example, random, systematic, based on an annual return, etc.).

Is there a referral mechanism to the review process (for example, can the disciplinary function refer issues for review)?

Who performs the review (e.g., firm on firm, staff from the national professional organization, regulators, or some combination thereof)?

Describe the review i.e. whether it is primarily a desktop review, an on-site visit, or a combination of both.

What is the average duration of the review? Distinguish between sole practitioner, average audit firm, and a large audit firm.

Describe the primary focus of the review (for example, a review of the effectiveness of a firm's internal quality control systems, individual audit engagement reviews, etc.).

What is the basis for the selection of the audit engagements under review?

Describe the number of engagements that are reviewed, and whether the reviewee or the reviewer (inspector) selects the engagements.

Briefly describe the availability and quality of necessary resources to carry out this activity.

How long has the program been running in its current form?

Briefly describe (with actual examples) the problems generally encountered in carrying out the quality review work and how this is overcome.

Is there a facility for the external quality control function to refer issues to the disciplinary function?

Do the results of the review directly feed into the licensing process for the auditor reviewed? Can the review result in an auditor losing their license, or having restrictions imposed?

Are the results of the review published or otherwise made available to the public?

222. Has an audit profession oversight body/system been established (for example, to oversee the external quality review process, etc.)? If yes, briefly describe the scope and objectives of the oversight body/system.

Please specify:

What are the duties of the oversight body/system?

What is the composition (membership) of the oversight body/system?

What are the powers of the oversight body/system?

Describe if the oversight body conducts a program of inspections to assess the degree of compliance of each Statutory Auditor (individual and/or firm) with applicable auditing standards and regulations.

What are the sanctions the oversight body/system may impose in the event of noncompliance?

Describe how the audit profession oversight body/system is accountable to any public institution or body.

223. Do(es) the national organization(s) of Professional Accountants / Statutory Auditors or any other body investigate cases involving Professional Accountants / Statutory Auditors to enforce minimum standards of performance and behavior?

Please specify:

Briefly describe the monitoring, investigation and enforcement mechanism, including adequacy of capacity to carry out this activity.

Describe the powers the body has in conducting its investigations (e.g. can it require production of relevant documentation).

Describe the range of sanctions available to the body (e.g., exclusion from the professional body, civil or criminal penalties or referrals).

Provide examples of major enforcement actions implemented in the last three years.