
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

33rd SESSION

4 - 6 October 2016

Room XVIII, Palais des Nations, Geneva

Tuesday, 4 October 2016

Afternoon Session

**Agenda item 3. Practical implementation of compliance
monitoring and the enforcement of accounting and audit
requirements for high-quality reporting**

Presented by

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Compliance and enforcement of audit requirements

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Member of the Public Interest Oversight Board

ISAR 33nd Session

Geneva – 4 October 2016

overseeing international audit, ethics and education standards for the accounting profession



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Why a PIOB?

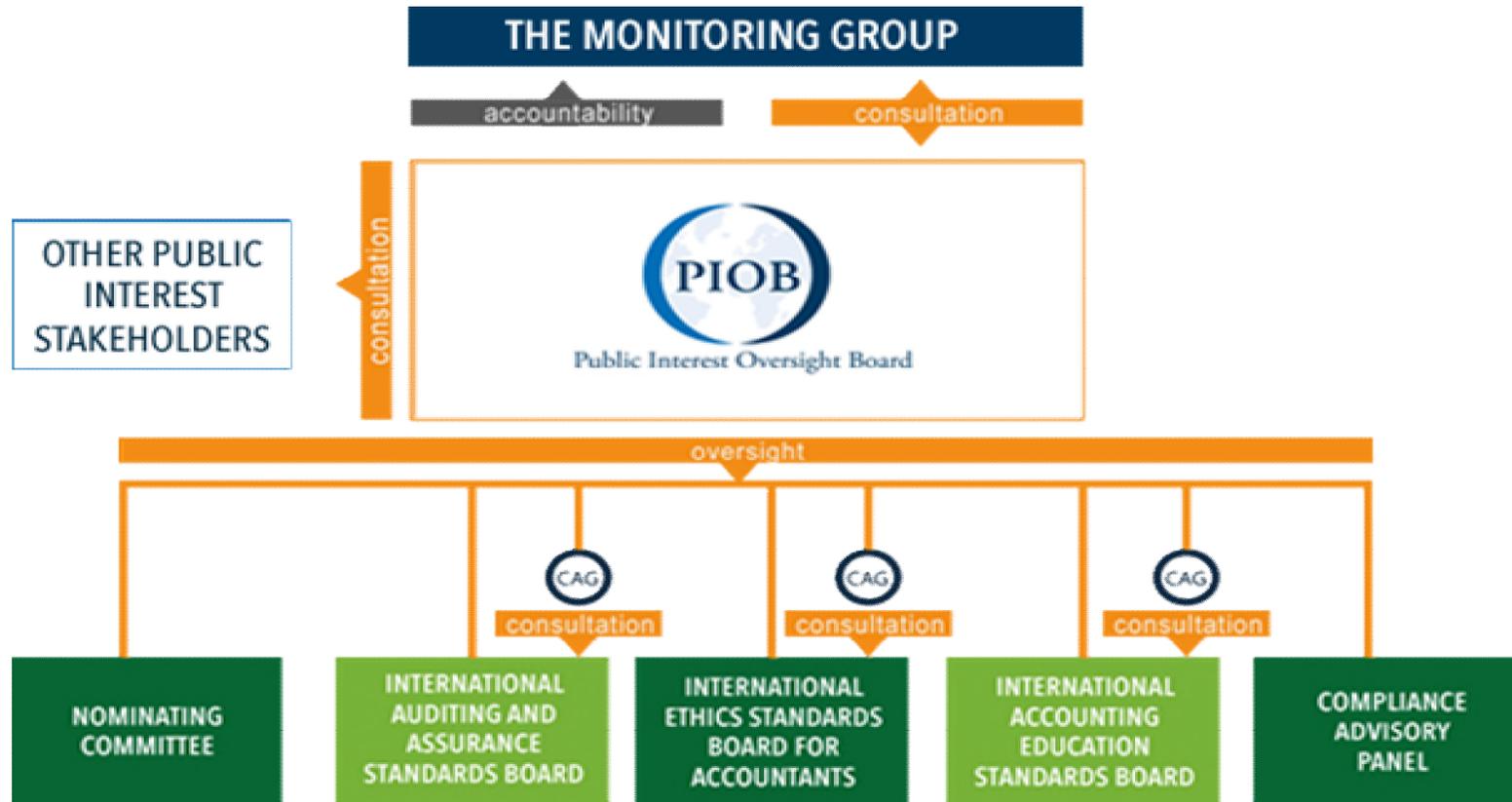
- Legal requirement to have an audit is imposed in the public interest, i.e. audit plays a key role in (financial) markets
- Need to continue reducing the expectation gap
- Public authorities are taking a more active interest in the audit function (financial stability)
- PIOB looks at public interest issues in the standard setting process (nominations, due process) and in the content of the standards (is the focus right)





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OVERSIGHT ARCHITECTURE



overseeing international audit, ethics and education standards for the accounting profession





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Guiding principles and core elements

- High quality reporting not possible without high quality auditing standards
- Auditing standards need to be developed in the public interest
- Standard setter must be independent and accountable and the process for the adoption of the standards must be transparent
- Proper representation of all relevant stakeholders in the standard setting process is necessary





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How to ensure that auditing standards are applied in practice?

- Application in practice is in the public interest
- Education and training of auditors
- Proper behaviour of auditors and audit firms (ethical standards)
- Importance of audit reporting
- Monitoring of application of the standards in practice (inspections)
- Inspection findings must influence standard setting





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Resourcing and funding

- Do not try to re-invent the wheel
- Learn from your peers, i.e. look at best practice in other countries and internationally
- Make sure that the persons / institutions who set the standards and enforce them are
 - independent
 - have proper experience
- Try to obtain independent funding, preferably from relevant stakeholders





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Consistent implementation of internationally agreed standards

- Absence of a global enforcement body
- Issue higher on IFAC's agenda (CAP)
- Consistent implementation encouraged by PIOB because it is in the public interest
- Importance of consistent implementation in audit networks (group audit – IAASB)
- Increasing role of bodies such as EAIG, IFIAR and PCAOB in ensuring enforcement of auditing standards





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Non-financial information and SME's

- Increasing importance attached to non-financial reporting
- Difference between audit and assurance
- IAASB has started work on integrated reporting and is exploring other areas where there is a need for assurance engagements
- Specific regime for SME and/or public interest entity audits (different standards or proportionate application)





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Contribution of ISAR

- Making best practices available to all participants
- Regular review of emerging issues in the presence of experts in the field
- Provide a forum where participants can ask questions and obtain advice
- Ensure a system of networking and of easy contact

