

**SURVEY REPORT
ON
REGULATION AND OVERSIGHT OF AUDITORS**



OICU-IOSCO

**TECHNICAL COMMITTEE AND EMERGING MARKETS COMMITTEE
OF THE
INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS**

APRIL 2005

Introduction

In response to widespread interest in the conduct and quality of audits and in oversight of auditors, in 2004 the International Organization of Securities Commissions (IOSCO), in cooperation with a group of other international organizations, developed a Survey on Regulation and Oversight of Auditors. The goal of the Survey was to obtain a point-in-time description of the structures and processes in place in 2004 for regulation and oversight of auditing around the world, to serve as baseline information for regulators and oversight bodies and other organizations that are working to enhance auditor oversight and international audit quality. Organizations in many countries around the world are presently considering and/or implementing changes to auditor oversight structures and quality assurance processes.

IOSCO's Survey also sought to identify the extent to which the auditor oversight arrangements in place as of the end of 2004 encompass the IOSCO Technical Committee *Principles for Auditor Oversight* and *Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor's Independence*. Extracts from the IOSCO Principles may be found in the italicized statements at the beginning of Sections B through K later in this survey report.

How the Survey Was Conducted

A comprehensive survey questionnaire was developed, addressing legal frameworks and numerous aspects of auditor oversight including such areas as licensing, qualification and training, peer review and independent inspection, investigation and discipline, and oversight of the auditor's work by audit committees, supervisory boards, and similar groups. Structures, powers, and funding of auditor oversight bodies were also examined. The survey was designed to focus on oversight arrangements for public listed companies, recognizing that some jurisdictions have separate and dissimilar arrangements for the oversight of non-public companies.

The questionnaire was sent to members of IOSCO's Technical Committee and Emerging Markets Committee and other "ordinary members" of IOSCO. The ordinary members of IOSCO are chiefly the securities regulators in jurisdictions around the world. The Technical Committee of IOSCO ("TC") is a global committee composed of representatives of the more developed capital markets. The Emerging Markets Committee of IOSCO ("EMC") is a global committee composed of representatives of developing and emerging capital markets. In total, the survey was sent to IOSCO members in 107 jurisdictions.

58 responses to the survey were received (13 TC, 33 EMC, and 12 other ordinary members). The members of the TC and EMC and other ordinary members that submitted responses to the survey questionnaire are listed on Attachment A of this Report. The actual questionnaire that was used to conduct the survey is included as Attachment B.

The survey responses have been summarized at a high level for this public report of major findings. In some cases, all questions were not answered by all of the respondents or both yes and no answers were given to a question due to multiple sub-entities in a respondent's jurisdiction; as a result, totals or percentages will not always sum to an expected result. Where there were 58 responses to a question (100% of the participants) the report gives the percentage or number of responses. When there are less (or more) than 58 responses, the report gives a percentage and shows in parentheses the number of relevant checked responses compared to the total number of responses for that question, e.g., 71% (39/55) where 39 is the number of specific relevant responses and 55 instead of 58 is the number of total responses to the question.

In addition to the public Survey Report, copies of a detailed statistical compilation for individual questions will be sent to IOSCO member regulators who request it. Members of auditor oversight bodies and international regulatory and financial institutions with an interest in auditor oversight may also obtain access to the detailed compilation by contacting the IOSCO Secretary General: IOSCO General Secretariat, Oquendo 12, Madrid 28006, Spain, telephone (3491 4175549), e-mail address mail@oicv.iosco.org.

General Findings of the Survey

The overall picture provided by the Survey is one of a mixed and changing landscape of auditor oversight arrangements. The IOSCO principles for auditor oversight and auditor independence are broadly implemented in most of the TC and some of the EMC jurisdictions.

Many variations exist in the approaches, structures, and methodologies used in member jurisdictions. The existence of variations was contemplated in the general principles that were issued by IOSCO, but on a global basis, it is evident that a great deal remains to be accomplished to create auditor oversight structures and quality assurance processes that fully encompass the IOSCO principles.

Nearly all responding IOSCO jurisdictions have laws and regulations which specifically address the conduct of auditors and the oversight of the audit profession.

Most jurisdictions have a formal body that exists to provide direct oversight of auditors but the characteristics of these oversight bodies differ widely in regard to powers and range of responsibilities, source of funding, level of activity, degree of independence from the audit profession and amount of governmental oversight involved.

Requirements for auditors, in terms of education, training, and other qualifications for auditors vary considerably around the world and in some cases also vary within a single jurisdiction.

Requirements for supervision of audits of public listed companies also vary considerably around the world, and significant differences exist among members of both EM and emerging markets.

Auditing standards in current use include both national auditing standards and International Standards on Auditing (ISAs) issued by the International Accounting and Assurance Standards Board (IAASB). National auditing standards are used in most of the TC and ISAs are used more widely in the EMC jurisdictions. Some of the national auditing standards are based upon or derived in part from ISAs.

Independent inspections of an audit firm's work, i.e., review of work on audits that is conducted by an entity that is not part of the audit profession, are used frequently in the TC jurisdictions, sometimes in addition to peer reviews, i.e., review of audit performance of one audit firm by other audit firms. However, many jurisdictions around the world currently rely solely on peer reviews for quality assurance external to the firm's individual programs.

In most countries, investigations of audit performance and professional ethics and disciplinary actions are carried out by the oversight body without being subject to consultation with or approval by organizations or individuals within the audit profession.

Provisions for oversight of the work of auditors by the governance bodies of public companies, such as audit committees and supervisory boards, differ significantly among the countries of both developed and emerging markets.

Actions in Progress

Legal frameworks, established professional customs and practices, regulation of auditors, and corporate governance over financial reporting are areas that are currently being reexamined and in many cases enhanced in many countries and regions of the world.

The areas of auditor oversight and audit quality assurance in particular are undergoing significant change. Several countries have created new auditor oversight bodies in recent years, and others indicate that they plan to create such bodies in the near future. The operations of some bodies are in a planning and "start-up" mode, while other bodies have commenced the full range of operations authorized in their charters.

In addition to these "national" auditor oversight efforts, initiatives are underway in the European Union to strengthen auditor oversight and quality assurance. On a global basis, IOSCO and other members of an informal monitoring group of international organizations that includes the Basel Committee, World Bank, and International Association of Insurance Supervisors and others will continue to encourage and monitor standards setting and quality assurance work that is being done by the International Federation of Accountants (IFAC) and by professional organizations and networks of accounting firms. In connection with these efforts, an international auditing Public Interest Oversight Board was formally established on February 28, 2005 to oversee IFAC's standard setting activities for auditing, professional ethics and education.

In September of 2004, a meeting of national auditor oversight bodies was held in Washington, D.C. At this meeting, representatives of oversight bodies exchanged

information on current and planned activities of their organizations and discussed issues of common interest. Plans have been made to continue such meetings in the future and a second meeting is to occur in March of 2005.

IOSCO is encouraged by the efforts of auditor oversight bodies to share information on issues and activities, and recommends that such bodies and other groups working for enhancement of audit quality consider whether any information from the 2005 Regulation and Oversight of Auditors Survey would be helpful in such activities.

Looking to the Future

IOSCO intends to conduct a further analysis of key results in this Survey as it monitors continuing international developments affecting auditor oversight and audit quality assurance. Consideration will also be given to the need to update the IOSCO Principles for Auditor Oversight and Auditor Independence in light of changing expectations for audits, to enhance present oversight arrangements in existence, and to initiate additional actions as needed for investor protection and market confidence. As the Survey is a point-in-time outline of current oversight arrangements, IOSCO also expects to update selected portions of the Survey in future years, after further developments have occurred in oversight structures and processes.

In the interest of improving international audit oversight and quality assurance, IOSCO encourages regulators and international organizations with responsibilities for audit oversight matters to utilize the information obtained in this baseline survey. Further research within such international organizations is welcomed.

Requests for access to the detailed compilation of Survey responses should be directed to the IOSCO General Secretariat as noted on page 3 of this Survey Report.

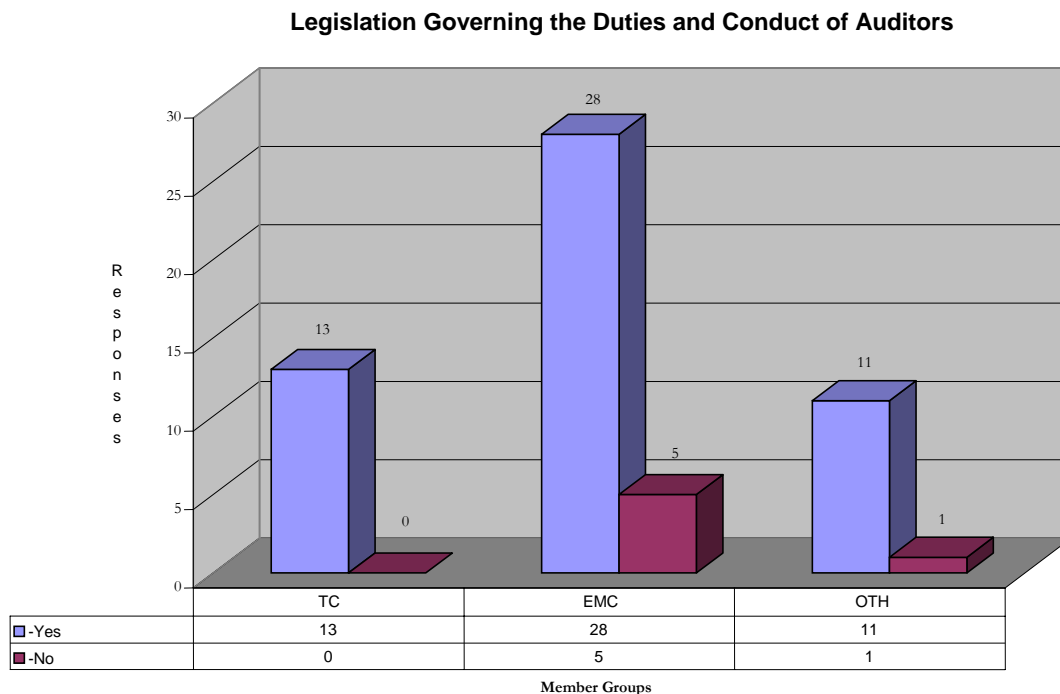
Additional discussion of Survey findings follows in Sections A through K of this report. These sections present highlights and key findings from the related sections of the Oversight Survey Questionnaire. Sections B through K also contain extracts from the IOSCO Principles for Auditor Oversight and Auditor Independence that are relevant to the subject areas involved.

Section A. Legal Frameworks

*Note: The “Source” indications in the graph below and in other charts and graphs in this report refer to individual sections, parts, questions, and responses in the Survey Questionnaire. A copy of the Survey Questionnaire is included with this report as Attachment B.

90 % or 52 of the jurisdictions of the reporting IOSCO members (“members”) have specific legislation governing the duties and conduct of auditors. Among TC members, the percentage is 100% and among EMC members the percentage is 85%.

***Figure 1**

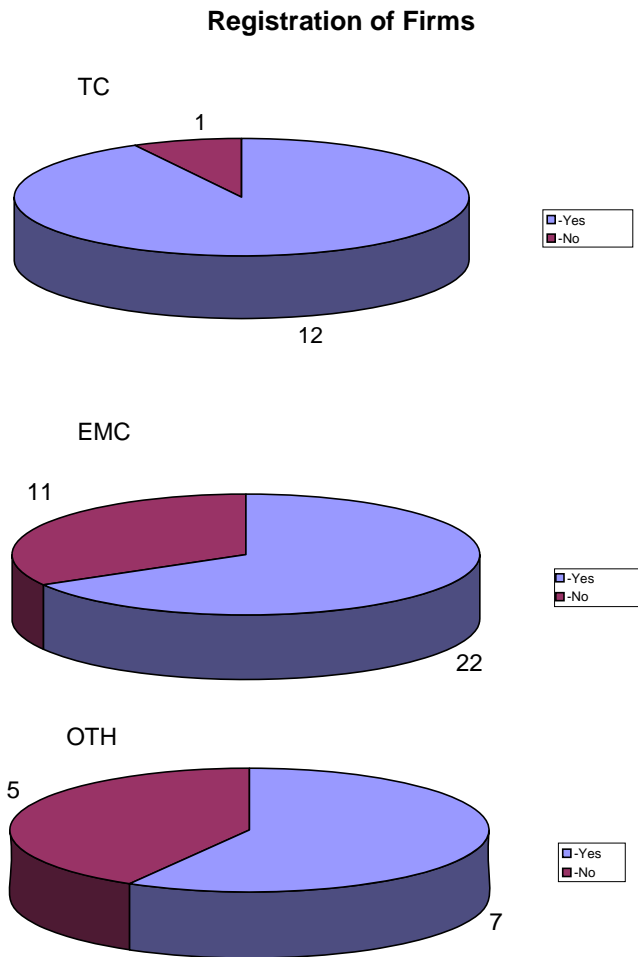


*(Source: Legal Framework Section A, Part 1 Question 1)

In regard to specific government regulations in addition to legislation, 72% of members have such regulations.

71% or 41 of the members have legislation and regulation that requires auditors of public listed companies or other supervised reporting entities to register with an oversight body or other government agency. Among the TC members, the percentage is 92%, while among EMC members the percentage is 67%.

Figure 2



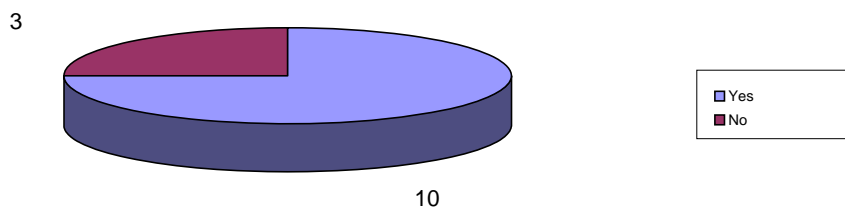
(Source: Legal Section A, Part 1 Question 3)

53% (30/57) of the members have specific legislation or regulations that govern the responsibilities of audit committees, supervisory boards, or other bodies with responsibilities for overseeing the external audits of public listed companies. Among the TC members, the percentage is 77% (10/13), while among the EMC members the percentage is 45% (15/33).

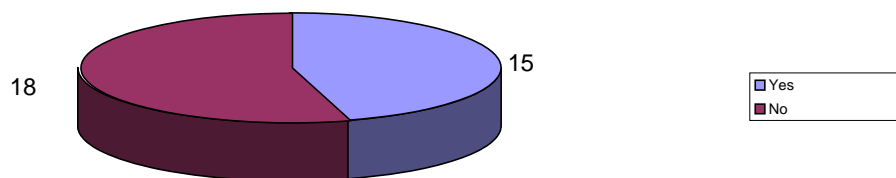
Figure 3

Laws and Regulations on Audit Committees or Other Supervisory Bodies

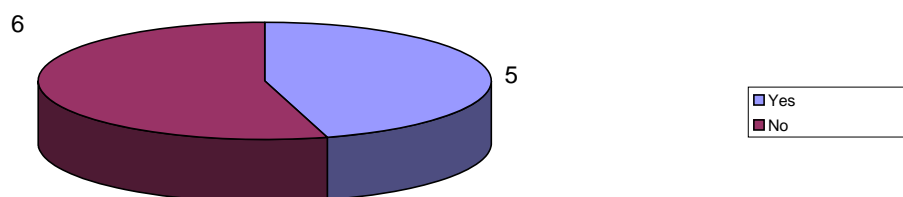
TC



EMC



OTH



(Source: Legal Framework Section A, Part 1 Question 4)

Section B. Oversight of the Audit Profession and the Audits of Public Companies

Investor confidence is fundamental to the successful operation of the world's financial markets. That confidence depends on investors having credible and reliable financial information when making decisions about capital allocation. Independent auditors play a critical role in enhancing the reliability of financial information by attesting as to whether the financial statements prepared by management fairly present the financial position and past performance of the public enterprise in compliance with accepted accounting standards.

Effective oversight of the accounting profession and independent audits is critical to the reliability and integrity of the financial reporting process. Oversight of auditors can

occur in several ways, including within audit firms, by professional organizations and public or private sector oversight bodies, and through government oversight. In addition, oversight may be provided by supervisory boards and audit committees representing investors in matters relating to individual companies. Within a jurisdiction, auditors should be subject to oversight by a body that acts and is seen to act in the public interest.

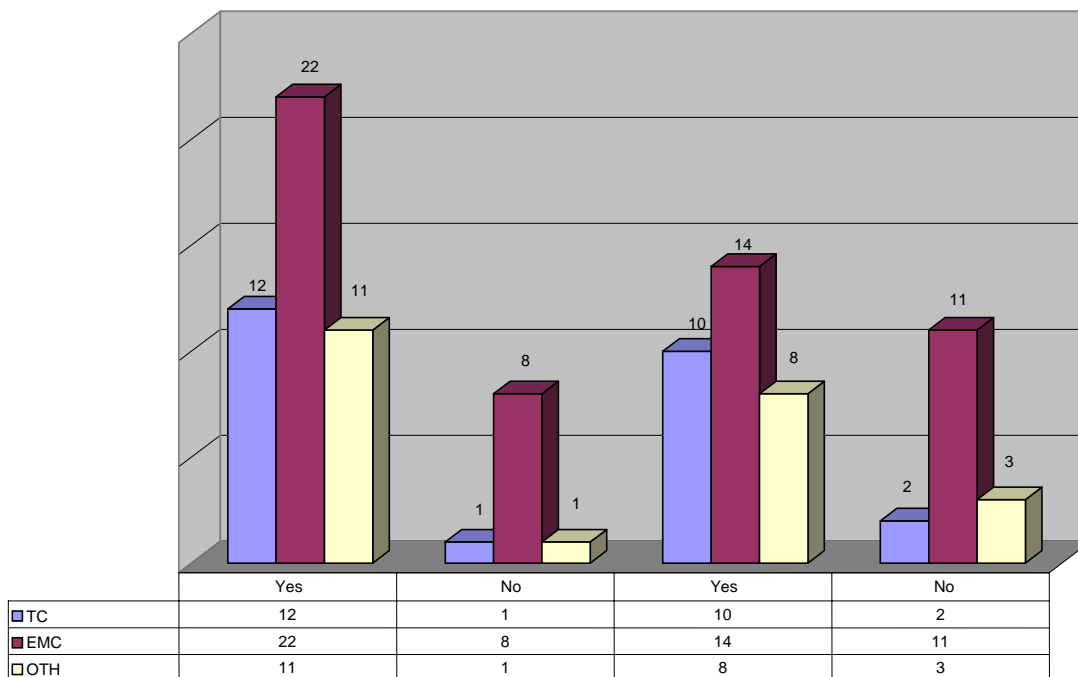
IOSCO believes a mechanism should exist to require auditors to be subject to the discipline of an auditor oversight body that is independent of the audit profession, or if a professional body acts as the oversight body, is overseen by an independent body. Such an auditor oversight body must operate in the public interest, and have an appropriate membership, an adequate charter of responsibilities and powers, and adequate funding that is not under the control of the auditing profession, to carry out those responsibilities. (IOSCO Principles for Auditor Oversight Oct. 2002)

82 % (45/55) of responding IOSCO member jurisdictions have one or more formal oversight bodies that exist to oversee the conduct of auditing and the audits of public listed companies. Among the TC, the percentage is 92 % (12/13) members and among the members of IOSCO’s EMC Committee the percentage is 73% (22/30) members.

In 67% (32/48) of the member jurisdictions, the auditor oversight body or one of the oversight bodies is independent of the audit profession, in that they are not subject to the influence of the auditing profession for funding, policies or staffing, or approval of decisions.

Figure 4

Oversight Bodies



(Source: Oversight Section B, Part 1 Question 1 and 2)

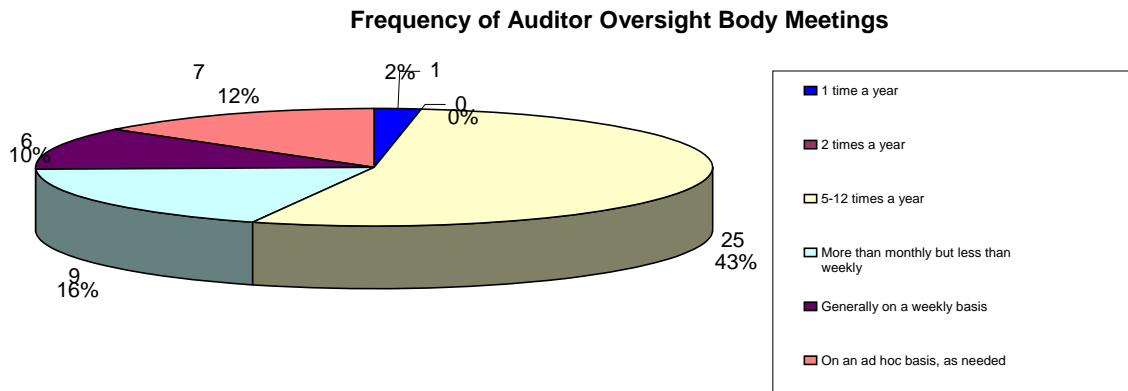
A number of models exist for audit oversight body structures of IOSCO member jurisdictions at the end of 2004. In some countries, auditor oversight bodies currently exist within a country's auditing professional organization. In other countries, the oversight bodies have been established outside of the audit profession, but still rely to some degree on the audit professional body for funding, staffing, investigations and execution or approval of disciplinary decisions made. In some of the countries in which the oversight body is within or partly relies upon the country's auditing professional body, there is additional independent or governmental oversight of the auditor oversight body. A number of countries have multiple organizations exercising various aspects of auditor oversight.

The presence of particular reported responsibilities for auditor oversight bodies varies widely among member jurisdictions. The following outlines the percentage of members reporting responsibility for the functions listed:

50%	Establishment of auditing standards
52%	Establishment of ethics and independence standards
48%	Establishment of quality control standards
59%	Licensing of auditors/public accountants
74%	Investigation of audit failures
55%	Registration of public accounting firms that audit public listed companies
59%	Inspection of public accounting firms
50%	Supervising or monitoring the conduct of peer reviews or inspections
71%	Determining disciplinary actions
60%	Determining remedial and corrective actions
52%	Referral of violations or possible violations to a body responsible for disciplinary, remedial and corrective actions
50%	Information sharing and coordination with foreign oversight bodies

The size of auditor oversight bodies in terms of numbers of staff and board members varies widely among members. Because these quantitative factors may be heavily influenced by size of the capital market and/or issuer or auditor population in a jurisdiction, this summary has selected frequency of meetings of the auditor oversight body, as indicated by the number of responses, as one general indicator of the overall level of activity of an oversight body.

Figure 6



(Source: Oversight Section B, Part 2 Question 5)

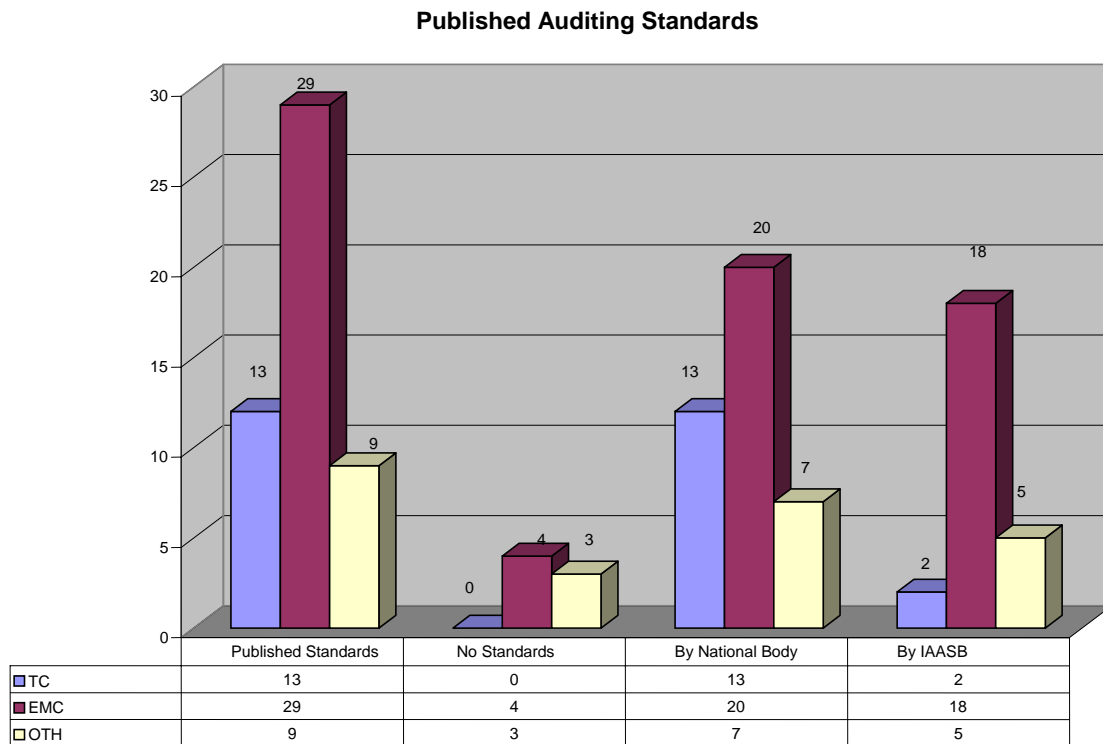
The sources of funding and the control of funding for auditor oversight bodies vary widely among member jurisdictions. Some auditor oversight bodies are located in and funded by the auditing professional body in a country. Others are located outside the profession and are funded partially or wholly by governmental resources. Still others are located outside the profession, and are funded by levies and fees paid by public listed companies, banks, securities firms, futures firms, and/or auditors and audit firms that are not under the control of such organizations.

Section C. Auditing Standards

A mechanism should exist to provide that a body, acting in the public interest, provides oversight over the quality and implementation of auditing, independence, and ethical standards used in the jurisdiction, as well as audit quality control environments. Standards of auditor independence should establish a framework of principles, supported by a combination of prohibitions, restrictions, other policies and procedures and disclosures that addresses at least the following threats to independence: self interest, self-review, advocacy, familiarity, and intimidation. (IOSCO Principles on Auditor Oversight and Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor's Independence Oct. 2002)

Official, published auditing standards exist in 88% or 51 of the IOSCO member jurisdictions (“members”). Among the TC, the percentage is 100%, (13) among the EMC members, 88% (29), and among other members, 75% (9).

Figure 7



(Source: Auditing Standards Section C, Part 1 Questions 1, 2, and 3)

In 71% (40/56) of IOSCO member countries, the auditing standards used are published by a national body. This percentage includes 100% (13/13) of the developed market members and 61% (20/30) of the emerging market members.

The national bodies setting auditing standards in member countries are variously placed within the audit profession, outside the profession but linked to it, located wholly outside of and independent of the profession, or operate through combinations of these approaches involving multiple bodies. In most jurisdictions, the government is also involved in audit standards setting to some degree, either by actually setting auditing standards or by overseeing the standards setting process.

IOSCO members currently use both international and national auditing standards. In more than half of both the EMC members and the other members, the auditing standards used are either the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) or are national standards partly based on ISAs. Among the TC members, nearly all members have developed their own national frameworks of auditing standards. As reported, one TC member uses ISAs as its national auditing standards and another TC member has drawn in part from ISAs in developing its national standards.

Section D. Audit Quality Assurance

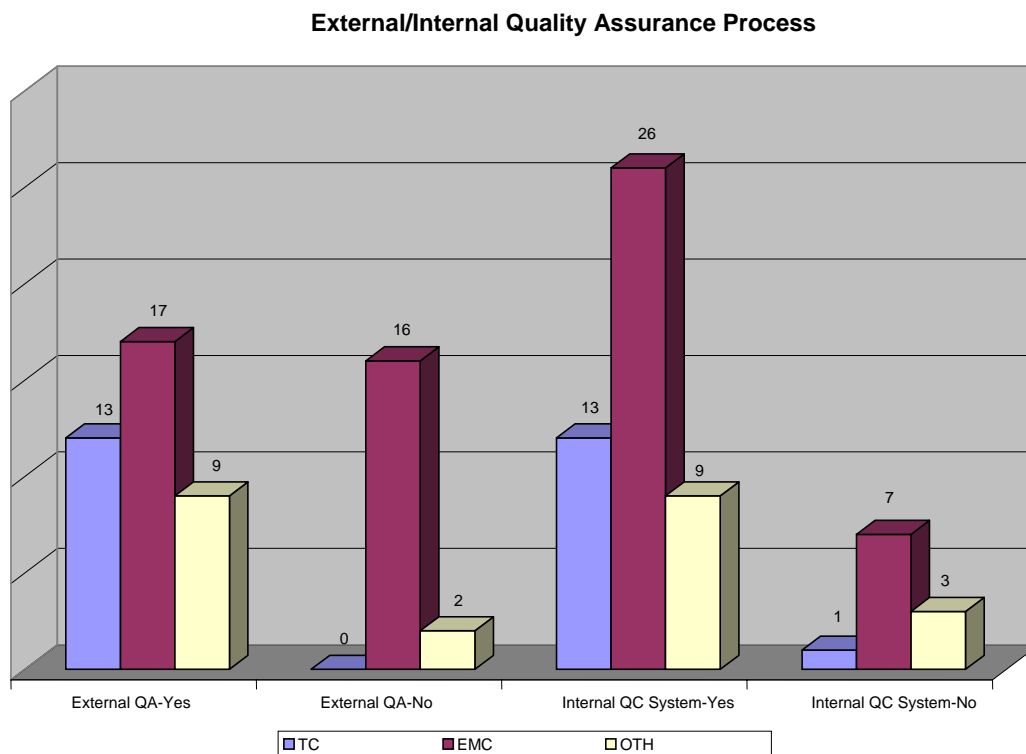
A mechanism should exist to require that auditors have proper qualifications and competency before being licensed to perform audits, and maintain professional competence. A mechanism should exist to withdraw authorization to perform audits of publicly listed companies if proper qualifications and competency are not maintained.

A mechanism should exist to provide that a body, acting in the public interest, provides oversight over the quality and implementation of auditing, independence, and ethical standards used in the jurisdiction, as well as audit quality control environments.
(IOSCO Principles for Auditor Oversight Oct 2002)

In 68% (39/57) of the IOSCO member jurisdictions (“members”), auditors of public listed companies are subject to a quality assurance process and reviews of completed audits that are external to the audit firm. Among members of the TC, the percentage is 100% (13/13), and among members of the EMC the percentage is 52% (17/33).

Audit firms are required to have internal quality control systems in 81% (48/59) of members. Among the member of the TC, the percentage is 93% (13/14), and among members the EMC the percentage is 79% (26/33).

Figure 8



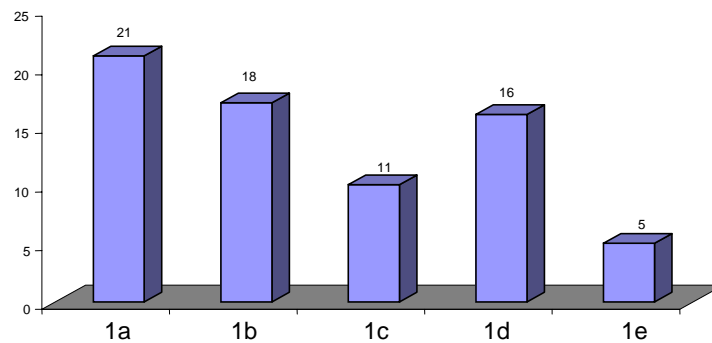
(Source: Audit Quality Assurance Section D, Part 1 Questions 1&2)

Standards for quality control and quality assurance in member countries are set by a variety of bodies within and among countries, including auditing professional bodies,

auditing professional bodies with government oversight, government bodies, independent oversight and standards setting bodies, and combinations of these. (See also charts in Section H on Inspection and Quality Assurance.)

Figure 9

Quality Assurance and Quality Control Standards



(Source: Audit Quality Assurance Section D, Part 2 Question 1)

1a	Set by an auditing professional body
1b	Set by an auditing professional body with independent or government oversight
1c	Set by the government or agency of the government
1d	Other
1e	No quality assurance standards have been adopted

Section E. Auditor Independence and Ethics

Standards of auditor independence should establish a framework of principles, supported by a combination of prohibitions, restrictions, other policies and procedures and disclosures that addresses at least the following threats to independence: self interest, self-review, advocacy, familiarity, and intimidation.

Standards of auditor independence should identify appropriate safeguards that the auditor should implement in order to mitigate threats to independence that arise from permissible activities and relationships. Standards of auditor independence should address specifically the need to ensure appropriate rotation of the audit engagement team such that senior members of a team do not remain in key decision-making positions for an extended period. Standards of auditor independence should require the auditor to

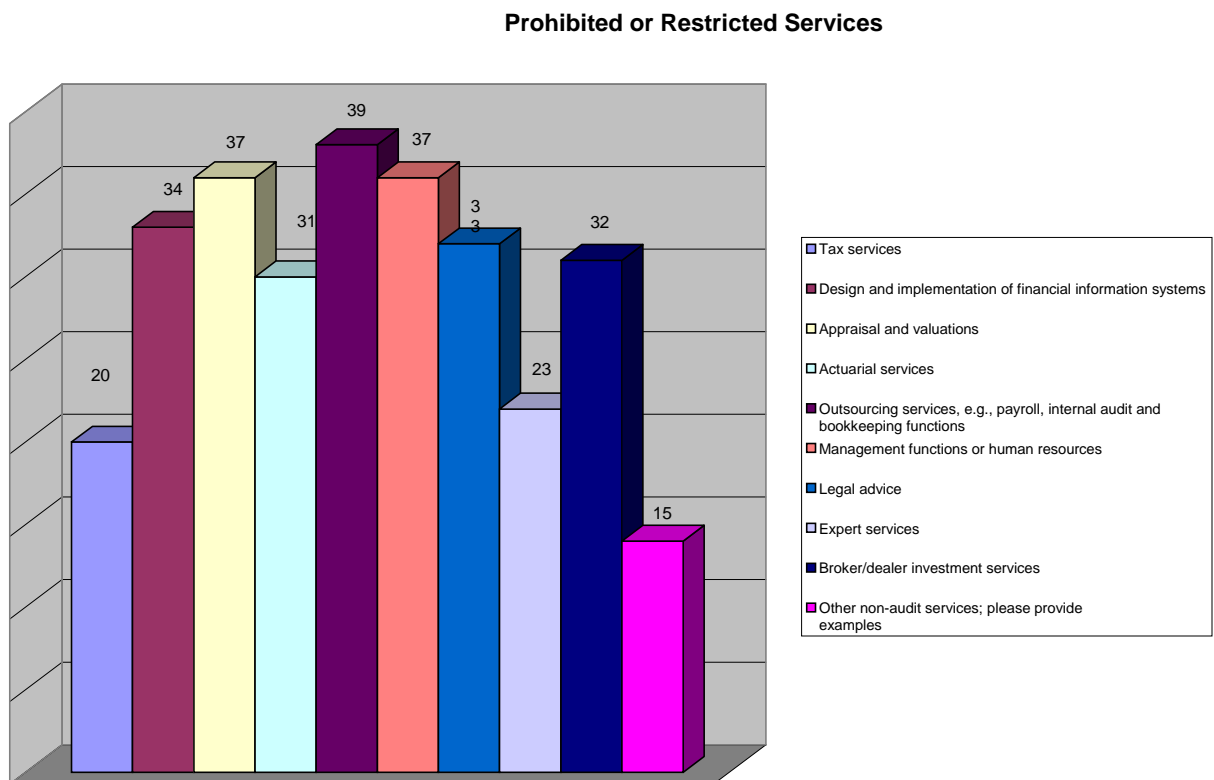
identify and evaluate all significant and potentially significant threats to independence, including those that may have preceded the appointment as auditor, and document how the auditor has applied safeguards to mitigate those threats.

Securities market regulators should ensure that there is a system in place to require prompt disclosure of information about the replacement of an auditor of a listed company. (IOSCO Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor’s Independence Oct. 2002)

In 98% of IOSCO member jurisdictions (57 members), auditors and audit firms are required to be independent of the audited entity and nearly all members have special definitions and requirements for auditor independence. However, the requirements and definitions used have considerable variance in what is required and prohibited.

66% (37/56) of the respondents have lists of prohibited services in their independence requirements. 48% (27/56) of the respondents have lists of permitted services. There are significant variations in what is stated to be permitted or prohibited among reporting jurisdictions.

Figure 10

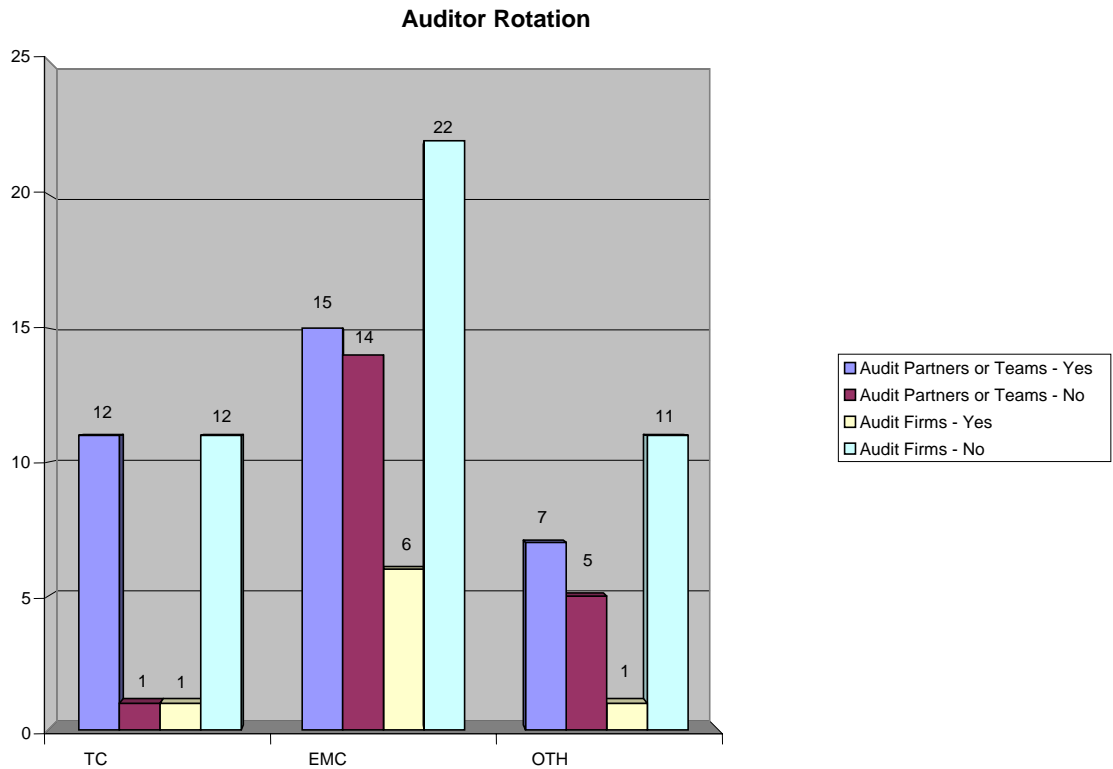


(Source: Auditor Independence Section E, Part 2 Question 3)

In regard to auditor rotation, 63% of members (34/54) require rotation of audit partners and/or engagement teams, while 15% of members (8/53) require rotation of audit firms. Among members in the TC, rotation of audit partners and/or engagement teams is the

prevalent form of rotation, with 92% (12/13) using this approach. One member of the TC requires rotation of audit firms. Among members of the EMC, about half or 52% (15/29) require rotation of partners and/or teams, 21% (6/28) require the rotation of audit firms, and the remainder did not indicate a rotation requirement.

Figure 11



(Source: Auditor Independence Section E, Part 1 Question 6)

Section F Licensing, Certification and /or Approval for Auditors

A mechanism should exist to require that auditors have proper qualifications and competency before being licensed to perform audits, and maintain professional competence. A mechanism also should exist to withdraw authorization to perform audits of publicly traded companies if proper qualifications and competency are not maintained. (IOSCO Principles for Auditor Oversight Oct. 2002)

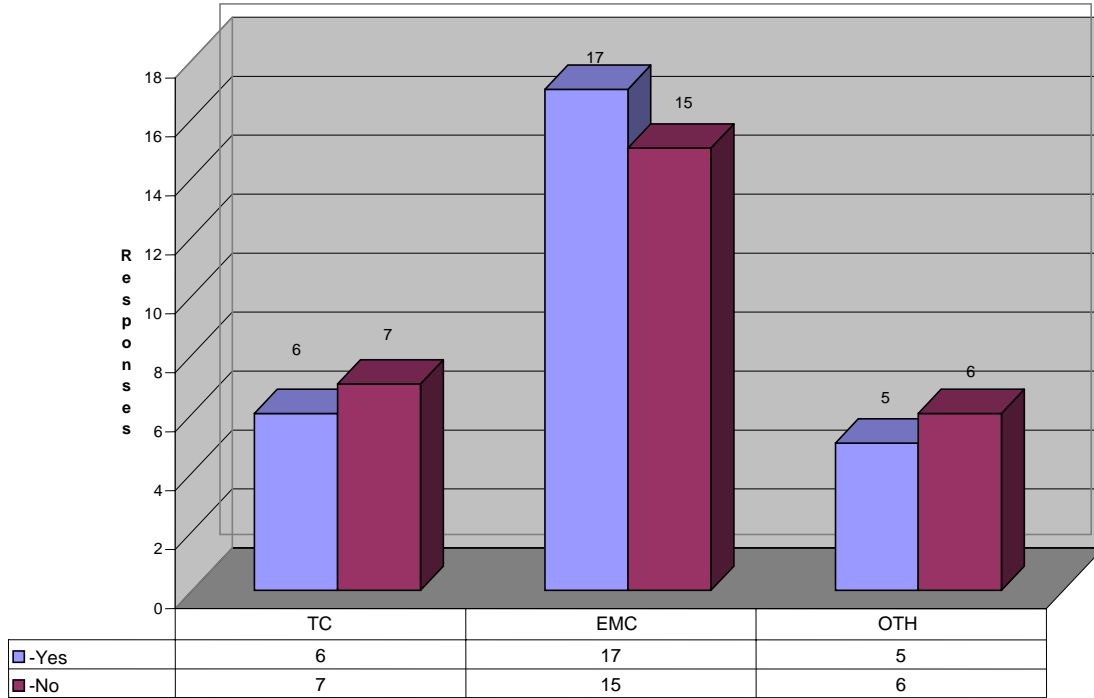
All but two responding jurisdictions (“members”) require some form of licensing, certification, and/or approval for auditors. The specifics of what is required to become licensed or approved to audit public listed companies varies among jurisdictions and sometimes also varies within a jurisdiction.

IOSCO member jurisdictions are almost evenly split between those jurisdictions that require and those that do not require a license, certificate or approval to audit listed companies. Some of the requirements include membership in a professional body,

indemnity insurance, minimum number of auditors in firm and in one jurisdiction, an oral in addition to a written test.

Figure 12

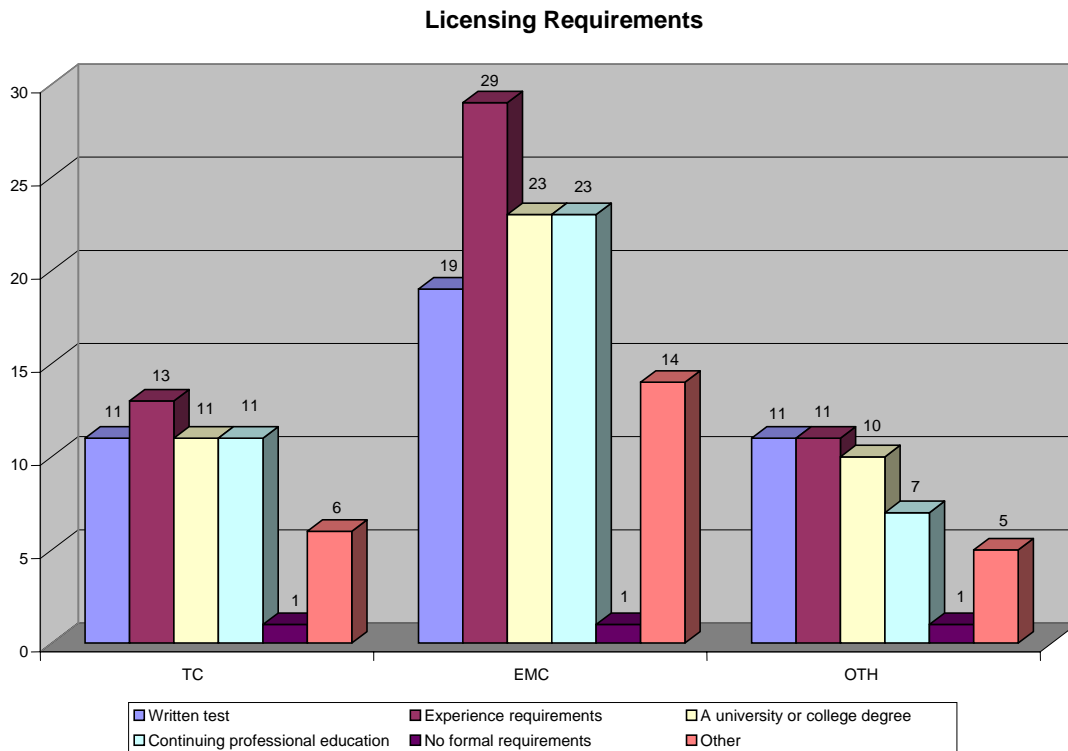
License or Certificate or Other Form of Approval Required to Audit Listed Companies



(Source: Licensing Section F, Part 1 Question 2)

85% of TC members and 58 % of EMC members require written tests. 100% (13) of TC members and 88% (29) of EMC members have experience requirements. 85% (11) of TC members and 70% (23) of EMC members require a college degree. 85% (11) of TC members and 70% (23) of EMC members have requirements for continuing professional education.

Figure 13



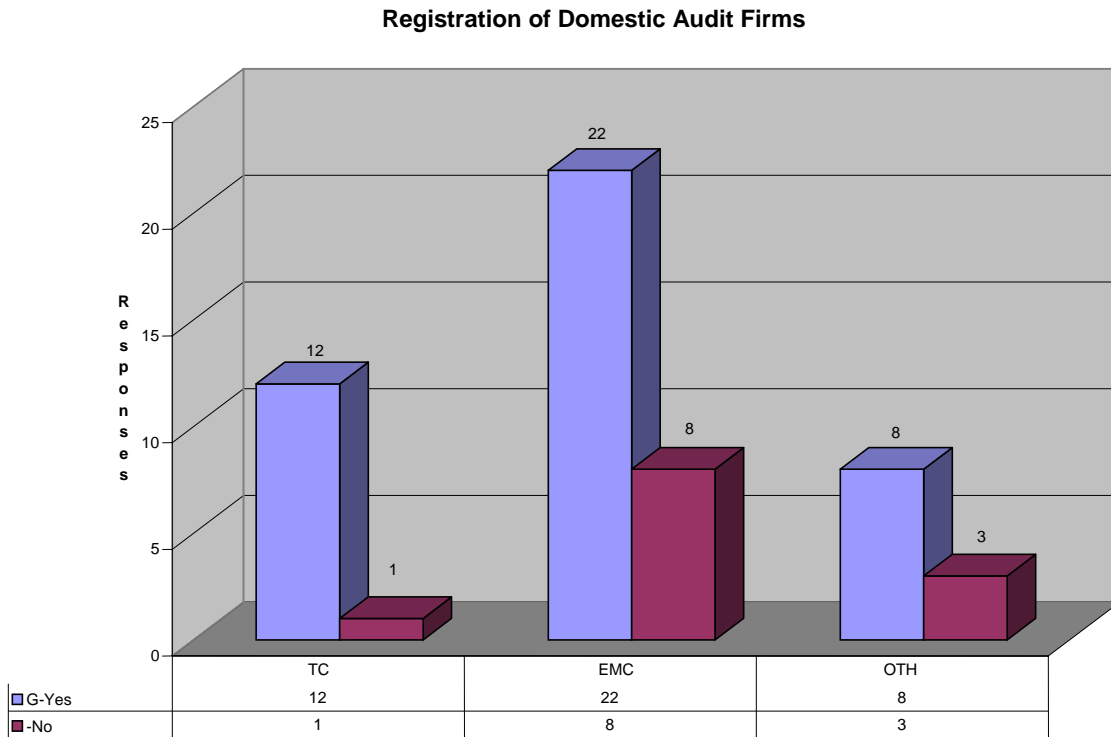
(Source: Licensing Section F, Part 2 Question 1)

Section G. Registration Process for Public Accounting Firms

A mechanism should exist to require that auditors have proper qualifications and competency before being licensed to perform audits, and maintain professional competence. A mechanism also should exist to withdraw authorization to perform audits of publicly traded companies if proper qualifications and competency are not maintained. (IOSCO Principles for Auditor Oversight Oct. 2002)

In 78% (42/54) of IOSCO member jurisdictions (“members”), domestic (i.e., within the jurisdiction) auditors are required to register with an oversight body to audit public listed companies listed in the jurisdiction. Among members of the more developed capital markets, this percentage is 92% (12/13). Among members of the EMC, this percentage is 73% (22/30).

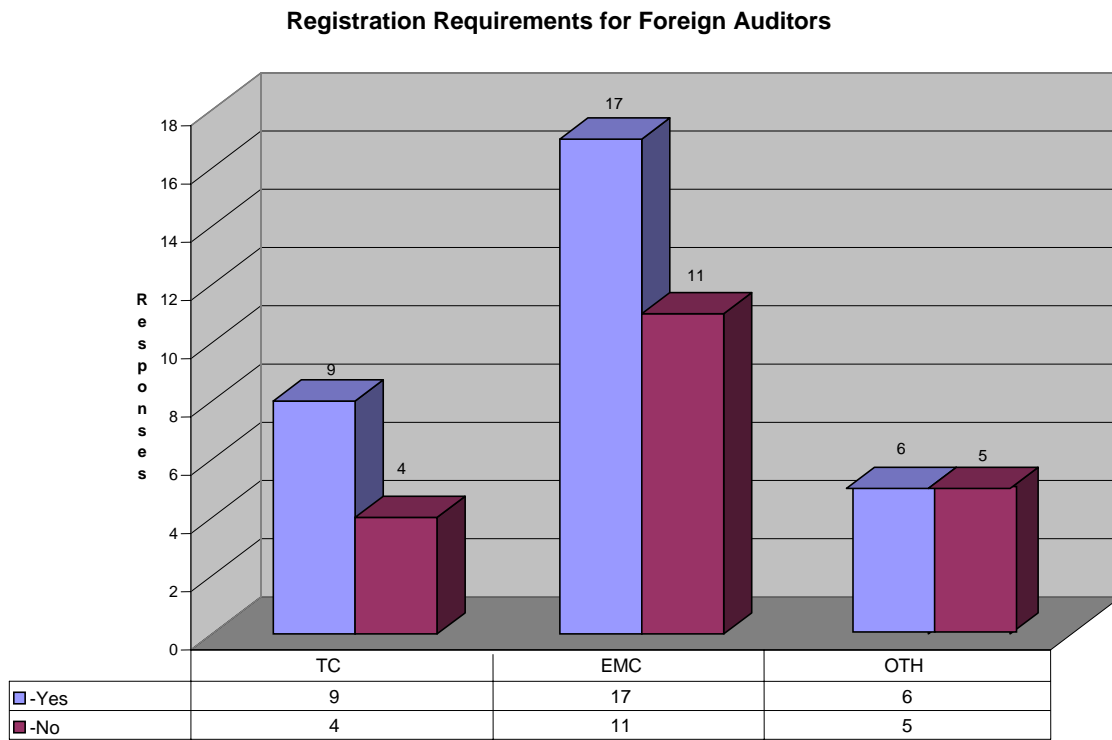
Figure 14



(Source: Registration Process Section G, Part 1 Question 1)

In regard to auditor registration requirements for foreign companies listed in a member jurisdiction, 62% (32/52) of members require such registration of foreign auditors. Among members of the TC this percentage is 69% (9/13) and among members of EMC this percentage is 61% (17/28).

Figure 15



(Source: Registration Process Section G, Part 1 Question 2)

Section H. Inspection, Internal and External Quality Assurance Review

A mechanism should exist to require auditors to be subject to the discipline of an auditor oversight body that is independent of the audit profession, or if a professional body acts as the oversight body, is overseen by an independent body. Such an auditor oversight body must operate in the public interest, and have an appropriate membership, an adequate charter of responsibilities and powers, and adequate funding that is not under the control of the auditing profession, to carry out those responsibilities.

An auditor oversight body should establish a process for performing regular reviews of audit procedures and practices of firms that audit the financial statements of listed public companies. This oversight process may be performed in coordination with similar quality control mechanisms that are in place within the audit profession, provided the oversight body maintains control over key issues such as the scope of reviews, access to and retention of audit work papers and other information needed in reviews, and follow-up of the outcome of reviews. Reviews should be conducted in a recurring basis, and should be designed to determine the extent to which audit firms have and adhere to adequate quality control policies and procedures that address all significant aspects of auditing.

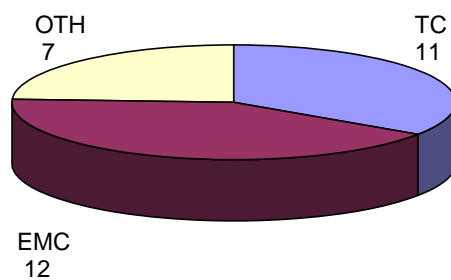
(IOSCO Principles for Auditor Oversight Oct. 2002)

To ensure compliance with regulatory requirements and auditing professional standards, audit firms are required to undergo inspections or reviews conducted by external parties not serving as auditors in 54% (30/56) of IOSCO member jurisdictions (“members”). Among members of the TC this percentage is 79% (11/14) and among members of the EMC this percentage is 40% (12/30).

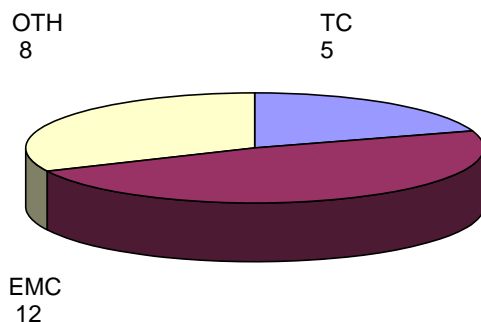
Audit firms are required to undergo peer reviews for these purposes in 45% (25) of member jurisdictions. Among members of the TC this percentage is 36% (5/14) and among members of the EMC this percentage is 40% (12/30). Some jurisdictions use both methods of quality assurance. 16 jurisdictions have no requirements for an inspection or peer review. In nearly all inspections that are conducted in member jurisdictions, the process includes an assessment of the firm’s quality control system.

Figure 16

Required External Inspection or Review



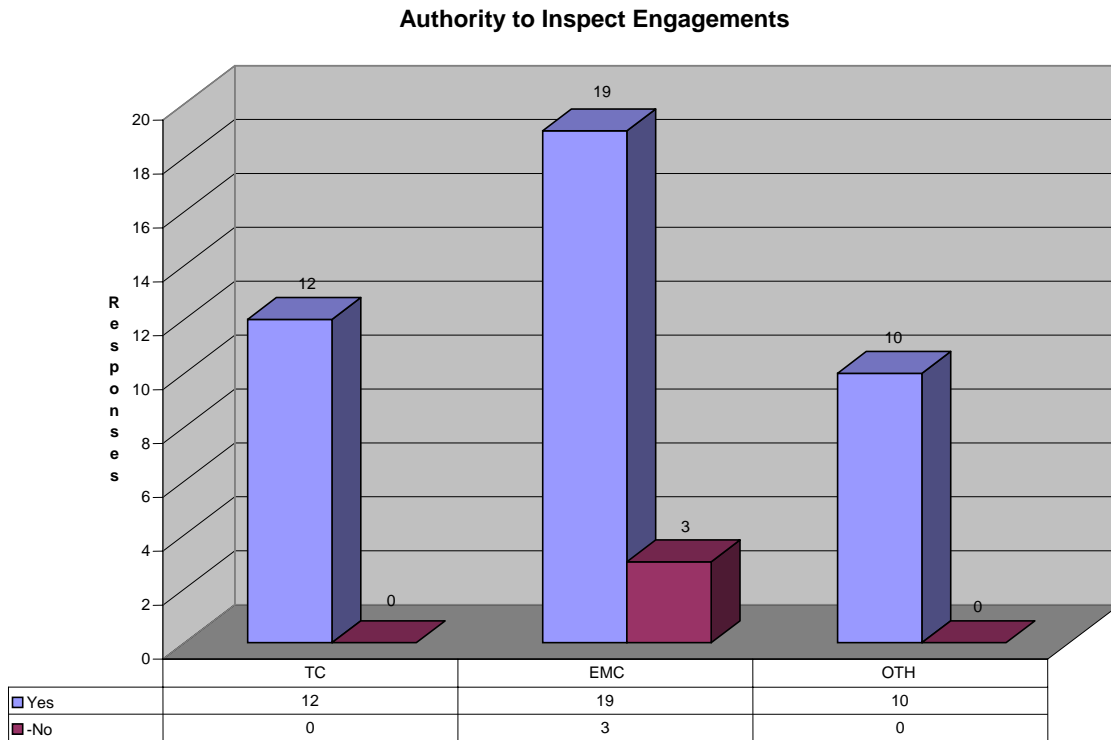
Required Peer Review



(Source: Inspection and Quality Assurance Section H, Part 1 Question 1a&b)

In 93% (41/44) of IOSCO member jurisdictions, the auditor oversight body has the authority to inspect the audit engagements conducted by audit firms, including engagements that may be involved in litigation.

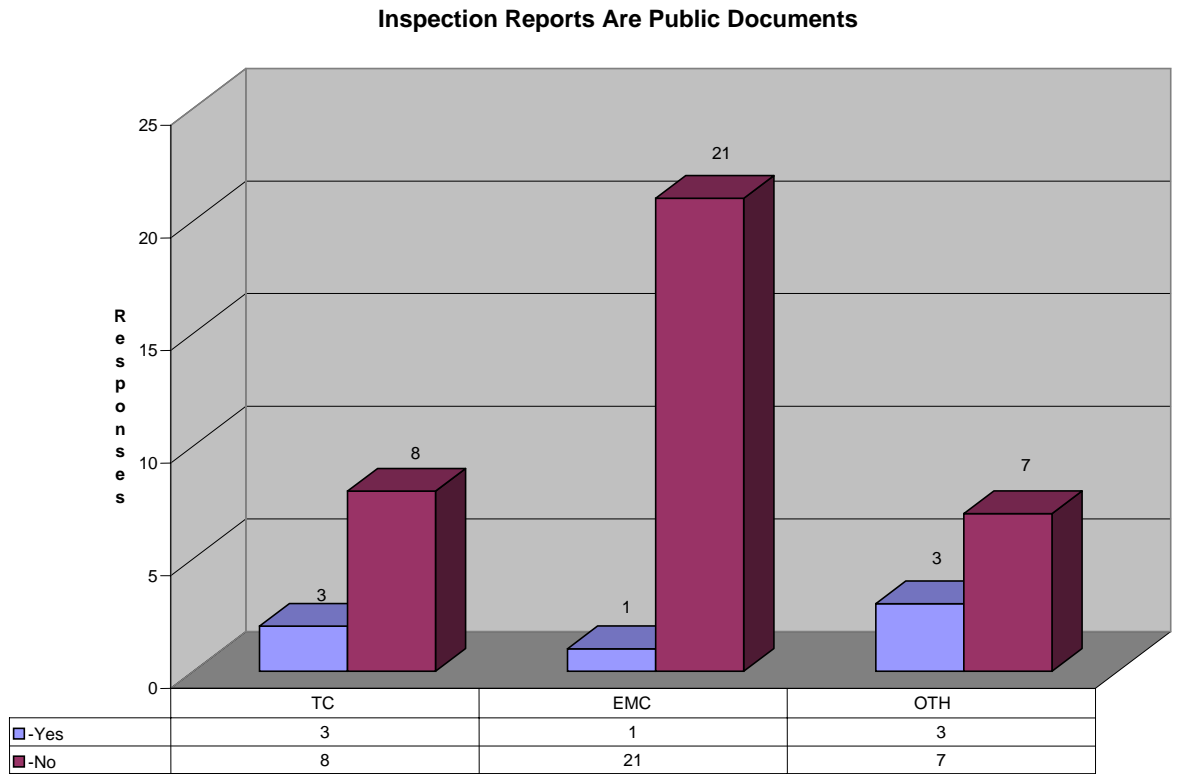
Figure 17



(Source: Inspection and Quality Assurance Section H, Part 1 Question 2)

In 84% (36/43) of the IOSCO member jurisdictions, inspection reports are not public documents. 27% (3/11) of the jurisdictions in the TC and 5% (1/22) in the EMC make the documents available to the public.

Figure 18

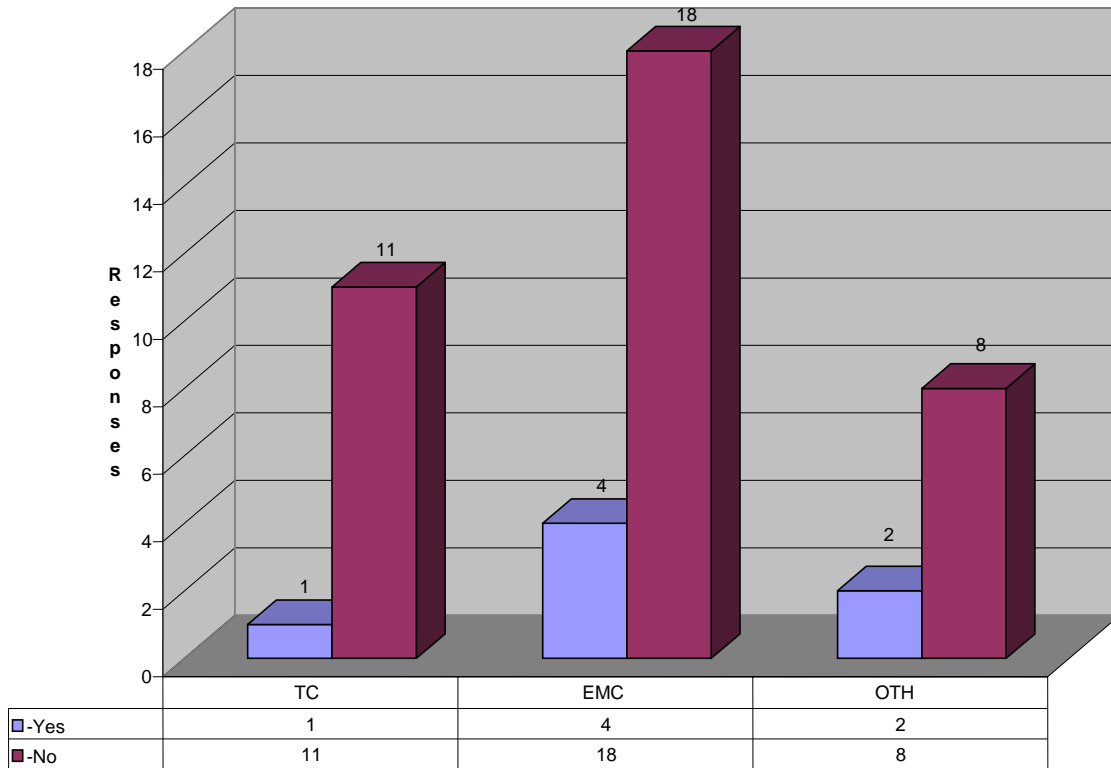


(Source: Inspection and Quality Assurance Section H, Part 1 Question 8)

In 84% (37/44) of the responding IOSCO member jurisdictions, the auditors are not required to provide their inspection reports to audit clients or to make representations to the client regarding the results of the firm’s inspection.

Figure 19

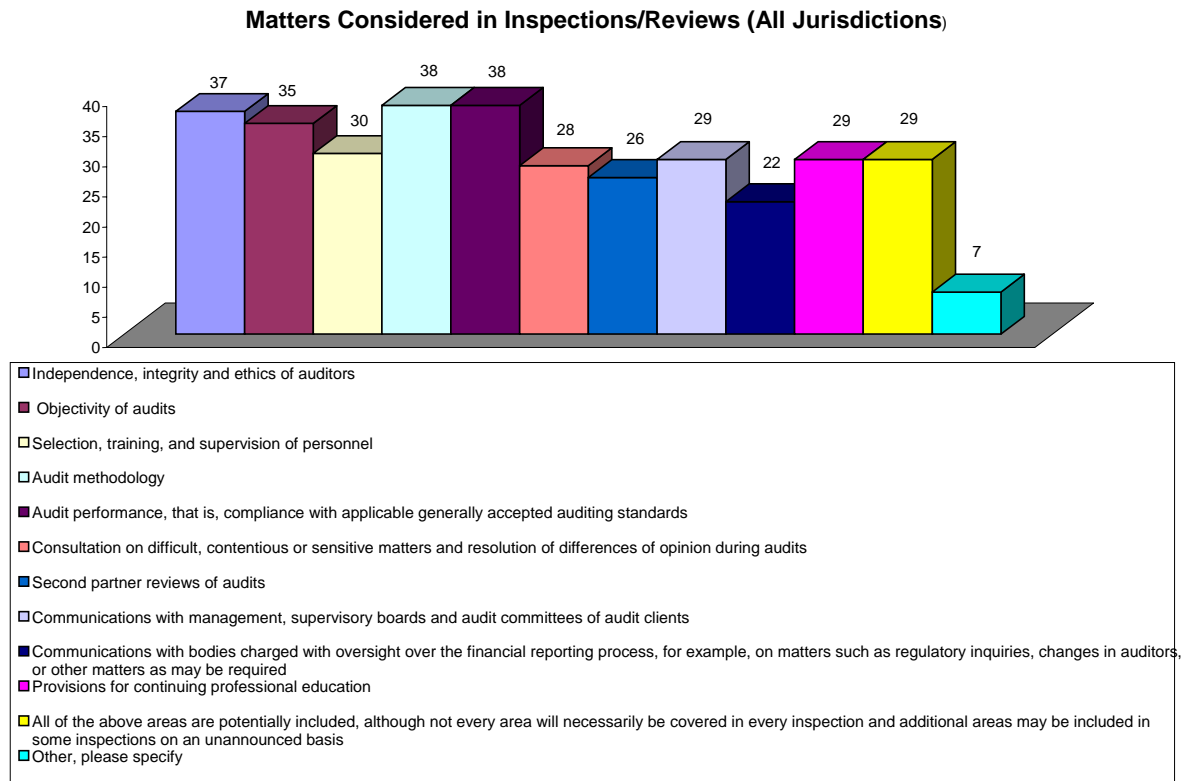
Requirement to Provide Inspection Report or Make Representation to Audit Client



(Source: Inspection and Quality Assurance Section H, Part 1 Question 9)

The areas considered during the inspection process varied among IOSCO member jurisdictions. The 66% (38) of the respondents include audit methodology and audit performance or compliance with auditing standards in the inspections/reviews.

Figure 20



(Source: Inspection and Quality Assurance Section H, Part 2 Question 1)

Section I. Investigative and Disciplinary Processes

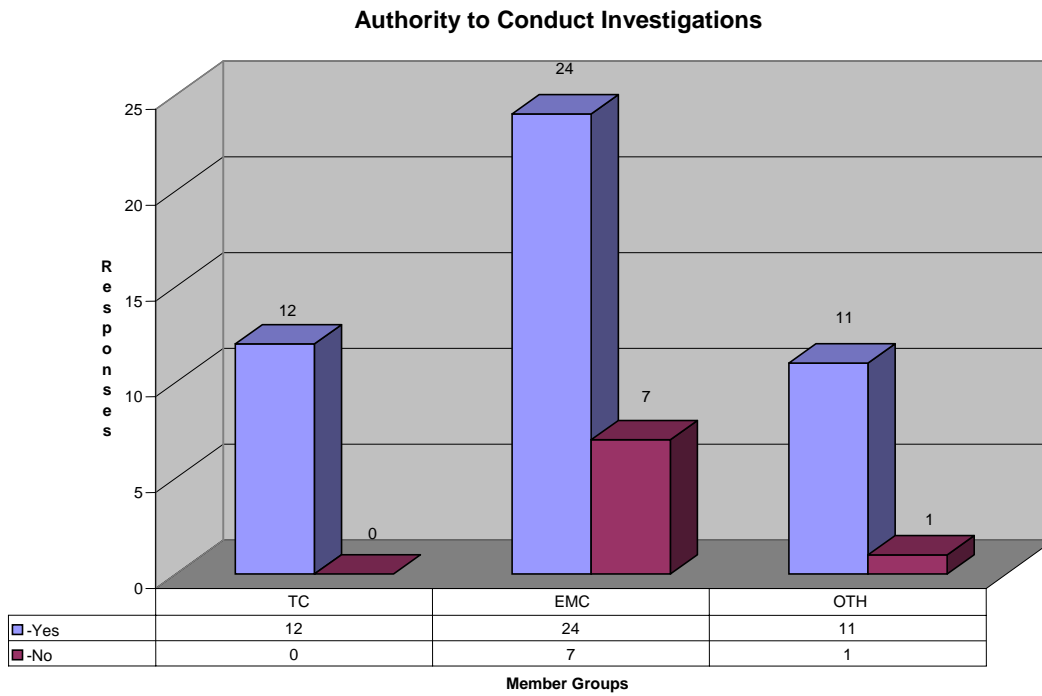
A mechanism should exist to require auditors to be subject to the discipline of an auditor oversight body that is independent of the profession, or if a professional body acts as the oversight body, is overseen by an independent body. Such an auditor oversight body must operate in the public interest, and have an appropriate membership, an adequate charter of responsibilities and powers, and adequate funding that is not under the control of the auditing profession, to carry out those responsibilities.

An auditor oversight body should have the authority to stipulate remedial measures for problems detected, and to initiate and/or carry out disciplinary proceedings to impose sanctions on auditors and audit firms, as appropriate.

(IOSCO Principles for Auditor Oversight Oct. 2002)

In 85% (47/55) of IOSCO member jurisdictions, the auditor oversight body in the jurisdiction, or one of the oversight bodies sharing responsibilities for oversight, has the authority to conduct investigations of the work of auditors and audit firms. Among members of the TC, this percentage is 100% (12/12) and among members of the EMC this percentage is 77% (24/31).

Figure 21

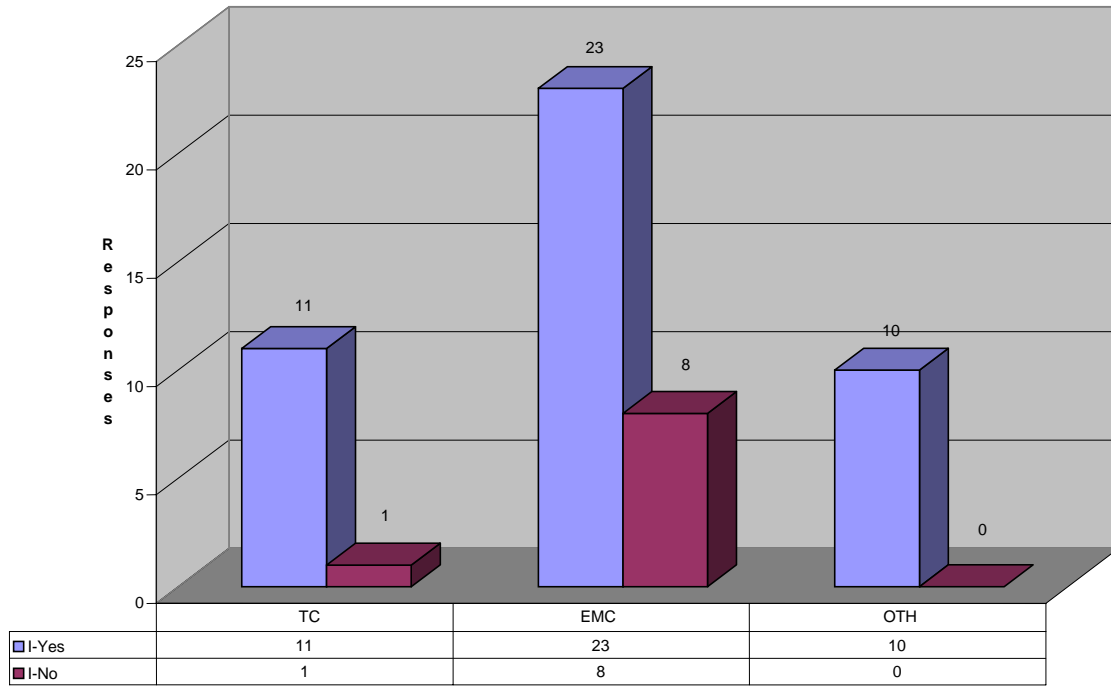


(Source: Investigation and Disciplinary Process Section I, Part 1 Question 1)

Most of the oversight bodies with this responsibility also have the authority to recommend disciplinary actions or impose sanctions on audit firms; however, in approximately a third of members outside of the TC, the sanctions are subject to consultation or approval of the auditing professional organization in the country, or are referred to the professional body to be carried out.

Figure 22

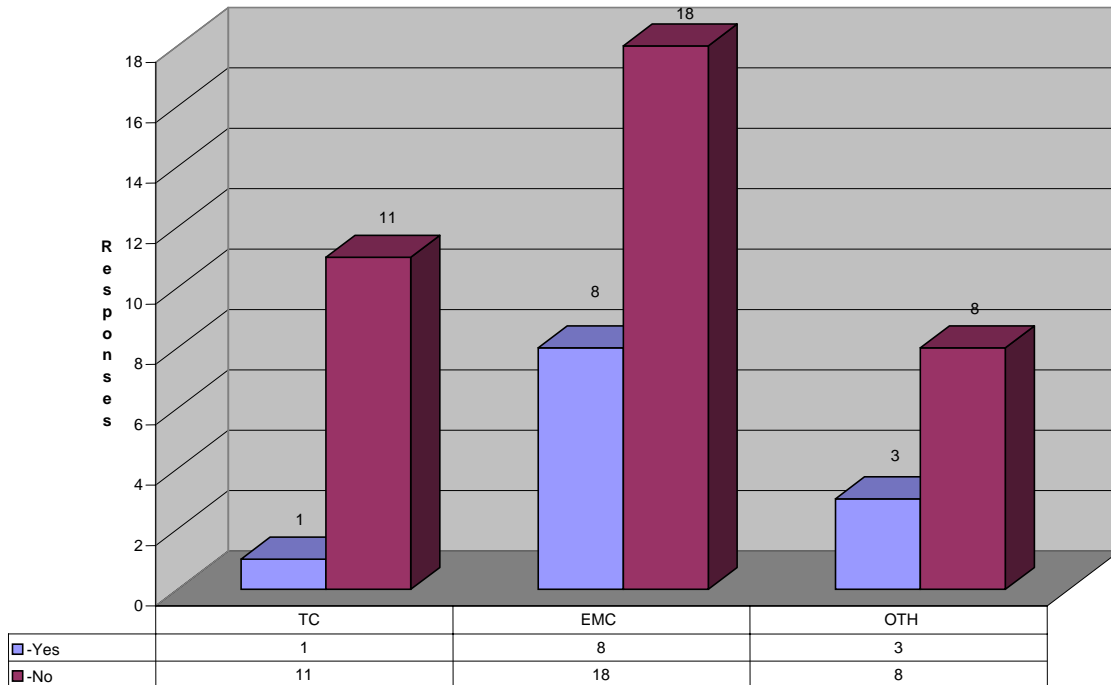
Authority to Take or Recommend Disciplinary Actions and Impose Sanctions



(Source: Investigation and Disciplinary Process Section I, Part 1 Question 2)

Figure 23

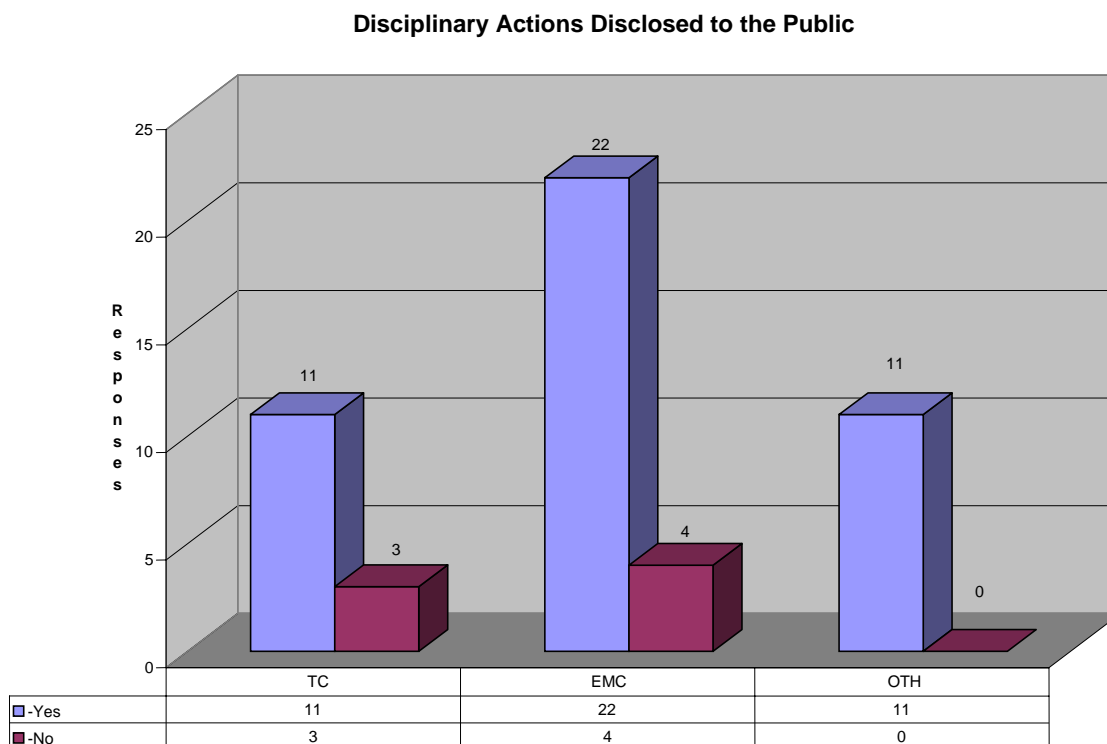
Investigations Subject to Approval of, Consultation with, or Referral to the Audit Profession



(Source: Investigation and Disciplinary Process Section I, Part 1 Question 3)

Disciplinary actions are disclosed to the public in 86% (44/51) of member jurisdictions. Violations of laws and regulations can be reported to securities regulators and law enforcement authorities in 90% (44/49) of member jurisdictions. Laws and regulations with whistle blower protections, i.e., that direct or allow the auditor to report suspected fraud to governmental authorities exist in 71% (36/51) of member jurisdictions. Among members of the TC, 77% (10/13) have whistle blower protection laws and regulations. Among members of EMC, this percentage is 58% (15/26).

Figure 24



(Source: Investigation and Disciplinary Process Section I, Part 1 Question 11)

Section J. Regulatory Cooperation and Information Sharing

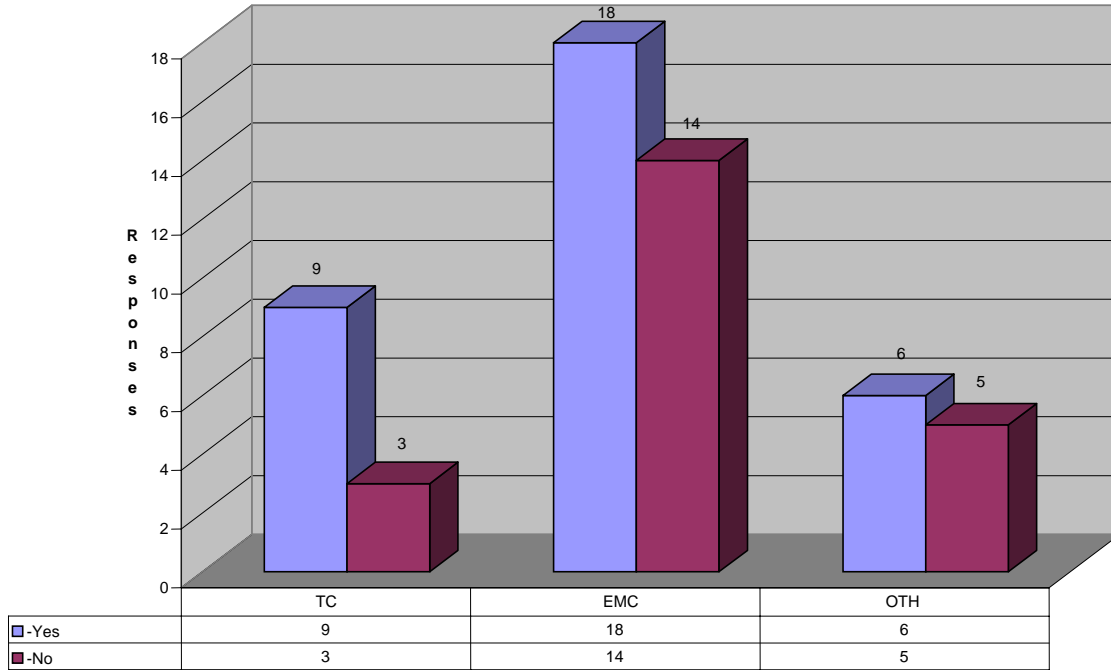
In relation to companies operating or listing on a cross-border basis, IOSCO members are encouraged to provide each other, whether directly or through coordinating with the auditor oversight body in their jurisdiction, with the fullest assistance permissible in efforts to examine or investigate matters in which improper auditing may have occurred and on any other matters relating to auditor oversight. Members are also encouraged to explore approaches to enhance cooperation among jurisdictions. (IOSCO Principles for Auditor Oversight Oct. 2002)

Arrangements for cooperation among regulators and auditor oversight bodies within jurisdictions have begun to be established in 60% (33/55) of IOSCO member

jurisdictions. Among members of the TC, this percentage is 75% (9/12). Among members of the EMC, this percentage is 56% (18/32).

Figure 25

Establishing Arrangements for Cooperation on Oversight Matters within Jurisdiction

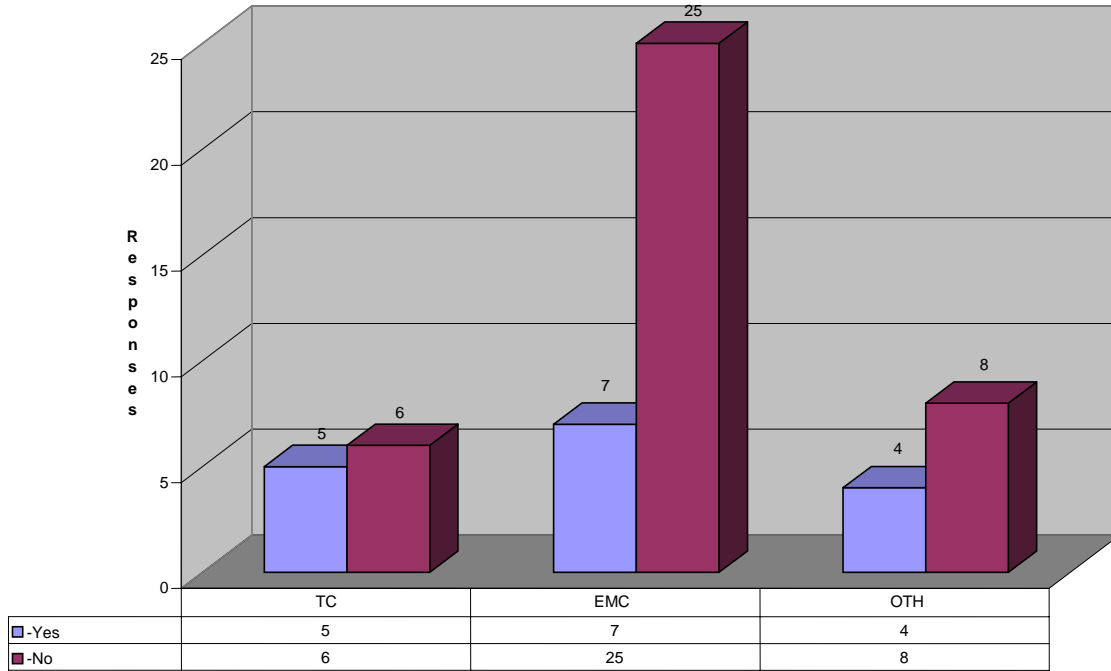


(Source: Regulatory Cooperation and Information Sharing Section J, Part 1 Question 1)

Arrangements for cross-border cooperation among regulators and auditor oversight bodies have begun to be established in 29% (16/55) of IOSCO member jurisdictions. Among members of the TC, this percentage is 45% (5/11). Among members of the EMC, this percentage is 22% (7/32). These arrangements have been finalized in less than 20% of member jurisdictions.

Figure 26

Establishing Arrangements for Cooperation on Oversight Matters with Other Jurisdictions

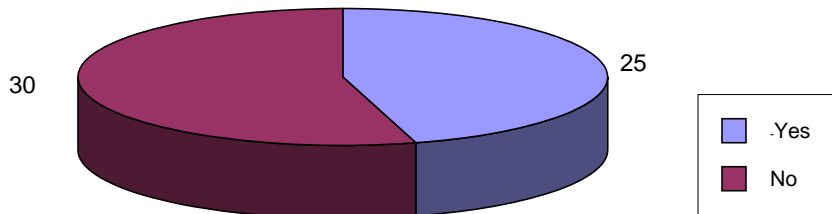


(Source: Regulatory Cooperation and Information Sharing Section J, Part 1 Question 2)

Potential future arrangements for cross-border cooperation among regulators and auditor oversight bodies are being discussed in 45% (25/55) of IOSCO member jurisdictions. Among members of the TC, this percentage is 50% (6/12). Among members of the EMC, this percentage is 38% (12/32).

Figure 27

Future Cooperative Arrangements Being Discussed with Other Jurisdictions



(Source: Regulatory Cooperation and Information Sharing Section J, Part 1 Question 4)

Section K. Audit Committee Oversight of Audits and Financial Reporting

IOSCO Principles note that the governance structure of an entity can play an important role in monitoring and safeguarding the independence of its external auditor. The exact form of an entity's governance structure and the roles that any individual governance bodies perform in relation to the external auditor may vary depending on the requirements of national laws. In some jurisdictions, a single body commonly known as an "audit committee" oversees all matters relating to the external auditor. In other jurisdictions, more than one body within the governance structure of a listed entity may assume this responsibility. For ease of reference, the term "audit committee" is used to refer to any governance body or bodies with responsibilities for overseeing the external auditor regardless of whether they have that title.

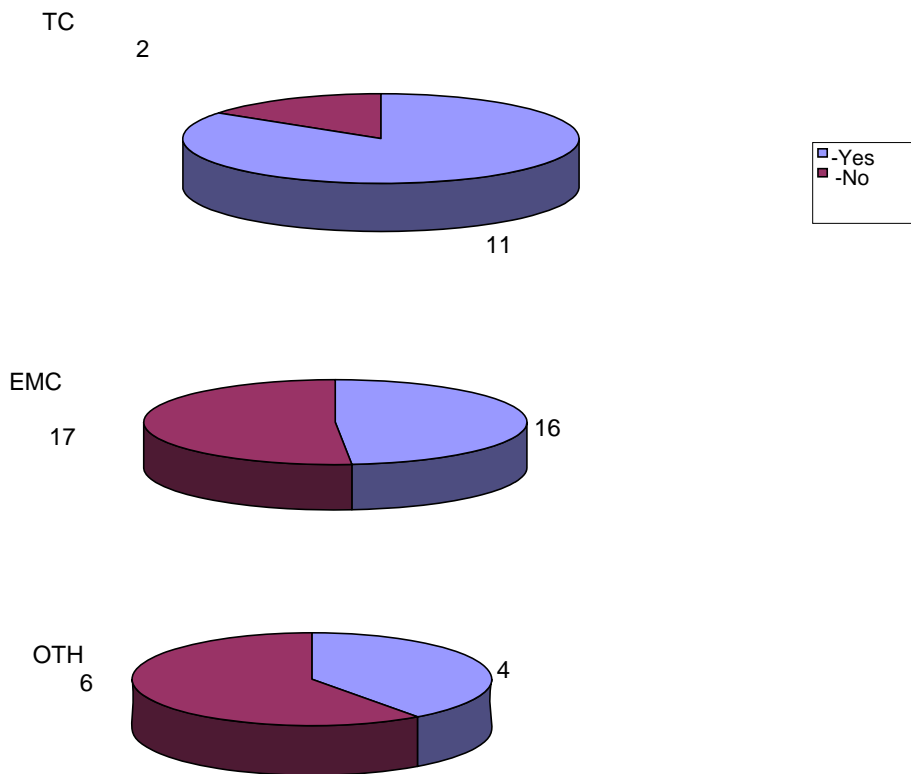
The Technical Committee believes that, regardless of the particular legal structure in a jurisdiction, a governance body that is in both appearance and fact independent of management of the entity being audited and acts in the interests of investors should oversee the process of selection and appointment of the external auditor and the conduct of the audit. The audit committee should be the key representative body with which the auditor interacts, and should on a regular and frequent basis meet with the auditor without management present to discuss any contentious issues that have arisen with management during the course of the audit and whether they have been resolved to the auditor's satisfaction. When selecting an auditor to recommend for appointment or reappointment the audit committee should satisfy itself that the auditor is independent in accordance with applicable standards.

(IOSCO Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor's Independence Oct. 2002)

Listed public companies are required to have audit committees, or other bodies within the supervisory board or other corporate governance structure that are independent of management, to oversee the financial reporting process and audits in 55% (31/56) of IOSCO's responding member jurisdictions. Among members of the TC, this percentage is 85% (11/13) and among members of the EMC this percentage is 48% (16/33).

Figure 28

Audit Committees or Other Corporate Governance Structures Required for Listed Companies

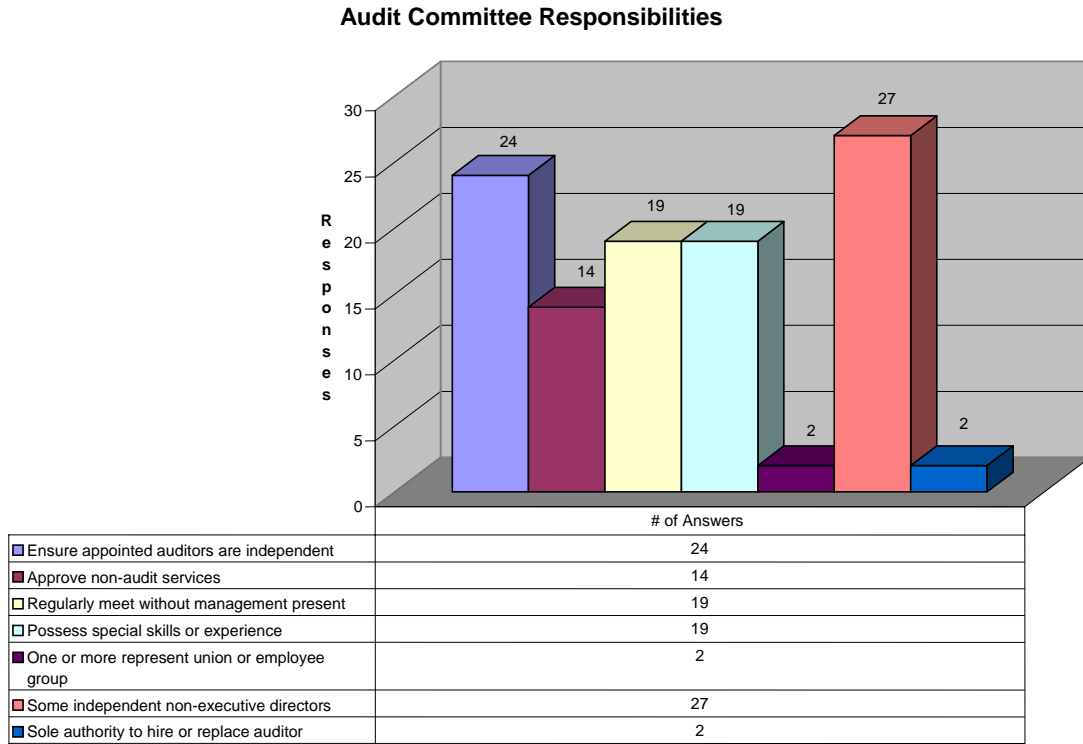


(Source: Audit Committee Oversight Section K Part 1 Question 1)

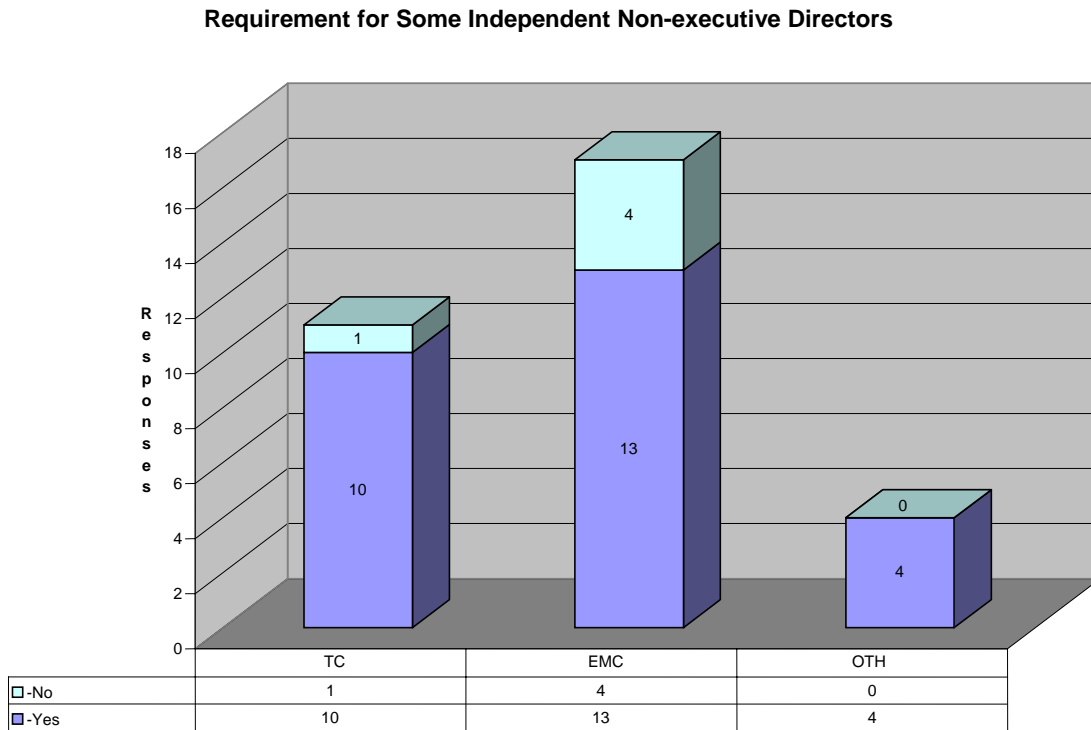
In regard to selected responsibilities of audit committees, audit committees are held responsible for ensuring that appointed auditors are independent in accordance with applicable standards in 75% (24/32) of the jurisdictions responding. Audit committees are required to meet or communicate on a regular and frequent basis with auditors without management present in 61% (19/31) of the jurisdictions. Audit committees are required to have some, all, or a majority of members to be independent, non-executive directors in 84% (27/32) of responding jurisdictions.

Concerning this last statistic, it should be noted that positive responses could be made regardless of the degree of overall independence of the audit committee, if at least some members of the audit committee were independent, non-executive directors. As corporate governance arrangements for overseeing financial reporting and auditing continue to evolve, an issue for exploration in future years may be the extent of independence of audit committees around the world.

Figure 29



(Source: Audit Committee Oversight Section K, Part 1 Questions 2-10)



(Source: Audit Committee Oversight Section K, Part 1 Question 9)

Attachment A

List of Jurisdictions of Responding Members

Jurisdiction	IOSCO Committee
1. Albania	EMC
2. Argentina	EMC
3. Australia	TC
4. Austria	OTH
5. Barbados	EMC
6. Belgium	OTH
7. Bosnia Herzegovina	EMC
8. Brazil	EMC
9. Brunei	EMC
10. Canada*	TC
11. China, Peoples Republic of	EMC
12. Chinese Taipei	EMC
13. Colombia	EMC
14. Cyprus	EMC
15. Czech Republic	EMC
16. Denmark	OTH
17. Egypt	EMC
18. Finland	OTH
19. France	TC
20. Germany	TC
21. Ghana	EMC
22. Greece	OTH
23. Honduras	EMC
24. Hong Kong SAR	TC
25. Hungary	EMC
26. Ireland	OTH
27. Isle of Man	OTH
28. Italy	TC
29. Jamaica	EMC
30. Japan	TC
31. Jersey	OTH
32. Kenya	EMC
33. Korea	EMC
34. Lithuania	EMC
35. Luxembourg	OTH
36. Macedonia	EMC
37. Malta	EMC
38. Mexico	TC
39. Netherlands	TC
40. New Zealand	OTH
41. Nigeria	EMC
42. Norway	OTH
43. Pakistan	EMC
44. Panama	EMC
45. Poland	EMC
46. Portugal	OTH
47. Romania	EMC
48. Slovakia	EMC
49. Slovenia	EMC
50. Spain	TC
51. South Africa	EMC
52. Sri Lanka	EMC
53. Switzerland	TC
54. Thailand	EMC
55. Turkey**	EMC
56. UK	TC
57. Uruguay	EMC
58. USA	TC
59. Vietnam	EMC

TC- Members of the Technical Committee

EMC-Members of the Emerging Markets Committee

OTH- Other Ordinary Members of IOSCO

*Combined response for Ontario and Quebec

** Response received post summarization

ATTACHMENT B (Survey Questionnaire)

International Organization of Securities Commissions 2004 Survey on Regulation and Oversight of Auditors

The IOSCO Technical and Emerging Markets Committees are undertaking this survey to collect information on the current oversight structures and processes for oversight of financial reporting and auditing in participating IOSCO member jurisdictions. The survey is designed to identify national and/or regional responses to financial reporting failures and resulting changes in public expectations for audits, and the extent to which current practices and approaches encompass the IOSCO “Principles of Auditor Oversight” and “Principles of Auditor Independence and the Role of Corporate Governance in Monitoring an Auditor’s Independence”. The survey is also designed to provide other information which may be useful in efforts to enhance present oversight arrangements in existence. A report of summarized survey results will be made available to the general public when the Survey is completed. In addition, detailed information on individual jurisdiction survey responses with identification will be made available to regulators, standards-setters, and survey respondents on request.

This survey is organized into major subject areas (Sections A-L) combined with three levels or types of questions (Part I, II, and III) for each subject area. If more space is needed, please attach additional sheets with a reference to the section, part and question.

TABLE OF CONTENTS

Sections

- A. Legal Framework**
- B. Regulation and Oversight of Auditors and Audits of Public Listed Companies**
- C. Auditing Standards**
- D. Audit Quality Assurance**
- E. Auditor Independence and Ethics**
- F. Licensing, Certification, Approval for Auditors**
- G. Registration Process for Public Accounting Firms**
- H. Inspection, Internal and External Quality Assurance Reviews**
- I. Investigative and Disciplinary Processes**
- J. Regulatory Cooperation and Information Sharing**
- K. Audit Committee¹ Oversight of Audits and Financial Reporting**
- L. Other Matters**

Appendix List of Abbreviations and Definitions Used in this Survey

For any question, if you do not know the answer, you may write in “DNK” for “do not know”. If a survey question pertains to a matter that is outside of your organization's responsibility, you may write in "NA" for "Not applicable".

To make sure that the survey prints as it should appear in blank form, the survey should be first saved as a Word document before using it to make entries (manual or

¹ See definition in the Appendix

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electronic). You can complete the survey electronically by using the tab key to move to the shaded data entry fields to enter text and by clicking the mouse to check boxes. You may also complete the survey manually, writing in answers and attaching additional sheets as needed.

Completed surveys should be emailed or faxed to the persons listed in the letter accompanying this survey, by September 30, 2004.

For assistance in interpreting questions or for any other questions regarding this survey, please contact the following persons:

Susan Koski-Grafer (202) 942- 4407 Koski-GraferS@sec.gov
Janet Luallen (202) 942-4415 LuallenJ@sec.gov

International Organization of Securities Commissions 2004 Survey on Regulation and Oversight of Auditors

Survey Completed by

Organization

Contact Person

Country

Email Address

Telephone Number

FAX

Would your organization like to receive a copy of the completed survey? If yes, please indicate to whom the results should be sent.	Yes	No
<input type="checkbox"/> 	<input type="checkbox"/> 	<input type="checkbox"/>

Section A. Legal Framework

A. Legal Framework - Part I

1. Does your country have specific legislation governing the duties and conduct of auditors?	Yes	No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Does your country have specific governmental regulations covering the duties and conduct of auditors?	Yes	No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Are firms that are licensed or approved to audit public listed companies or other supervised reporting entities required to register with an oversight body or government agency?	Yes	No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Does your country have specific legislation or regulations governing the responsibilities of audit committees, supervisory boards, or other bodies with responsibilities for overseeing the external audits of public listed companies (hereafter referred to as "audit committees")?	Yes	No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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A. Legal Framework - Part II

1. How are requirements for the duties, conduct, regulation, and oversight of auditors established? (Check all that apply.)

- Laws and regulations
- Local professional body standards
- International professional body standards
- Contractual terms between clients and auditors
- Business and industry custom or voluntary best practices
- Other (Please explain) _____

2. Does the legal framework address oversight for the following entities? (*Select all that apply*).

- Public listed companies
- Non-listed companies subject to government supervision
- Non-listed public interest entities
- All statutory entities under corporation law
- Non-public/private companies
- Other _____

A. Legal Framework - Part III

1. Please list the names of the principal laws and regulations that govern the conduct of audits for public listed companies and the dates enacted.

2. Please describe the auditor oversight structure that currently exists within the jurisdiction, i.e., what organization or organizations oversee the setting of auditing standards, the licensing and supervision of auditors, auditor ethics and professional conduct, and/or the conduct of audits of public companies. **Attach a diagram of the oversight structure if available.**

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3. Are changes to the current legal framework and/or oversight structure in your jurisdiction in progress? If so, please describe expected changes, the process by which they will be made, and indicate when the changes are expected to occur.

4. If your jurisdiction has separate oversight arrangements for non-public companies, i.e., private companies, public interest entities that are not listed companies, please elaborate on the extent to which other arrangements are similar or dissimilar to what exists for public listed companies.

Section B. Oversight of the Audit Profession and Audits of Public Companies

B. Oversight of the Audit Profession - Part I

	Yes	No
<p>1. Do one or more formal oversight bodies exist to oversee the conduct of auditing and the audits of public listed companies? Please identify the oversight body by name and include the website address.</p> <p>_____</p> <hr/> <hr/> <hr/> <p>If more than one, please copy this survey and attach answers for all applicable portions of the questionnaire as completed by each oversight body. <i>(If the answer is No, go to Section C.)</i></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>2. Is this oversight body independent of the auditing profession? By “independent” this survey intends the following: it is not a self regulatory body linked to the auditing professional body or association and is not subject to the influence of the auditing profession for funding, policies or staffing, approval of decisions.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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3. Is this oversight body a self-regulatory body that is linked to the auditing profession? (Being "linked" would include bodies whose members are appointed by the accounting and auditing professional body and/or whose funding, policies or staffing is influenced by the professional body.)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. If this oversight body is a self-regulatory body that is linked to the auditing profession, is there a mechanism for separate governmental or independent oversight of the oversight body, e.g. by securities regulators or other government agency or by a body established by such regulators? (<i>Leave blank if not applicable</i>)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Do charter(s) or rules of operations exist for this auditor oversight body? If yes, please attach copies.	Yes <input type="checkbox"/>	No <input type="checkbox"/>

B. Oversight of the Audit Profession - Part II

<p>1. Indicate the functions that are the responsibility of this oversight body. (<i>Select all that apply.</i>)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Establishment of auditing standards <input type="checkbox"/> Establishment of ethics and independence standards <input type="checkbox"/> Establishment of quality control standards <input type="checkbox"/> Licensing of auditors/public accountants <input type="checkbox"/> Investigation of audit failures <input type="checkbox"/> Registration of public accounting firms that audit public listed companies <input type="checkbox"/> Inspection of public accounting firms <input type="checkbox"/> Supervising or monitoring the conduct of peer reviews or inspections <input type="checkbox"/> Determining disciplinary actions <input type="checkbox"/> Determining remedial and corrective actions <input type="checkbox"/> Referral of violations or possible violations to a body responsible for disciplinary, remedial and corrective actions <input type="checkbox"/> Information sharing and coordination with foreign oversight bodies <input type="checkbox"/> Other (Please list and explain) _____ <hr/> <hr/> <hr/> <hr/>
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2. Indicate the functions that this oversight body has assigned or delegated to others. *(Select all that apply.)*

- Establishment of auditing standards
- Establishment of ethics and independence standards
- Establishment of quality control standards
- Licensing of auditors/public accountants
- Investigation of audit failures
- Registration of public accounting firms that audit public listed companies
- Inspection of public accounting firms
- Determining disciplinary actions
- Determining remedial and corrective actions
- Referral of violations or possible violations to a government authority
- Referral of violations or possible violations to a private sector body
- Information sharing and coordination with foreign oversight bodies
- Other (Please list and explain) _____

3. How many members and staff does this oversight body have and are they full time or part-time? *(Select the appropriate boxes.)*

<u>Oversight Body Members</u>	<u>Oversight Body Staff</u>
<p align="center">Full time</p> <p><input type="checkbox"/> 0</p> <p><input type="checkbox"/> 1-5</p> <p><input type="checkbox"/> 6-10</p> <p><input type="checkbox"/> 10-15</p> <p><input type="checkbox"/> 15+</p> <p align="center">Part time</p> <p><input type="checkbox"/> 0</p> <p><input type="checkbox"/> 1-5</p> <p><input type="checkbox"/> 6-10</p> <p><input type="checkbox"/> 10-15</p> <p><input type="checkbox"/> 15+</p>	<p align="center">Full time</p> <p><input type="checkbox"/> 0</p> <p><input type="checkbox"/> 1-5</p> <p><input type="checkbox"/> 6-10</p> <p><input type="checkbox"/> 10-20</p> <p><input type="checkbox"/> 20+</p> <p align="center">Part time</p> <p><input type="checkbox"/> 0</p> <p><input type="checkbox"/> 1-5</p> <p><input type="checkbox"/> 6-10</p> <p><input type="checkbox"/> 10-20</p> <p><input type="checkbox"/> 20+</p>

4. Number of public listed companies in this jurisdiction: _____

5. How often do the Board/principal members (“the Board”) of this oversight body meet?

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(Please answer this only for oversight bodies other than governmental securities regulators and check all that apply)

- 1 time a year
- 2 times a year
- 5-12 times a year
- More than monthly but less than weekly, i.e., more than 12 but less than 52 times a year
- Generally on a weekly basis
- On an ad hoc basis, as needed (If this item is checked, please attach explanation of circumstances under which the Board can call an ad hoc meeting and what frequency might be expected for such meetings.)

6. What is the length of the term that oversight board members can serve? (*Select all appropriate boxes.*)

- 1 year
- 2 years
- 3 years
- 3+ years
- Indefinite
- With renewal option for _____ terms

7. What is the actual number of, and policy or criteria regarding, current or former auditors serving on the board or at the senior level of the oversight body? (*Select the appropriate box and attach a description of the criteria if available.*)

- All or most members may be current audit practitioners
- No current or former audit practitioner may serve
- No current audit practitioner may serve, but former auditors that have not practiced within the last 3 to 5 years may serve
- Only one member may be a current or former audit practitioner
- A majority of the board must not be current or former audit practitioners
- Other (please describe) _____

B. Oversight of the Audit Profession - Part III

1. How are members of this oversight body appointed or selected and by whom?

2. Under what conditions may members of this oversight body be removed and by whom?

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<hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/>
<p>3. Who or what determines what functions this oversight body performs?</p> <hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/> <hr/>
<p>4. For the functions that this body assigns or delegates to others (as noted in Section B, <i>Part II</i> question 2 above), please explain who performs the delegated function(s) and how this oversight body monitors execution of the delegated function(s).</p> <hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/> <hr/> <hr/>
<p>5. How is this oversight body funded?</p> <hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/> <hr/>
<p>6. Is this oversight body's funding subject to change, approval, or the influence of a person or organization affiliated with the public accounting profession?</p> <hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/> <hr/> <hr/>
<p>7. If this body is a self-regulatory body that is overseen by a higher-level oversight body, please provide a full explanation of that oversight.</p> <hr style="width: 50px; margin-left: 0;"/> <hr/> <hr/> <hr/> <hr/>

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Section C. Auditing Standards

C. Auditing Standards - Part I

1. Do official published auditing standards exist in this jurisdiction?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Are these auditing standards developed and issued by a national body?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. Are these auditing standards developed and issued by the International Auditing and Assurance Standards Board (IAASB)?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Are the national or other permitted auditing and professional standards used in this jurisdiction established in a public forum that includes: <ul style="list-style-type: none"> • Due process that includes exposure of proposals to the public for review and comment, as well as consideration of comments received? • Transparency of the rulemaking procedures and periodic reporting to the public? • Public oversight? 	Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/>	No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/>
5. Are auditors of public listed companies required to provide a separate public report on any public listed company subject matters other than the financial statements?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6. Are public reports on internal control over financial reporting in connection with the annual audit required to be prepared for securities regulators and investors?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7. Are non-public reports on internal control over financial reporting prepared for audit committees, supervisory boards and/or others charged with governance?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

C. Auditing Standards - Part II

1. Auditing standards are (<i>Select all that apply</i>): <ul style="list-style-type: none"> <input type="checkbox"/> Set by an auditing professional body <input type="checkbox"/> Set by an auditing professional body with independent or government oversight <input type="checkbox"/> Set by an independent private sector body that is not linked to the audit profession <input type="checkbox"/> Set by the government or agency of the government <input type="checkbox"/> ISAs as issued by the IAASB
--

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<input type="checkbox"/> ISAs with modifications for country requirements <input type="checkbox"/> No auditing standards have been adopted <input type="checkbox"/> Other (<i>please explain in Part III</i>)

C. Auditing Standards - Part III

<p>1. If the standards in <i>Part II</i> are established or set through “Other” means, please explain.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>2. Please describe the nature and scope of any separate auditor report or reports on matters other than the financial statements that is required in your country and is available to the public.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

<p>3. If auditor reports on internal control over financial reporting are prepared in this jurisdiction, please indicate if such reports are prepared regularly or only on request and for whom the reports are prepared.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
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Section D. Audit Quality Assurance

D. Audit Quality Assurance - Part I

1. Are auditors conducting audits of public listed companies subject to a quality assurance process or system external to the audit firm that reviews audits that have been completed?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Are auditors required to have an internal quality control system?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

D. Audit Quality Assurance - Part II

1. Quality assurance and quality control standards in this country are: <input type="checkbox"/> Set by an auditing professional body <input type="checkbox"/> Set by an auditing professional body with independent or government oversight <input type="checkbox"/> Set by the government or agency of the government <input type="checkbox"/> Other (please explain in Part III below) <input type="checkbox"/> No quality assurance standards have been adopted

D. Audit Quality Assurance - Part III

1. Please describe the elements, structure and process of the external audit quality assurance system applicable to audits of public listed companies, if one exists in your country. <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
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Section E. Auditor Independence and Ethics

E. Auditor Independence - Part I

1. Are the auditor and the audit firm required to be independent of the audited entity?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Has a special definition and/or requirement been established for auditor independence in this jurisdiction? (<i>If No, go to question 9.</i>)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. Does the definition or requirement for independence include lists of permitted services?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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4. Does the definition or requirement for independence include lists of prohibited services?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Is information about a change of the auditor for a listed company required to be disclosed to securities regulators?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6. Regarding auditor rotation: A. Have requirements been established for rotation of audit partners and/or engagement teams? B. Have requirements been established for rotation of audit firms?	Yes <input type="checkbox"/> Yes <input type="checkbox"/>	No <input type="checkbox"/> No <input type="checkbox"/>
7. Is the auditor required to discuss with the audit committee the provision of other services to the audited entity that might cause threats to the firm's independence and the safeguards to mitigate those threats and/or provide a written representation of independence?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8. Are the auditors and auditing firms required to annually confirm their independence to the audit committee?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9. Are auditors and audit firms subject to written professional ethics requirements? <i>(If the answer is No, go to Part II.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
10. Do the requirements cover the auditor's responsibility for: <ul style="list-style-type: none"> • Integrity • Objectivity • Professional competence • Confidentiality • Due care 	Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/>	No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/>

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E. Auditor Independence - Part II

1. Auditor independence standards are (*Select all that apply*):
- Set by an accounting professional body
 - Set by an accounting professional body with independent or government oversight
 - Set by the government or agency of the government
 - Set by an independent private sector body outside the auditing profession
 - Established by law or regulation
 - IFAC ethics code (Code established by the International Federation of Accountants)
 - IFAC ethics code with modifications for country requirements
 - No standards on auditor independence have been adopted
 - Safeguards to protect the firm against threats to independence
 - Other (*please explain in Part III*)

2. Areas addressed by auditor independence rules include (*Select all that apply*):
- Direct financial investment in the audited listed company
 - Indirect financial investment in the audited listed company
 - Family relationship
 - Business relationship
 - Employment with the audited entity
 - Scope of persons and entities, inside and outside the firm, to whom independence rules apply
 - Indemnification in case of litigation
 - Contingent Fees
 - Debtor/creditor relationships
 - Other – (Please list)
- _____
- _____
- _____

3. Services that the auditor is prohibited or restricted from providing for audit clients include (*Select all that apply.*):
- Tax services
 - Design and implementation of financial information systems
 - Appraisal and valuations
 - Actuarial services
 - Outsourcing services, e.g., payroll, internal audit and bookkeeping functions
 - Management functions or human resources
 - Legal advice
 - Expert services
 - Broker/dealer investment services
 - Other non-audit services; please provide examples
- _____
- _____
- _____

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4. How are professional ethical codes established and enforced? (Select all that apply.)

- Established by law or regulation
- Set and enforced by an accounting professional body
- Set and enforced by an accounting professional body with independent or government oversight
- Set and enforced by the government or agency of the government
- Set and enforced by an independent private sector body outside the auditing profession
- The IFAC code of ethics enforced locally
- The IFAC code of ethics with modifications for country requirements and enforced locally
- No code of ethics
- Other (please explain in *Part III* below.)

E. Auditor Independence - Part III

1. Please describe how and to what extent permitted and prohibited services differ from what is permitted under the IFAC Code of Ethics.

2. If you checked other in *Part II*, question 1, please explain how auditor independence standards are set.

3. Please explain how and what information about auditor changes is disclosed, if you answered "yes" to question 5 in Part I.

4. If applicable, please specify the rotation period for audit partners and/or engagement teams.

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<p>5. If applicable, please specify the rotation period for audit firms.</p> <hr/> <hr/> <hr/>
<p>6. Please list all relevant laws, regulations and codes, which address auditor ethics and independence requirements.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>7. Please explain the extent to which tax services are restricted or prohibited.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

Section F. Licensing/Certification/Approval for Auditors

F. Licensing - Part I

<p>1. Are auditors required to be licensed, certified or approved to conduct audits of any company? If yes, please indicate the name or names of the licensing/certification/approval body (or bodies).</p> <hr/> <hr/> <hr/> <hr/> <hr/>	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
<p>2. Are auditors required to be licensed, certified or approved to specifically conduct audits of listed companies? <i>(If No to both 1 and 2, go to Section G. If yes, please indicate the name or names of the licensing/certification/approval body or bodies)</i></p> <hr/>	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

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3. Is compliance with the licensing or certification requirements verified at time of initial application?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Are there ongoing professional education requirements, which must be met to renew licenses or maintain good standing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Is there a mechanism to revoke licenses or approval to conduct audits for failure to maintain the necessary qualifications?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

F. Licensing - Part II

1. Select **all** that apply to the requirements to become licensed to audit listed companies:

- A comprehensive written test
- Experience requirements
- A university or college degree
- Continuing professional education
- No formal requirements exist
- Other (*Please explain in Part III*)

F. Licensing - Part III

1. Are there any other licensing or approval requirements for firms or individuals auditing listed companies?

2. Is compliance with licensing or approval requirements checked or monitored subsequently, and if so, by whom?

3. Please explain how compliance with licensing or approval requirements is verified if you answered "yes" to question 3 in Part I.

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Section G. Registration Process for Public Accounting Firms

G. Registration Process - Part I

1. Are domestic (i.e., within the jurisdiction) auditors required to register with an oversight body to audit public listed companies listed in the jurisdiction?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
2. Are foreign (i.e., outside the jurisdiction) auditors required to register with an oversight body to audit public listed companies listed in the jurisdiction?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
3. Must domestic auditors register with an oversight body to conduct audits of subsidiaries, ventures, or other subdivisions of multinational consolidated group entities that are public listed companies?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
4. Must foreign auditors register with an oversight body to conduct audits of subsidiaries, ventures, or other subdivisions of multinational consolidated group entities that are public listed companies?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
5. Have cooperative arrangements been established and finalized with other jurisdictions with specific provisions for registering foreign accounting firms?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
6. Are there exemptions from registration?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
7. Are there sanctions that can be imposed on firms that fail to register?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
8. Can firms that do not presently audit the consolidated group accounts of public companies also register with the oversight body?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

G. Registration Process - Part II

1. Select <i>all</i> items of information which registered firms are required to provide:
<input type="checkbox"/> Name and address
<input type="checkbox"/> Size of firm
<input type="checkbox"/> Legal structure of firm
<input type="checkbox"/> List of partners and owners

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<input type="checkbox"/> List of firm professional personnel <input type="checkbox"/> Organizational chart <input type="checkbox"/> List of industries served <input type="checkbox"/> List of auditing engagements or clients <input type="checkbox"/> List of initial engagements <input type="checkbox"/> Number of offices <input type="checkbox"/> Location of offices <input type="checkbox"/> List of pending criminal, civil or disciplinary proceeding against the firm <input type="checkbox"/> Relationship with networks of firms <input type="checkbox"/> Description of quality control system or quality control policies <input type="checkbox"/> Independence confirmations and reports <input type="checkbox"/> Continuing professional education records <input type="checkbox"/> Breakdown of fees for service <input type="checkbox"/> Annual reports or periodic updates to information provided <input type="checkbox"/> Other (<i>Please specify</i>)_

G. Registration Process - Part III

<p>1. Please describe the process for registering firms for oversight and any other information that must be submitted.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>2. How many audit firms are currently registered? _____</p>
<p>3. What are the sanctions that can be imposed on firms that fail to register for oversight?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>4. Under what conditions are exemptions granted and who has the authority to grant the exemption from registration?</p> <p>_____</p> <p>_____</p> <p>_____</p>

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Section H. Inspection, Internal and External Quality Assurance Review

H. Inspection and Quality Assurance - Part I

1.	A. Are firms required to undergo inspections or reviews conducted by external parties not serving as auditors, to ensure compliance with regulatory requirements, and auditing and applicable professional standards?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	B. Are firms required to undergo peer reviews to ensure compliance with regulatory requirements, and auditing and applicable professional standards? <i>(If the answer is No to both 1A and 1B, go to Section I.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.	Does the oversight body have the authority to inspect audit and review engagements, including engagements subject to litigation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3.	Does the inspection process include assessments of quality control systems, including compliance with independence requirements?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.	Does the inspection process include a review of selected audit engagements conducted by a firm, including audits performed by various offices and firm partners?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5.	A. Do inspections cover a specified period of time?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	B. Do inspections cover specified engagements or types of engagements?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6.	Are there special qualifications that must be met to conduct inspections?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7.	Is a written inspection report issued?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8.	Are inspection reports public documents?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9.	Are firms required to provide inspection reports to audit clients or make representations to their clients regarding the results of the firm's inspection?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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H. Inspection and Quality Assurance - Part II

1. Areas considered in an inspection /review include (please check all that apply):

- Independence, integrity and ethics of auditors
- Objectivity of audits
- Selection, training, and supervision of personnel
- Audit methodology
- Audit performance, that is, compliance with applicable generally accepted auditing standards
- Consultation on difficult, contentious or sensitive matters and resolution of differences of opinion during audits
- Second partner reviews of audits
- Communications with management, supervisory boards and audit committees of audit clients
- Communications with bodies charged with oversight over the financial reporting process, for example, on matters such as regulatory inquiries, changes in auditors, or other matters as may be required
- Provisions for continuing professional education
- All of the above areas are potentially included, although not every area will necessarily be covered in every inspection and additional areas may be included in some inspections on an unannounced basis.
- Other, please specify

2. The oversight body (please check all that apply):

- Accepts or has a process to oversee the review and acceptance of inspection reports
- Determines and establishes how inspections are to be conducted
- Establishes the qualifications for inspectors
- Determines when firms are to be inspected
- Determines the criteria for the selection of engagements to be reviewed for the inspection
- Decides what engagements, if any, may be excluded for legal or other reasons
- Establishes document retention requirements for inspections
- Reviews statistical reports to evaluate the results of the inspection program
- Establishes the process for appeals
- Resolves disputed matters that arise as a result of the inspection
- Determines or approves sanctions and disciplinary actions
- Maintains records of all inspections
- Other, please specify

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H. Inspection and Quality Assurance - Part III

<p>1. What is the inspection or quality assurance review cycle (i.e., what is the frequency or how often are reviews conducted) for firms conducting audits of public listed companies?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>2. What are the retention requirements for inspection reports and who maintains the records?</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>3. How is the program funded and resourced?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>4. Who conducts the inspections or quality assurance reviews and what are the qualifications for inspectors or quality assurance reviewers?</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>5. What is the process for recruiting and selecting inspectors or quality assurance reviewers?</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>6. Who has responsibility for the acceptance or approval of quality assurance review/inspection reports?</p> <p>_____</p> <p>_____</p> <p>_____</p>

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<p>7. Under what circumstances are exemptions from inspection/review granted?</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>8. If inspection/review reports are made available to the public, please discuss when and /or under what conditions.</p> <p>_____</p> <p>_____</p> <p>_____</p>

Section I. Investigative and Disciplinary Processes

I. Investigative and Disciplinary Processes - Part I

1. Does an oversight body have authority to conduct investigations of the work of auditors and auditing firms?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Does the oversight body have the authority to take, or recommend to another body having such authority, disciplinary actions and impose sanctions on auditors and audit firms? (<i>If No to both 1 and 2, go to Section J.</i>)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. Is this authority to conduct investigations or to execute disciplinary action subject to the approval of, consultation with, or referral to, an auditing professional organization or any person affiliated with a public accounting firm before disciplinary measures are carried out?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Does the oversight body have the authority to request the submission of audit working papers and other audit documentation for investigations?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Does the oversight body have the authority to require the retention of audit working papers and other pertinent documentation?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6. Are written reports on the results of investigations prepared?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7. Is information relating to investigations in progress kept confidential and only disclosed to staff of the investigating body?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8. Is information relating to completed investigations kept confidential and only disclosed to staff of the investigating body?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9. Is there a provision for firms to appeal disciplinary actions?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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10. Are there any automatic or mandatory disciplinary actions?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
11. Are disciplinary actions disclosed to the public	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
12. Can violations of laws and regulations be reported to securities regulators and law enforcement authorities?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>
13. Are there laws and/or regulations with whistle blower protections, i.e., that direct or allow the auditor to report suspected fraud to governmental authorities?	Yes	No
	<input type="checkbox"/>	<input type="checkbox"/>

I. Investigative and Disciplinary Processes - Part II

1. Select **all** that apply with regard to the disciplinary and/or remedial and corrective actions the oversight body may impose or recommend to the body having such authority:

- Continuing education in auditing and professional ethics
- Re-inspection within a specified period
- Re-issuance of audit report
- Prohibit from auditing listed companies
- Prohibit from performing firm inspections
- Monetary fine
- Criminal penalties and imprisonment
- Other, please specify:

I. Investigative and Disciplinary Processes - Part III

1. Explain any other disciplinary actions that can be imposed and under what conditions.

2. Explain the appeals process available to firms as a result of disciplinary actions and to whom appeals are made.

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<p>3. Explain what criteria have been established for mandatory disciplinary actions.</p> <p>_____</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>4. Under what conditions are investigations undertaken? _____</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>5. Who conducts the investigations? _____</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<p>6. If disciplinary actions are disclosed to the public, please attach a description of when and how such disclosure occurs.</p> <p>_____</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

Section J. Regulatory Cooperation and Information Sharing

J. Regulatory Cooperation - Part I

<p>1. Have the securities regulator and/or the auditor oversight body or bodies begun to establish arrangements for cooperation on auditor oversight matters with other bodies within your jurisdiction?</p>	<p>Yes</p> <p align="center"><input type="checkbox"/></p>	<p>No</p> <p align="center"><input type="checkbox"/></p>
<p>2. Have the securities regulator and/or the auditor oversight body or bodies in your jurisdiction begun to establish arrangements for cooperation on auditor oversight matters with regulators or auditor oversight bodies in other national jurisdictions?</p>	<p>Yes</p> <p align="center"><input type="checkbox"/></p>	<p>No</p> <p align="center"><input type="checkbox"/></p>

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3. Are there any cooperative arrangements on auditor oversight matters that have been finalized with regulatory or oversight bodies in other national jurisdictions as of July 2004?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Are there potential future cooperative arrangements that are currently being discussed and/or negotiated with other regulators or oversight bodies in other national jurisdictions?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

J. Regulatory Cooperation - Part II

<p>1. Please check the statement that most closely describes your belief regarding the effect of the legal framework in your jurisdiction on cross-border regulatory cooperation on auditor oversight matters and add explanation if you wish.</p> <p><input type="checkbox"/> The legal framework in my jurisdiction has requirements or obstacles that make it impossible to share information with regulators or auditor oversight bodies in other countries</p> <p><input type="checkbox"/> The legal framework in my jurisdiction has requirements or obstacles that make it difficult, but usually not impossible, to share information with regulators or auditor oversight bodies in other countries</p> <p><input type="checkbox"/> The legal framework in my jurisdiction does not contain impediments to sharing information with regulators or auditor oversight bodies in other countries</p>
<p>2. Please check the statement that most closely describes your belief regarding the effect of the legal frameworks in other jurisdictions on cross-border regulatory cooperation on auditor oversight matters, and add explanation if you wish.</p> <p><input type="checkbox"/> The legal frameworks in other jurisdictions make it impossible to share information with regulators or auditor oversight bodies in other countries</p> <p><input type="checkbox"/> The legal frameworks in other jurisdictions make it difficult, but usually not impossible, to share information with regulators or auditor oversight bodies in other countries</p> <p><input type="checkbox"/> The legal frameworks in other jurisdictions are not an obstacle to sharing information with regulators or auditor oversight bodies in other countries</p>

J. Regulatory Cooperation - Part III

<p>1. If you have arrangements for cooperation with other regulators, oversight bodies, or other authorities within your own jurisdiction, please describe the arrangements.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

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<p>2. If you have arrangements for cooperation with regulators, oversight bodies or other authorities in other national jurisdictions that have been established and finalized, please provide a description of the arrangements. If arrangements for regulatory cooperation with other jurisdictions have not been finalized but are currently under discussion or negotiation, please provide as full a description of the areas being discussed as possible.</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

Section K. Audit Committee Oversight of Audits and Financial Reporting

K. Audit Committee Oversight - Part I

1. Are listed companies required to have audit committees or a body within the supervisory board or other corporate governance structure that is independent of management to oversee the financial reporting process and audits? <i>(If No, go to Section L.)</i>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2. Are audit committees held responsible for ensuring that appointed auditors are independent in accordance with applicable standards?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
3. Do the auditors have to confirm to the audit committee in writing that they are independent in accordance with applicable standards?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4. Are audit committees required to approve any non-audit services provided by auditors?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Are audit committees required to meet or communicate on a regular and frequent basis with auditors without management present?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
6. Are audit committee members required to have any special skills or experience?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
7. Are there requirements for one or more members of the audit committee to be from a union or other group representing the company's employees?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

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8. Are there requirements for one or more members of the audit committee to serve as a representative of minority interest shareholders?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9. Are audit committees required to have some, all or a majority of members to be independent, non-executive directors?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
10. Does the audit committee have the sole authority to hire or replace the auditor?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
11. Do securities regulators or other government authorities have to approve the appointment or replacement of auditors?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

K. Audit Committee Oversight - Part II

1. Select all that apply. Audit Committees oversee the:

- Selection and appointment of auditors
- Dismissal of auditors
- Negotiation of audit fees
- Approval of audit fees
- Conduct of the audit
- Resolution of disagreements between the auditor and management
- Types of relationships the auditor may have with the company
- Types of non-audit services the auditor may provide
- Hiring of audit firm personnel for senior positions within the company
- Other, please specify:

2. Are there requirements for audit committees established under: *(select all that apply)*

- Legislation
- Government regulations
- Exchange rules
- Other (Please explain)

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K. Audit Committee Oversight - Part III

1. Please describe any requirements for audit committees to report to shareholders on actions taken regarding auditor independence and/or audit related issues.

2. If auditors are required to confirm to the audit committee that they are independent, how often is this done and when?

3. If audit committee members are required to have special skills or experience, please describe or attach a description of the skills or experience required for one or more audit committee members.

4. If audit committees are required to have some, all or a majority of members that are independent, non-executive directors, please attach the definition of independence that is used for this purpose and describe the specific audit committee membership requirement.

5. If securities regulators or government authorities have to approve the appointment or replacement of auditors, what factors are considered in making the approval decision?

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Section L. Other Matters

1. Describe any other oversight policies, processes or structures, or planned reform efforts to enhance the oversight of auditing and the conduct of audits. Also please discuss or describe any other matters that you feel are relevant to the subjects of this survey.

THANK YOU FOR YOUR PARTICIPATION

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APPENDIX

Abbreviations

IAASB – The International Auditing and Assurance Standards Board in IFAC

IFAC – The International Federation of Accountants

ISA – International Standards on Auditing

ISQC -International Standards on Quality Control

MOU – Memorandum of Understanding

PAB – Public Accountability Board

PCAOB – U.S. Public Company Accounting Oversight Board

Definitions of Terms as Used in This Survey

Audit Client -- the reporting company whose financial statements are the subject of the audit, along with its Board of Directors and Audit Committee or Supervisory Board.

Audit Committee -- A committee, supervisory board or other governance body with the responsibility for overseeing the external audit of a public company.

Auditor – An individual auditor or audit firm (see also “Firm”).

Firm -- A sole practitioner, partnership or corporation of professional accountants that issues any audit report with respect to any issuer or plays a substantial role in the preparation or furnishing of an audit report with respect to an issuer.

Independent -- criteria for independence of auditors and for members of audit committees may vary by jurisdiction. Please answer each question regarding independence in the context of the definition used in your jurisdiction, and attach a description of the definition and criteria for independence that is used locally.

Internal Quality Control System -- Policies and procedures carried out within an audit firm that are designed to provide the firm with reasonable assurance that the firm and its personnel comply with professional standards and applicable regulatory requirements, and that the reports issued by the firm are appropriate. The system of quality control should address leadership responsibility for quality within the firm, ethical requirements, acceptance and continuance of clients, human resources, engagement performance and monitoring.

Issuer -- Any public company that is required to file reports with securities regulators or stock exchanges or that has filed a registration statement for a public offering of debt or equity securities.

Inspection -- An external review or assessment of the firm ‘s system of quality control for audits of financial statements of listed companies, including review of the firm’s quality control policies and procedures and engagement working papers to evaluate the functioning of the system of quality control, as well as the degree of compliance with the system and with

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professional and applicable regulatory and legal requirements with respect to audits of financial statements.

License -- A permit granted by an authority in a jurisdiction that authorizes auditors to conduct audits of public companies.

Listed Company -- See "Public Listed Company".

Network of Firms -- A group of firms under common control, ownership or management that share common systems, risk management and other quality control policies and that the investor would perceive as being part of the same firm nationally or internationally.

Oversight -- The responsibility to watch the auditors of public companies and to take actions to ensure that investor interests are protected.

Partner -- Any individual with authority, whether through office or otherwise, to bind the firm.

Peer Review -- A review of the audit practice of one firm directly by another firm as opposed to a review conducted by the staff of the oversight body.

Private Sector Body -- A non-governmental external oversight body independent of the accounting and auditing profession.

Professional Standards -- Accounting principles, auditing standards, quality control standards, ethical and independence standards established by national or international standard setting bodies.

Public Interest Entity -- Public listed companies and also credit institutions, insurance companies, investment firms and pension funds.

Public Listed Company -- A company whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body

Quality Assurance -- A quality control system and reviews of audits that have been completed with a view to assure the public and regulators that auditing firms are performing at a level that meets auditing standards, regulatory requirements and ethical rules, through peer reviews conducted by the auditing profession or external inspections.

Quality Assurance Standards -- Standards for an inspection or review for the purpose of determining whether a firm has an adequate system of quality control and is in compliance with such system, and whether the firm has adhered to professional standards and applicable regulatory and legal requirements with respect to the engagements performed.

International Organization of Securities Commissions 2004 Survey on Regulation and Oversight of Auditors

Registration -- Submission of an application for enrollment in a register of firms that audit listed companies for purposes of oversight. The register lists the names and addresses of all firms and such other information as was deemed to be appropriate.