AUDITOR OVERSIGHT IN AUSTRIA
“The Public Oversight System for Statutory Auditors in Austria”

Audit and Oversight: Community of Practice
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Disclaimer

The views expressed are those of the speaker alone and do not necessarily reflect the view of the ASA, its members or the staff.
1. Legal Framework for Statutory Auditors and Audit Firms Oversight in Austria

2. Structure of Public Oversight in Austria
   - Austrian Auditor Supervisory Authority (ASA)
   - Quality Assurance Committee (QAC)

4. Practical Implications

5. Quality Assurance System

6. Key Findings

7. Conclusions
European Union – Statutory Auditor Directive
- General framework for
- Professional Examination
- Licensing and registration
- Ethics (e.g. independence)
- Public Oversight
- Quality assurance and investigations
- Auditing standards
- Mutual recognition

Company Law – (UGB)
Regulates in particular
- Purpose and scope of an audit
- Audit opinion and (long form) report
- Independence
- Liability

Auditor Quality Assurance Act – (A-QSG) Regulates in particular
- Public oversight
- Responsibilities of ASA
- Quality Review Procedure
- Registration
- Sanctions
- International Cooperation
Structure of Public Oversight I

Auditor Oversight Authority - ASA

- established in 2007 to practice independent public oversight over all statutory auditors and audit firms
- governed by independent six non-practitioners
- ultimate responsibility of the quality assurance system
- right to access any information on quality assurance matters and to participate in any quality assurance activity
- counterpart for international cooperation
- delegation of some operative tasks to a Quality Assurance Committee, ultimate responsibility remains with the ASA
Quality Assurance Committee - QAC

- Consists of 7 practitioners
- Coordinates the “Peer Review”
  - Selects the Reviewer
  - Receives the Quality Review Report
  - Decides about the license (certificate) for the next three or six years
- Every core activity must immediately be reported to the ASA
Practical implications result from

- The moving from self-regulation to independent auditor oversight (psychological problem), i.e. the loss of ultimate responsibility for the profession
- Discussions with the Quality Assurance Committee to coordinate their work (intensive monitoring activity)
- The members of the ASA work in honorary capacity; requires independent staff support / back office including experts (law, auditing/accounting)
Practical implications result from

- rights and authorities (disputes with the profession or ambiguities in the regulatory framework)
- flaws in the regulatory framework (constant need to consider improvements)
- the workload
  
  the number and complexity of procedures requires prioritisation; international contacts require a lot of time but are invaluable for reassessing, shaping and improving the own system
Quality Assurance System

- Monitored Peer Reviews
  - introduced in 2006
  - for all statutory auditors and audit firms
  - reviews performed by “peers” (practitioners)

- Inspections
  - Possible since 2010
  - for statutory auditors and audit firms of PIEs only

- Both procedures are to be organised under the ultimate responsibility of the ASA and subject to close supervision
QAC appoints the Quality Reviewer
review report submitted to the QAC for an assessment
review report includes an opinion on the appropriateness and effectiveness of the internal quality control system, but does not refer to individual findings if not material with regard to the opinion
reviewed audit firm receives a “certificate of participation”
certificate required for appointment as auditor by companies
certificate can be withdrawn in case of material shortcomings in the internal quality control system
ASA has ultimate responsibility for all decision taken and has the right to participate in any review
125 certificates have been issued until the end of 2009.

At the end of 2010 all audit firms must have a certificate (expected about 350).

All auditors of PIE’s were reviewed until 31/12/2007 the first time.

They will be reviewed this year the second time.
Findings in QA

- Compliance with law and professional standards
- Audit evidence and related judgments
- Risk assessment
- Analytical procedures
- Test of controls
- Related parties
- Subsequent events
- Documentation
Findings in QA

- Consultation
- Ethical Standards - Independence issues
- Audit risk and fraud standards
- Audit report
- Closing of the audit file (archiving)
Robust Public Oversight in the public interest is necessary an accepted

Strong increase in quality awareness

Problems for small audit firms

Actually Austria has a Monitored Peer System

Combination with a Inspection System seems necessary