Public Oversight in Denmark

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The Danish Commerce and Companies Agency (DCCA)

• DCCA is an Agency under The Ministry of Economic and Business Affairs.

• The legislation governing the public oversight responsibilities of DCCA on auditors and audit firms is Act no. 468 of 17 June 2008 (The Danish Act on Approved Auditors and Audit Firms* - “The Audit Act”).

The Danish Commerce and Companies Agency

is responsible for the Danish Public Oversight on auditors and audit firms which includes the supervision of:

1) examination as well as continuing education,
2) quality assurance reviews,
3) investigations,
4) disciplinary sanctions, and
5) co-operation and exchange of information with the competent authorities in other countries.
Organisation of the Danish Public Oversight on Auditors

- Investigations
- The Danish Commerce and Companies Agency (DCCA)
  - The Auditors’ Commission (Education)
  - Supervisory Authority on Auditing (DSAA) (quality control)
  - The Disciplinary Board on Auditors (DDBA) (Sanctions)

- Approval of auditors/withdrawal of approval
- Public register of approved auditors and audit firms
- Adoption of standards and regulations
- Exchange of information
Funding

- The Commerce and Companies Agency (DCCA) is funded by the national budget (Finansloven) and by fees imposed on all approved auditors.

- The Supervisory Authority on Auditing (DSAA), the Disciplinary Board and Investigations are only funded by fees imposed by the DCCA on all approved auditors.
The Danish Supervisory Authority on Auditing (DSAA) - function

- DSAA carries out the quality assurance reviews of all audit firms in Denmark.

- Approximately 1,800 audit firms and 4,500 statutory auditors are subject to quality control reviews by the DSAA and they audit approximately 140,000 companies.

- DSAA has been in function since 2004.
Legal Basis of the DSAA

- The Danish Act on Approved Auditors and Audit Firms

- Danish Executive Order on quality assurance review and the activities of the Danish Supervisory Authority on Auditing

Link to English version of the Order:
http://www.dcca.dk/graphics/_ny%20eogs/English%20version/Legislation/EN_Bkg%20om%20kvaliteteskontrol%20og%20revisortilsynets%20virksomhed.pdf
DSAA - members

- DSAA consist of a Chairman and 8 other members: 4 approved auditors and 4 representatives of financial statement users.

- The Chairman and the representatives of financial statement users must not be approved auditors or be employed with or run an audit firm together with approved auditors.

- The Chairman and members of the DSAA are appointed by the DCCA for a period of up to 4 years.

- The DCCA acts as secretariat for DSAA.
Frequency of reviews

• Audit firms auditing public interest entities are inspected at least every 3 year.

• There is pt. 43 PIE-audit firms in Denmark.

• Other audit firms are inspected at least every 6 year.

• The DSSA may decide that an audit firm shall be selected for extraordinary or more frequent review.
Disciplinary Board on Auditors (DDBA)

- DDBA manages the disciplinary system on auditors.
- The DDBA consist of a Chairman, who must be a judge, and minimum 12 other members: 6 approved auditors and 6 representatives of financial statement users.
- The representatives of financial statement users must not be approved auditors or be employed with or run an audit firm together with approved auditors.
- The Chairman and members of the DDBA are appointed by the DCCA, which may also appoint one or more judges as Deputy Chairmen. At least one member of the chairmanship must be a High Court judge.
- The chairmanship and members shall be appointed for a period of up to 4 years.
DDBA - scope

- Complaints that an auditor has failed to comply with the duties of the office of auditor may be brought before the DDBA.

- The same applies to complaints about the repute of auditors and audit firms.

- Complaints about an auditor’s fees and cases concerning professional loyalty and fairness cannot be brought before the Disciplinary Board on Auditors.
Investigations

- If the DCCA finds that there is a risk that an auditor or an audit firm has violated or will violate provisions in or in pursuance of the Audit Act, the Agency may initiate and perform an investigation aimed at detecting, correcting or preventing such a violation.

- The DCCA may also initiate an investigation if it receives a request for this from a competent foreign authority.

- Investigations are performed by DCCA employees but external assistance may be used.