



Centre for Financial
Reporting Reform



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**ADVANCING IN ACCOUNTING
& AUDITING REGULATION:
IMPROVING COMPLIANCE
THROUGH BETTER ENFORCEMENT
AND ADEQUATE REQUIREMENTS
FOR NON-FINANCIAL REPORTING**

24-25 October 2017,
Vienna, Austria

CFRR»

**Centre for Financial
Reporting Reform**



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Governance

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Governance Global Practice, The World Bank

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ADVANCING IN ACCOUNTING & AUDITING REGULATION: IMPROVING COMPLIANCE THROUGH BETTER ENFORCEMENT AND ADEQUATE REQUIREMENTS FOR NON-FINANCIAL REPORTING

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FOREWORD

Audit Public Oversight bodies have an important role in regulating, supervising, and assessing the work of statutory auditors. The external evaluations that they perform contribute to enhance audit quality, thereby improving investors' trust in the financial information published by companies. Different oversight models are used worldwide but all aim to improve audit quality, including through better application of auditing standards.

Effective oversight systems often cooperate with other supervisory authorities, sharing information of common interest, and enabling all of them to contribute to the quality of financial reporting through better accounting and auditing practices. Greater transparency led by these improved practices fosters trust between economic actors and contributes to companies' performance and resilience, both in financial and non-financial terms. Annual reports are an important medium through which companies disclose information to external stakeholders regarding performance, strategy, risks, and opportunities for growth. Through these reports, companies also need to provide a true and fair view of their operations for the year and financial position at year-end.

The number of transparency requirements relating to "non-financial reporting" is increasing, mainly for public interest entities. In the EU, these entities are required to prepare and publish various reports and statements, including a management report, non-financial statement, statement on corporate governance, report on payments to governments. Additional legal obligations set by individual countries may apply. Non-financial reporting adds valuable information about wider issues of independence, ethical standards, performance, and outlook to help complete the bigger picture of the company, thereby contributing to better transparency.

The objectives of the workshop are to advance the knowledge of participants on the role and practices of audit public oversight and quality assurance systems including their reporting. The workshop will also review the elements of non-financial reporting prepared by companies in the European Union (EU). Discussions will draw on examples from different countries around the world, and will highlight the relevant legal requirements of the EU *acquis communautaire*.

During the workshop, participants will have the opportunity to share and learn from each other and interact with international experts, offering their knowledge and experience of reforms to strengthen audit public oversight and quality assurance systems in various parts of the world.

The workshop will convene participants from two regional projects, covering 12 countries, i.e. [STAREP](#) (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and [EU-REPARIS](#) (Albania, Bosnia & Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia).

AGENDA | DAY 1 | TUESDAY, 24 OCTOBER 2017

**JOINT STAREP AND EU-REPARIS COMMUNITIES OF PRACTICE
SESSIONS**

08:30 Registration and Welcome Coffee

08:45 Welcome Remarks

[Jarett Decker](#) | Head, Centre for Financial Reporting Reform (CFRR), World Bank

08:55 The objectives and purpose of the joint STAREP & EU-REPARIS sessions

[Andrei Busuioc](#) | Senior Financial Management Specialist, CFRR, World Bank

[Pascal Frerejacque](#) | Senior Operations Officer, CFRR, World Bank

09:00 Meeting audit oversight requirements and expectations: a comparison of reporting practices

The session will provide an overview of legislative requirements and international benchmarks for reporting by audit oversight bodies. It will use illustrative examples from countries around the world and share the results of a focused survey across countries participating in CFRR programs. It will also brief the audience on Germany's Audit Oversight Body experience in respect of reporting to the general public. The presentation will be followed by discussions and reflections on different models and how these could be adapted to national circumstances in participants' countries.

[Abbas Kizilbash](#) | Senior Financial Management Specialist, CFRR, World Bank

[Julia Rendschmidt](#) | Acting Head of Unit, EU and International Affairs, Germany's Auditor Oversight Body

Moderator:

[Pascal Frerejacque](#) | Senior Operations Officer, CFRR, World Bank

10:30 Coffee Break

11:00

Facilitating supervisory convergence: effective and consistent application of the new EU audit legislation

The Committee of European Auditing Oversight Bodies (CEAOB) is the new framework for co-operation between national audit oversight bodies at EU level. Its role is to strengthen EU-wide audit oversight, which is a key objective of the new EU legislation on statutory audit that took effect on June 17, 2016. This session will familiarize participants with the main functions and responsibilities of the CEAOB, including reporting to the general public, cooperation among public oversight boards, and outreach to non-EU countries. It will also highlight the implementation challenges for regulation No. 537/2014 with a focus on quality assurance. The presentation will be followed by a Q&A session.

Ralf Bose | Chair, Committee of European Auditing Oversight Bodies; Chief Executive Director Germany's Audit Oversight Body

Moderator:

Andrei Busuioc | Senior Financial Management Specialist, CFRR, World Bank

12:30

Lunch

13:30

Adding value through non-financial reporting

Financial reporting is necessary. Yet, a regulatory approach that focuses exclusively on the disclosure of financial performance does not work. It is thus not surprising that regulators increasingly emphasize the importance of “non-financial” reporting. However, just adding new reporting and disclosure requirements will not succeed, since it merely produces “reporting fatigue”. In this session, the speaker will discuss how “non-financial” reporting requirements provide an opportunity to add value. The session will focus on the following topics: (i) the audit committee’s chapter in the management report; (ii) report on payments to governments; and (iii) statement on corporate governance.

Erik P.M. Vermeulen | Professor of Business and Financial Law, Tilburg University and Tilburg Law and Economic Center

Moderator:

Natalie Manuilova | Senior Financial Management Specialist, CFRR, World Bank

15:00

Coffee Break

15:30

Interaction between financial sector supervisors, auditors, and other supervisory authorities

This session will review how interaction between financial sector supervisors, auditors, and other supervisory authorities, including public oversight bodies, can strengthen financial reporting as well as prudential reporting, and reduce information asymmetries. Regular exchanges of information between financial sector supervisors, auditors, and public oversight bodies could enable all involved parties to perform their duties effectively. Presentation followed by a group discussion.

Pascal Frerejacque | Senior Operations Officer, CFRR, World Bank

Moderator:

Natalie Manuilova | Senior Financial Management Specialist, CFRR, World Bank

17:00

End of Day 1

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Group Dinner /details will be announced/

AGENDA | DAY 2 | WEDNESDAY, 25 OCTOBER 2017

08:30 Morning Coffee

09:00 On the road to strengthening public oversight

During this interactive session, each country will map its place on the road to a strengthened system of public oversight. Representatives will outline the status of legislative improvements in the field of audit and public oversight and will highlight the three main strengths of recent audit reform in their countries, as well as the three main issues and challenges that make it difficult to adopt improved legislation and to enforce audit oversight principles. CFRR staff and other experts will facilitate discussions after each country presentation and provide relevant comments and insights.

Presenters: [Representatives from each of the six participating countries \(Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine\)](#)

Moderator:

[Natalia Konovalenko](#) | STAREP Local Facilitator for Ukraine, CFRR, World Bank

10:30 Coffee Break

11:00 On the road to strengthening public oversight - CONTINUED

12:00 Lunch

13:00 Audit oversight: the experience of Serbia

During this session participants will learn about Serbia's experience of implementing the public oversight function. The speaker will outline the main challenges Serbia faced to implement the legal requirements in respect of audit oversight in line with EU *acquis communautaire* and will share plans for future changes to the oversight system in Serbia.

[Aleksandar Janjušević](#) | Coordinator, Department for financial system, Ministry of Finance of Serbia

Moderator:

[Svetlana Platon](#) | Consultant, CFRR, World Bank

14:00 Quality assurance: the German experience of setting-up an inspection program

This session is an opportunity for participants to learn how the German Auditor Oversight Body established a quality assurance inspection function. It will take participants from initial steps, through progress over time and key challenges, to the results achieved.

Joachim Ferner | Head of Division Inspections 2 (Corporates), Germany's Audit Oversight Body

Moderator:

Andrei Busuioc | Senior Financial Management Specialist, CFRR, World Bank

15:00 Coffee Break

Joint STAREP and EU-REPARIS Communities of Practice sessions

15:30 Summary of the Workshop and Next Steps

This session will draw together the key takeaways for the two communities and the teams. It will also invite feedback on the workshop against the stated objectives to help shape the agenda for future workshops.

Moderators:

Andrei Busuioc | Senior Financial Management Specialist, CFRR, World Bank

Pascal Frerejacque | Senior Operations Officer, CFRR, World Bank

16:45 Closing Remarks

Jarett Decker | Head, CFRR, World Bank

17:00 End of the Workshop

BIOS OF THE SPEAKERS



ABBAS KIZILBASH

Senior Financial Management Specialist, CFRR, World Bank

Abbas Kizilbash specializes in financial reporting, corporate governance and internal audit and joined the CFRR in 2017 where he is working on the thematic areas of audit regulation and public sector accounting and reporting. He is a qualified Chartered Accountant and Certified Internal Auditor with over 20 years of diverse experience gained in audit, assurance, financial management, and corporate governance from the public and private sectors.

Prior to joining the Bank, Abbas worked at the Asian Development Bank in the Philippines where he was responsible for ensuring the robustness of financial due diligence conducted for projects across multiple countries in Asia and the Pacific. In addition, he managed technical assistance activities for enhancing audit quality assurance systems, the development of e-learning solutions for International Public Sector Accounting Standards as well as the development of diagnostic reports on the public financial management systems of various countries. Abbas has also worked for the Securities and Exchange Commission of Pakistan, Ernst & Young and PricewaterhouseCoopers in various capacities.



JULIA RENDSCHMIDT

Acting Head of Division EU and International Affairs, Auditor Oversight Body, Federal Office for Economic Affairs and Export Control, Germany

Julia Rendschmidt is Acting Head of the EU and International Affairs Division of the German Auditor Oversight Body (AOB). Her area of expertise is international cooperation. Julia's career in auditor oversight started in 2007 when she joined the AOB's predecessor. She initiated, and for several years has led, the Outreach Project within the International Forum of Independent Audit Regulators (IFIAR), designed to provide assistance and guidance to non-members in setting up independent auditor oversight systems. She was also responsible for the legal assessments of the auditor oversight systems in a number of IFIAR membership candidates' jurisdictions. Julia also supports AOB Chief Executive Director, Ralf Bose, in his capacity as Committee of European Auditing Oversight Bodies (CEAOB) Chair and IFIAR Board Member. She is also an acting member in the CEOB Adequacy and Equivalence sub-group.

Julia holds a degree in Law from the Free University Berlin, Germany. From 2003 to 2006 she worked as a lawyer in Berlin and Wiesbaden. She went on to join the Chamber of Psychotherapists in one of Germany's federal states where she was Advisor to the Managing Director and responsible for the system of investigations and sanctions.



PASCAL FRÈREJACQUE

Senior Operations Officer, CFRR, World Bank

Pascal Frèrejacque advises several countries in Europe and Central Asia on enhancing their financial reporting, corporate governance, and auditing practices, coordinating that agenda for the financial sector across the CFRR regional programs, EU-REPARIS and STAREP. He has led the delivery of country programs on accounting and auditing reform and SOE monitoring in Croatia, the Czech Republic, and Serbia.

At the CFRR, Pascal led the publication of several ROSCs, and other knowledge products: Corporate Sector Accounting and Auditing in the EU (2015), Banking Supervisors and Auditors: Building a Constructive Relationship (2016), Guide to reviewing financial statements for supervisors (2017), Croatia' EU Accession: case studies on accounting and auditing reform (2017).

He joined the World Bank in 2007, bringing 20 years of international auditing and advisory experience, including working at the IMF, serving as an audit manager for listed international banking groups, and managing corporate finance assignments at Arthur Andersen and Ernst & Young.



RALF BOSE

Chief Executive Director, Auditor Oversight Body, Federal Office for Economic Affairs and Export Control, Germany

Ralf Bose took on the role of Chief Executive Director when the new competent authority for auditor oversight in Germany (AOB) was established on 17 June 2016. He was previously, since 2012, head of the inspection unit of the AOB's predecessor the German auditor oversight commission, responsible for the inspection of auditors of public interest entities.

Ralf started his career with KPMG in Frankfurt in 1991 in the Financial Services department. During his time at KPMG he passed the exam for the qualification as a German qualified

auditor and was promoted to a partner in 2001. As a partner he was responsible for the audit of many different internationally operating credit institutions both with an investment and a retail banking background. He served also listed and non-listed clients in corporate banking and transaction banking sectors and in Private Equity/Venture Capital businesses. Ralf was later a managing partner (co-head) of the Audit Financial Services department of KPMG in Germany, responsible for finance, organization, quality and human resources functions.

In July 2016 Ralf was elected as the first chairman of the newly established Committee of European Auditing Oversight Bodies (CEAOB). In April 2017 he was nominated as Board Member of International Forum of Independent Audit Regulators (IFIAR).



ERIK P.M. VERMEULEN

Professor of Business and Financial Law, Tilburg University and Tilburg Law and Economics Center (TILEC), the Netherlands

Erik Vermeulen's research focuses on Governance Tomorrow. The overarching goal of Governance Tomorrow is to understand what kind of environment maximizes opportunities for success in the digital world. Think social media, peer-to-peer platforms, the Internet of Things, blockchain technology, big data, robotics, and artificial intelligence. Governance Tomorrow is about identifying the building blocks and regulatory architecture that can increase the productivity of businesses and the creativity and fulfillment of all stakeholders.

Erik is also Head of Governance at Philips Lighting (a technology company) in the Netherlands. Erik's thought-provoking and innovative views on business and governance have attracted international attention. He regularly serves as an expert advisor to international organizations. He has appeared in numerous conferences as a featured or keynote speaker.

He uses Medium, Twitter and LinkedIn to share insights about how the digital world is changing the way we live, work and play.



ALEKSANDAR JANJUŠEVIĆ

Coordinator, Financial System Department, Ministry of Finance, Serbia

Aleksandar Janjušević has 10 years of experience in the fields of accounting and audit, business, and finance. He began working in 2007 and joined the Financial System Department of the Ministry of Finance in September 2009. He was appointed Head of the Accounting and Audit Unit from September 2015. In 2017 he was put in charge of the coordination and management of, and responsibility for the functioning and results of, the entire Financial System Department. The Department's remit includes legislative / analytical / supervisory activities and functions with regard to five different sectors: banking and leasing, insurance and appraisals, accounting and audit, payment system and capital markets and financial instruments, and also execution of other, related tasks assigned by the Minister.

Aleksandar has been a Member of the National Accounting Commission since 2015. He has written several articles on accounting and audit which have been published in specialized business periodicals.




JOACHIM FERNER

Head of Division Inspections (Corporates), Auditor Oversight Body,
Federal Office for Economic Affairs and Export Control, Germany

Joachim Ferner he has been Head of the Inspections (Corporates) Division at the German AOB since March 2017. He is also in the Inspections Sub-group of the Committee of European Auditing Oversight Bodies (CEAOB) and in the Global Audit Quality Working Group of the International Forum of Independent Audit Regulators (IFIAR).

Joachim started his career with Deloitte in Berlin in 1997 in the audit function. He was responsible for the audit of listed and non-listed companies in different industries (especially real estate, health care, telecommunication and chemicals). From 2006 to 2008 he worked for the Canadian member firm of Deloitte in Montreal. During his time at Deloitte he passed the exam to be a German qualified auditor. Joachim joined the German audit oversight in 2008 as an inspector.

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