



**Centre for Financial
Reporting Reform**



WORLD BANK GROUP
Governance

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

24-25 October 2017,
Vienna, Austria



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Reporting Reform**



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Governance

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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

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 CEOAB, 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) 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 their transposition table and legislative improvements in the field of audit and public oversight. They will highlight three main strengths of recent audit reform in their countries, as well as the three main issues or challenges that make it difficult to adopt improved legislation and to enforce audit oversight principles, including their action plan for compliance by 2018. 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 (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia)**

Moderator:

Pascal Frerejacque | Senior Operations Officer, CFRR, World Bank

Ranjan Ganguli | Financial Management Consultant, CFRR, World Bank

10:30 Coffee Break

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

12:00 Lunch

13:00 Sharing results of quality assurance inspection programs: peer learning

The focus of this session will be on quality assurance inspection related matters, as performed by public oversight bodies or professional accounting associations. Speakers from Macedonia, Serbia, Albania, and Kosovo will refer to various aspects of quality assurance inspections, using illustrative examples from their inspection programs, highlighting typical findings, and indicating the main challenges and results achieved. The presentations will be followed by a Q&A session and discussion with participants on appropriate solutions for their countries (each country delegation will provide feedback).

Marjonka Nikolovska | Quality Reviewer, Institute of Certified Auditors of the Republic of Macedonia (IORRM)

Boško Vidaković | Secretary General, Chamber of Authorized Auditors of Serbia

Hysen Cela | President of the Board, Institute of Authorized Chartered Auditors of Albania (IEKA)

Dritan Fino | Director, Department of Harmonization on Financial Management and Control, Ministry of Finance, Republic of Albania

Arbër Hoti | Member Service Department, Society of Certified Accountants and Auditors of Kosovo

Moderators:

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

Ranjan Ganguli | Financial Management Consultant, CFRR, World Bank

15:00 Coffee Break

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



JARETT DECKER

Head, Centre for Financial Reporting Reform, World Bank

Jerry is a U.S. qualified CPA and lawyer who joined the World Bank in May 2014. At the Bank, Jerry has advised ministerial officials, audit committee members, public oversight boards, and professional accountancy organizations on reform of corporate financial reporting, with a particular emphasis on audit regulation, audit quality assurance, and independent oversight. He recently designed a technical assistance program for Serbia, has provided technical advice for clients in Poland and throughout Eastern Europe, and has been working with Bank colleagues in the East Asia Pacific region to develop technical assistance for audit regulators in Southeast Asia.

From 2006 through 2014, Jerry served as Deputy Director and Chief Trial Counsel for the Public Company Accounting Oversight Board (PCAOB), the body created through the Sarbanes-Oxley Act to regulate auditors of companies traded on U.S. markets. As the first person to serve in this role, he was responsible for establishing and leading the PCAOB's program of disciplinary litigation, primarily for deficient auditing. Jerry led the PCAOB's first successful disciplinary actions against auditors from "Big 4" and other international network firms. He also helped organize the Enforcement Working Group of the International Forum of Independent Audit Regulators (IFIAR). Before joining the PCAOB, Jerry served as Senior Trial Counsel for the U.S. Securities and Exchange Commission (SEC) in Chicago, where he prosecuted accounting, auditing, and securities fraud cases.



ANDREI BUSUIOC

Senior Financial Management Specialist, CFRR, World Bank

Andrei Busuioc has over 20 years experience of accounting and auditing in both the private and public sectors, as well as university lecturing on accounting and auditing. He joined the World Bank Centre for Financial Reporting Reform (CFRR) in Vienna, Austria, in 2008, responsible for the financial reporting reform agenda in a range of countries. He has contributed significantly to several Reports on the Observance of Standards and Codes (ROSC) Accounting and Auditing, and has expertise in the thematic areas of audit regulation and state-owned enterprises (SOEs) governance.

Prior to joining the CFRR, Andrei worked in the World Bank Country Office in Moldova as a Financial Management Specialist, covering fiduciary activities, public finance management development, and corporate financial reporting development. He is an accountant by training, and a member of the UK Association of Chartered Certified Accountants (ACCA). Andrei holds a university degree in economics from the Moldova State Agricultural University, and a Ph.D. in economics from the Academy of Economic Studies of Moldova.

He also holds a postgraduate diploma in public financial management from the Centre for Financial and Management Studies, University of London. He speaks Romanian, Russian, English, as well as basic Bulgarian and German.



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.



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.



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.



NATALIE MANUILOVA

Senior Financial Management Specialist, CFRR, World Bank

Natalie Manuilova is a Senior Financial Management Specialist with the World Bank's CFRR. She focuses on corporate financial reporting and audit reforms in her client countries, including Belarus, Georgia, Ukraine and the Kyrgyz Republic. Natalie is engaged in taking forward reforms aimed at raising financial accountability and transparency of state-owned enterprises across Europe and Central Asia (ECA).

Natalie has 16 years experience working in financial markets across the ECA region and the United States. Prior to joining the CFRR team, Natalie worked for the International Finance Corporation (IFC) in Ukraine, processing investments with private sector financial institutions across ECA and supervising IFC's portfolio in Ukraine and Georgia. Before the IFC, Natalie had worked for Deloitte in Kyiv, Ukraine and in New York, USA, as an Audit Manager serving clients in the Financial Services Group. She graduated from Kyiv National University of Economics in 2000, majoring in Accounting and Audit. Natalie is a Certified Professional Accountant, and has been a member of the American Institute of Certified Public Accountants since 2001.



MARJONKA NIKOLOVSKA

Quality Reviewer, Institute of Certified Auditors of the Republic of Macedonia

Marjonka Nikolovska joined the Institute of Certified Auditors of the Republic of Macedonia (ICARM) in February 2013, as quality reviewer. Her focus is on strengthening the audit quality control function of the ICARM. This includes further development of the ICARM's audit quality control methodology, coordinating the quality assurance inspection program planning process, performing quality assurance inspections field work, finalizing quality assurance inspection reports, and communication with audit firms.

Prior to this, Marjonka worked for 13 years at Ernst & Young, Macedonia. She started her career in March 2001 in the accounting department, and was promoted to the position of audit manager. She was responsible for serving many domestic and internationally operating clients in different industries. From 2009 to 2013 Marjonka was additionally President of the ICARM Auditing Standards Committee and was also a grader for the auditor certification exams Audit and Assurance and Advanced Audit.

Marjonka is a qualified Certified Auditor and Certified Accountant in Macedonia, with over 18 years of experience in audit quality assurance, audit, financial reporting and accounting. She is a graduate of St. Cyril and Methodius University, Faculty of Economics, majoring in Financial Accounting Management.



BOŠKO VIDA KOVIĆ

Secretary General, Chamber of Authorized Auditors of Serbia

Boško Vidakovic has been Secretary General of the Chamber of Authorized Auditors since 2008. In this role he works on the organization of the audit profession in the Republic of Serbia, and the adoption of EU directives into Serbian legislation. He liaises closely with domestic and international organizations to advance the audit profession in the Republic of Serbia.

Boško is a graduate from the Faculty of Law in Belgrade.



HYSEN CELA

President of the Board, Institute of Authorized Chartered Auditors of Albania (IEKA)

Prof. Dr. Hysen Cela is President of the Institute of Authorized Chartered Auditors of Albania (IEKA). He was elected president after serving for several years as Executive Director of IEKA. He is also a member of the National Financial Reporting Reform Implementation Group in Albania.

Hysen is actively involved with academia, serving as lecturer at the Faculty of Economics of the University of Tirana, at other public and private Universities in Albania and abroad, and with professional accountancy bodies in Albania and Kosovo, in various subjects such as Audit and Assurance, including ISAs, Financial reporting, Business and Professional Ethics, IFRSs, etc.

After finishing University studies in Economics in 1983, Hysen has worked in a variety of business entities, state owned and private, including entities that operate in production, distribution, and service. He got his PhD in Economy in 2002, and became Professor in 2015.

Hysen holds the professional titles of Certified Accountant, and Certified Public Accountant, serving in public practice as managing partner in the audit firm Crowe Horwath AL, Member

of Crowe Horwath International. He is member of ExCom of Fédération des Experts-Comptables Méditerranéens (FCM); Head of the Audit Committee of National Commercial Bank of Albania (BKT); Member of the Supervisory Board of the Agency for auditing EU IPA projects; and Member of the National Commission for Selection and Evaluation of Higher level Civil Servants (TND).



DRITAN FINO

Director, Department of Harmonization on Financial Management and Control, Ministry of Finance, and Chairman of the Public Oversight Board of Statutory Auditors Republic of Albania

Dritan Fino, is Director of Financial Management and Control Harmonization Directorate at the Ministry of Finance and Economy of Albania. His main responsibilities are related to issues of auditing, accounting and financial management and control. He is also Chairman of the Public Oversight Board of statutory auditors in Albania, appointed on March 24, 2017 with a mandate of 4 years.

Dritan was previously teaching and researching areas related to financial and management accounting, national and international standards of accounting, public finances, etc. From 2007 he lectured in different institutions in Japan, Slovenia, Switzerland, Albania, such as, Kyushu Sangyo University, Center of Excellence in Finance, Swiss School of Economics, University of Tirana, etc. As part of his academic engagement he also published several papers.

Other professional experiences include engagements as the head of the Qualification and Certification Commission of Public Internal Auditors, member of the Registration Authority at the Institute of Authorized Chartered Auditors of Albania, member of Civil Servant Recruitment Committee, etc.

In 2002, Dritan earned the bachelor degree in Finance and Accounting from the University of Tirana. Since 2004, he followed graduate studies in Japan on a scholarship from the prestigious Monbukagakusho Program, and he earned the Master of Art's degree in 2007, and a Ph.D. in Finance and Accounting in 2010.



ARBËR HOTI

Member Service Department, Society of Certified Accountants and Auditors of Kosovo

Arbër Hoti is in charge of developing and implementing a quality assurance system for members of the Society of Certified Accountants and Auditors of Kosovo (SCAAK). He has contributed in the development and implementation of professional certifications offered by SCAAK in the areas of internal audit, external audit, and public sector audit. He serves as a board member of the Kosovo Council for Financial Reporting and is in charge of the Accounting and Auditing Standards Committee. Since 2010, Arbër is part of the academic staff of the Faculty of Economics of the University of Pristina.

Arbër has public practice experience with KPMG as well as academic experience in teaching financial accounting, cost accounting, financial management, and corporate finance courses. He is a certified auditor, member of SCAAK and holds a M.Sc. degree in Accounting from Arizona State University. He has supported the World Bank in performing an accountancy education benchmarking study for Kosovo.



RANJAN GANGULI

Financial Management Consultant, CFRR, World Bank

Ranjan Ganguli has worked with the CFRR since 2009 on various corporate sector financial reporting programs including Accounting & Auditing ROSCs, REPARIS, EU-REPARIS and FRTAP communities of practice, assessing countries' professional accountancy organizations and public oversight arrangements, and updating its publications.

Ranjan is a member of the Institute of Chartered Accountants in England and Wales with experience in both private and public sectors in the UK and abroad, notably in Europe and Central Asia as well as in sub-Saharan Africa. He worked for KPMG from 1987-1998 spending five years in London and two years in each of Hungary, Russia and the Czech Republic helping establish their audit and advisory practices. From 1998–2001, Ranjan worked as Senior Financial Management Specialist for the World Bank based in Washington DC. Since 2001, Ranjan has been an independent financial management consultant, primarily for the World Bank but also for UK DFID, the European Commission and various UN agencies. Ranjan is a graduate of Manchester University with a bachelor's degree in Computer Science and Accounting.

