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The French Accountancy profession

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Structure and organization of the French Accountancy Profession





The Ordre des Experts-Comptables, OEC (French Institute of Certified Public Accountants)

The Ordre des Experts-Comptables, OEC, (French Institute of Certified Public Accountants), supervised by the Minister of Finance, includes only French certified public accountants in public practice and holders of the French Certified Public Accountant degree issued by the French Minister of National Education. The OEC consists of a national body, the Conseil Supérieur de l'Ordre des Experts-Comptables CSOEC, (French Institute of Certified Public Accountants), and 23 regional bodies – the Regional Councils – covering metropolitan France and the overseas departments and territories. These councils are headed by representatives elected by members of the profession.

There are currently more than 20 000 individual French Certified Public Accountants and 16 000 accounting firms in France

The Compagnie Nationale des Commissaires aux Comptes CNCC, (French Institute of Statutory Auditors)



The Compagnie Nationale des Commissaires aux Comptes, CNCC, (French Institute of Statutory Auditors), supervised by the Minister of Justice, includes statutory auditors and statutory audit firms. It is a public service institution and shares responsibility for statutory audit regulation with the Haut Conseil du Commissariat aux Comptes, H3C, (Statutory Auditors Supervisory Council). The CNCC consists of 33 Regional Companies covering metropolitan France and the overseas departments and territories. These bodies are headed by representatives elected by members of the profession.

Pursuant to the law, the statutory audit function is exclusively carried out either by a statutory auditor or an audit firm. Statutory auditors are, in their vast majority, holders of the French Certified Public Accountant degree.

There are currently more than 15 000 statutory auditors and 5000 audit firms in France.

Professions



Professions	Expert-comptable Professional Accountant	Commissaire aux comptes Statutory Auditor
Protected title	Yes. Delivered after registration on the professionals list “Tableau de l’Ordre des experts-comptables” drawn up by each Regional Council of the Ordre des Experts-comptables.	Yes . Delivered after registration on the professionals list drawn up by the Court of Appeal for each administrative region.
Reserved activities	Contractual audits, reviews and compilation of financial statements; accountancy services to business enterprises.	Statutory audit leading to the expression of an audit opinion and specific verifications; additional tasks related to the overall mission.
Included authorisations	Tax, social, financial and legal advices when they are retained as accounting advisers to a client. Since a short time, they are authorised to provide assistance to individuals.	Related assignments stated in specific laws.

Supervision



	Expert-comptable Professional Accountant	Commissaire aux comptes Statutory Auditor
Regulated profession	Yes	Yes
Supervision	Yes	Yes
Competent authority	<p>Two competent authorities :</p> <p>The Ministry of Economy, Finance and Industry: www.finances.gouv.fr</p> <p>and</p> <p>The Ministry of Budget : www.bercy.gouv.fr</p>	<p>Competent authority :</p> <p>The Ministry of Justice www.justice.gouv.fr</p> <p>And an oversight authority :</p> <p>The Haut Conseil du Commissariat aux Comptes (H3C) set by the Ministry of Justice</p>

Qualification



	Expert-comptable Professional Accountant	Commissaire aux comptes Statutory Auditor
<p>General initial education steps (without possible exemptions)</p>	<ul style="list-style-type: none"> ➤ University degree (master, 5 years): Diplôme supérieur de comptabilité et de gestion (DSCG); ➤ 3 years practical training organised and controlled by the profession; ➤ Diploma of Expertise Comptable (DEC) delivered by the Ministry of Higher Education: final examination (2 written tests in audit and ethics, and a thesis). 	<p>Main route : Diploma of Expertise Comptable (DEC).</p> <p>Full reciprocity if 2/3 of the 3 years practical training has been realized in an accounting <u>and</u> auditing firm with a statutory auditor (Audit Directive).</p> <p>Specific route : Certificat d'aptitude aux fonctions de commissaire aux comptes (being modernised).</p> <p>Mastered by the Ministry of Justice.</p> <p>Equivalent to the DSCG + 3 years practical training.</p>

- Profession in figures
- Institutional actors
- The texts of the profession
- The missions of the profession
- The main rules of professional practice
- Quality control

- Natural persons

- + Natural persons
- + 20,000 members of OEC
- + 6,700 Intern CPA
- + 4,500 memorialists
- + 150,000 employees

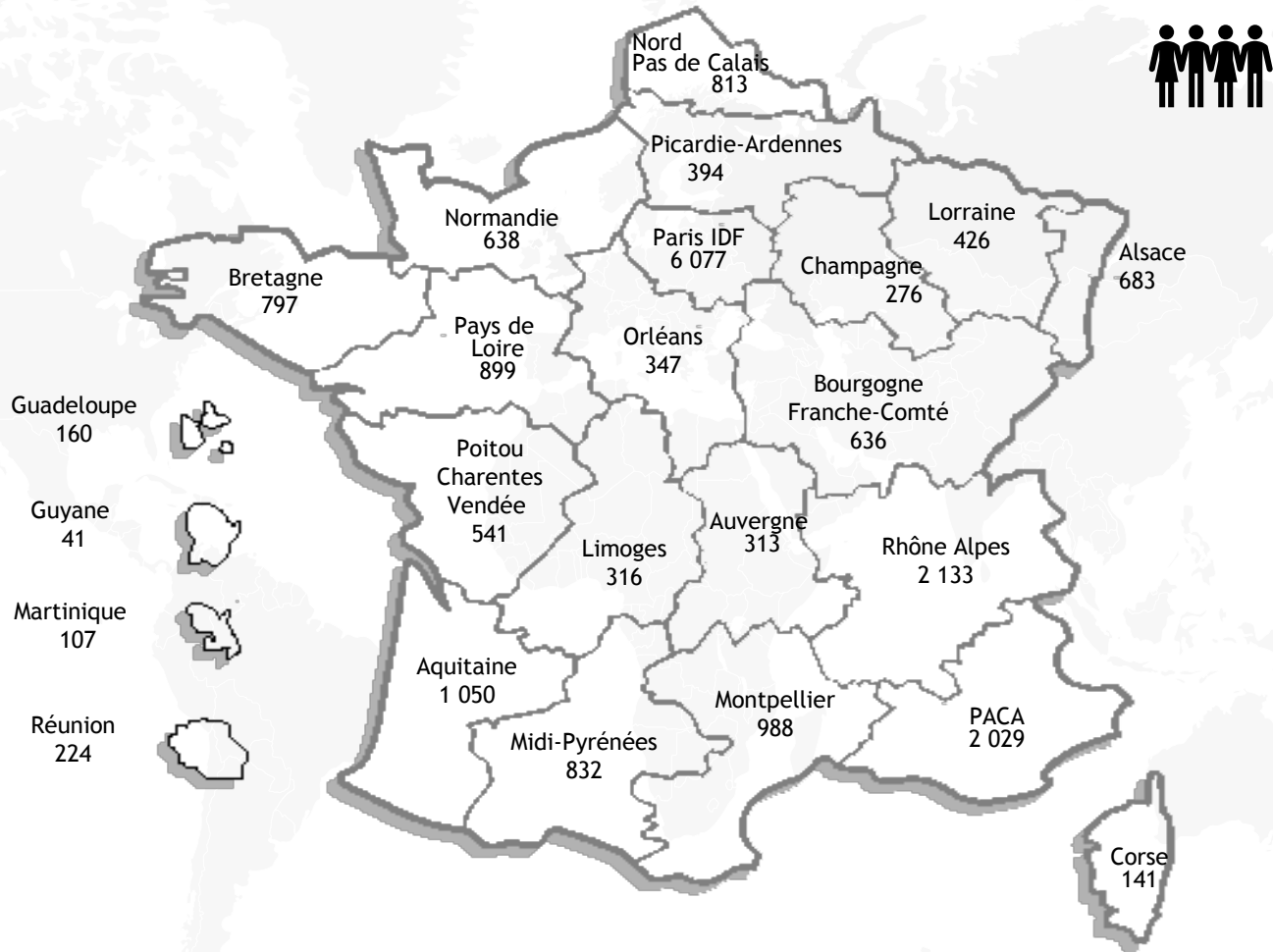


- Legal persons

- + 20 000 firms
- + 1 300 professional accounting bodies



Geographical spread



Age and parity



- Average

- 45/50



- Parity

- CPAs

- 75 % men
 - 25 % women

- Intern

- 57 % men
 - 43 % women

- Employees

- 34 % men
 - 66 % women



Clients



- 2 000 000 compagnies
- 1 000 000 associations
- Individuals



Institutional structure



**ORDRE DES
EXPERTS-COMPTABLES** 

=

1 CSOEC

+

23 CROEC

+

2 Departmental Committees

Role of CSOEC



Participate in the development of the professional rules and organize the monitoring of their enforcement

Represent the profession to the public authorities and give its opinion

Ensure the implementation of the provisions on intern accountants

Role of CSOEC



Conduct any study within its jurisdiction and compile all professional statistics

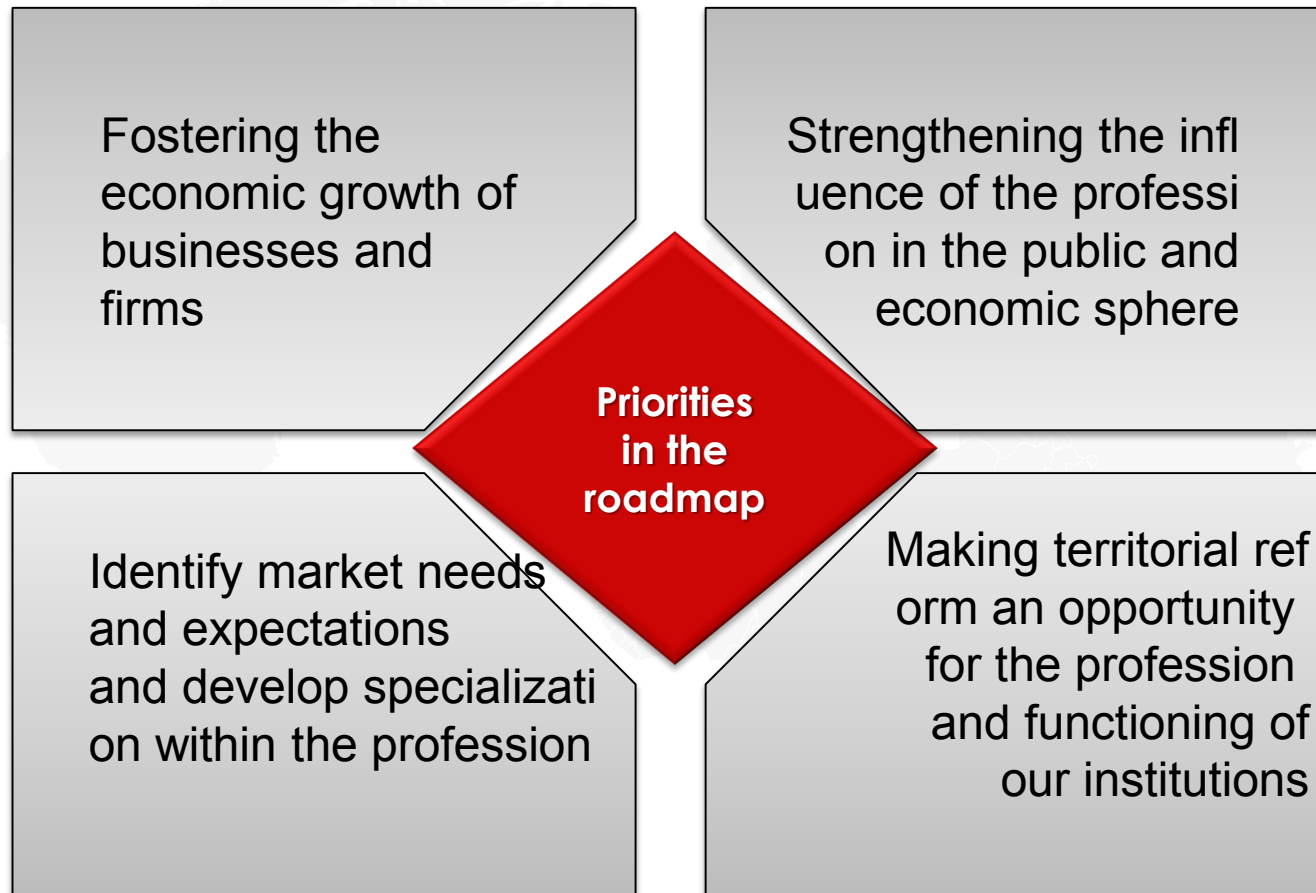
**Ensuring the regular functioning of the institution
Set contribution amount**

Participate, at European and international level, in professional organizations

Composition of CSOEC



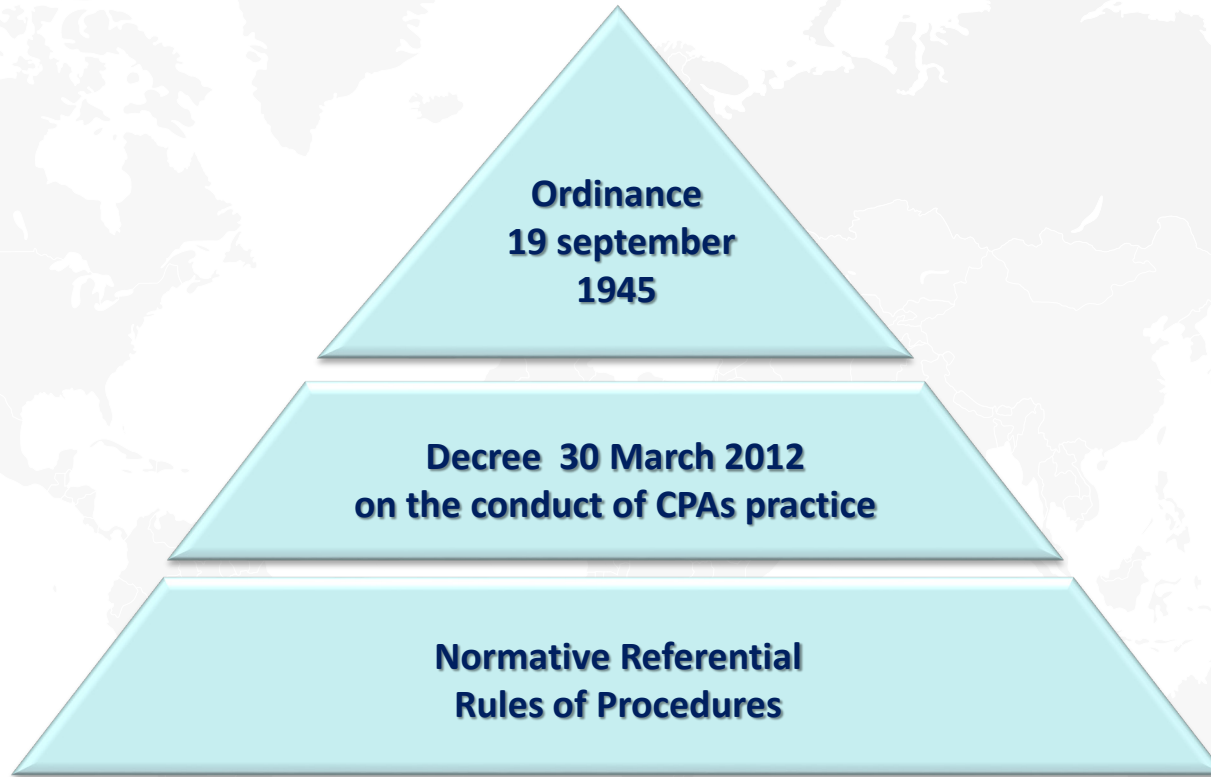
- 69 elected officials (including 23 presidents of CROEC)
- Comex
- Board
- Government commissioner
- Permanent staff 130





Texts governing the profession

Texts governing the profession



Ordinance of 19 septembre 1945

<https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000698851>



Content

- Organization of the profession
 - CSOEC
 - CROEC
- Definition and rules governing the profession
 - CPAs
 - Accounting firms
 - Professional accounting bodies
- Definition of missions
 - Prerogatives
 - Other missions

Modifications

- Act 23 July 2010
- Act 28 March 2011
- Ordinance 30 April 2014
- Act 6 August 2015
- Ordinance 31 March 2016
- Ordinance 1st December 2016
- Ordinance 22 December 2016
- Loi Pacte 22 May 2019

The Code of Ethics



- The ethical rules are intended to ensure protection of :
 - General interest
 - Clients
 - Profession
- The Code of Ethics prescribes :
 - general duties including the limits of promotion and communication activities
 - duties towards clients
 - duties towards colleagues
 - duties towards professional bodies

Normative referential



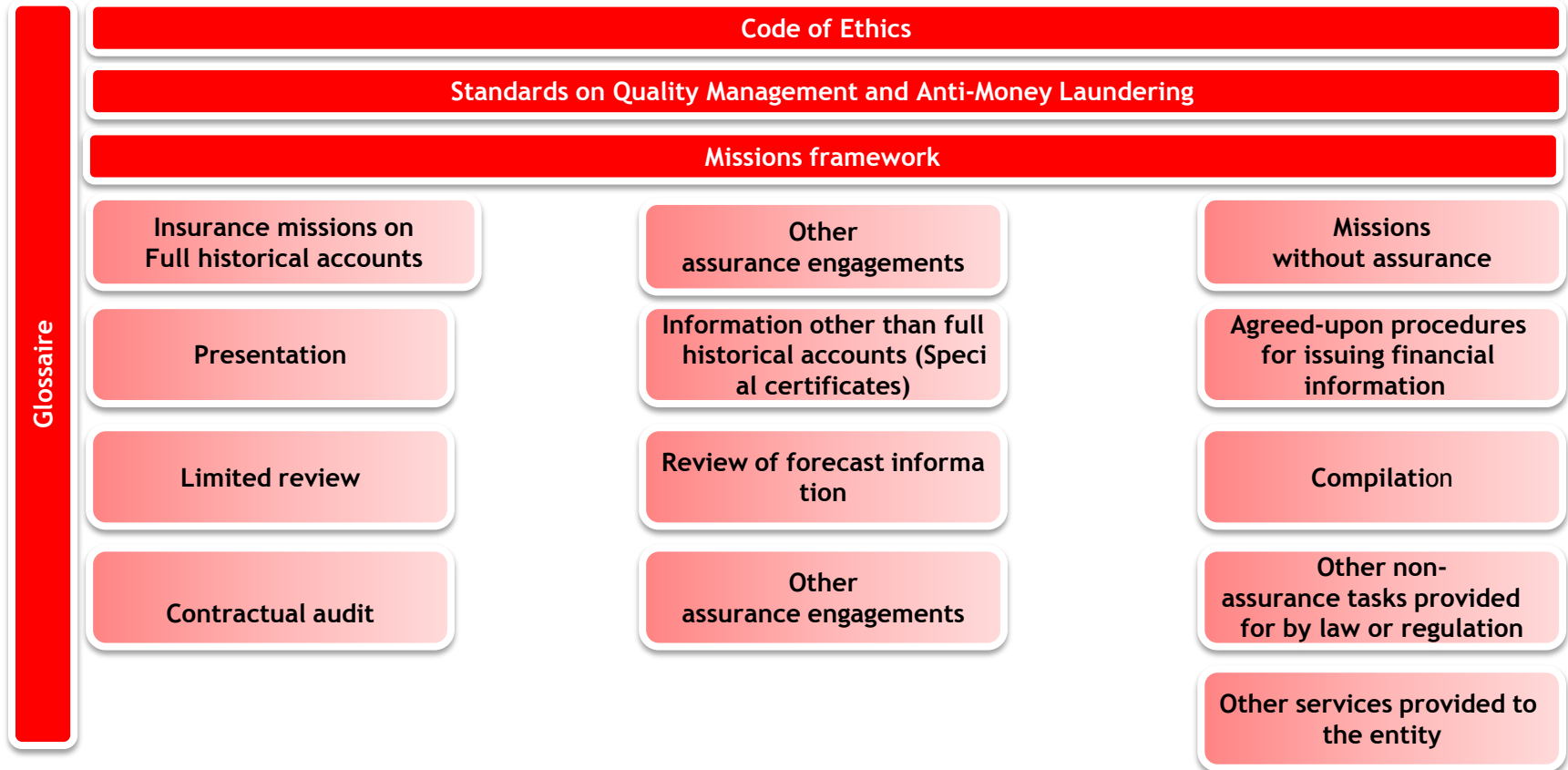
- Objectives

- It lays down the basic principles and procedures to be followed by the CPA in his or her missions and specifies the modalities for implementation
- It gives a rigorous image of the profession
- It allows harmonization of professional practices between firms
- It provides a structured framework
- It ensures the level of quality required by the environment

- Content (different from accounting standards!)

- Standards for the management of professional practice structures
- Mission standards

The normative referential



The normative referential



General principles applicable to all missions (organizational standards)

Code of Ethics

NPMQ

The Anti-Money Laundering

Mission-specific standards (technical standards)

Presentation

Special certificates

Compilation

Limited Review

Review of forecast information

Agreed-upon
procedures for issuing
financial information

Contractual audit



The missions of the profession

Engagement history



Exclusively accounting
and fiscal missions

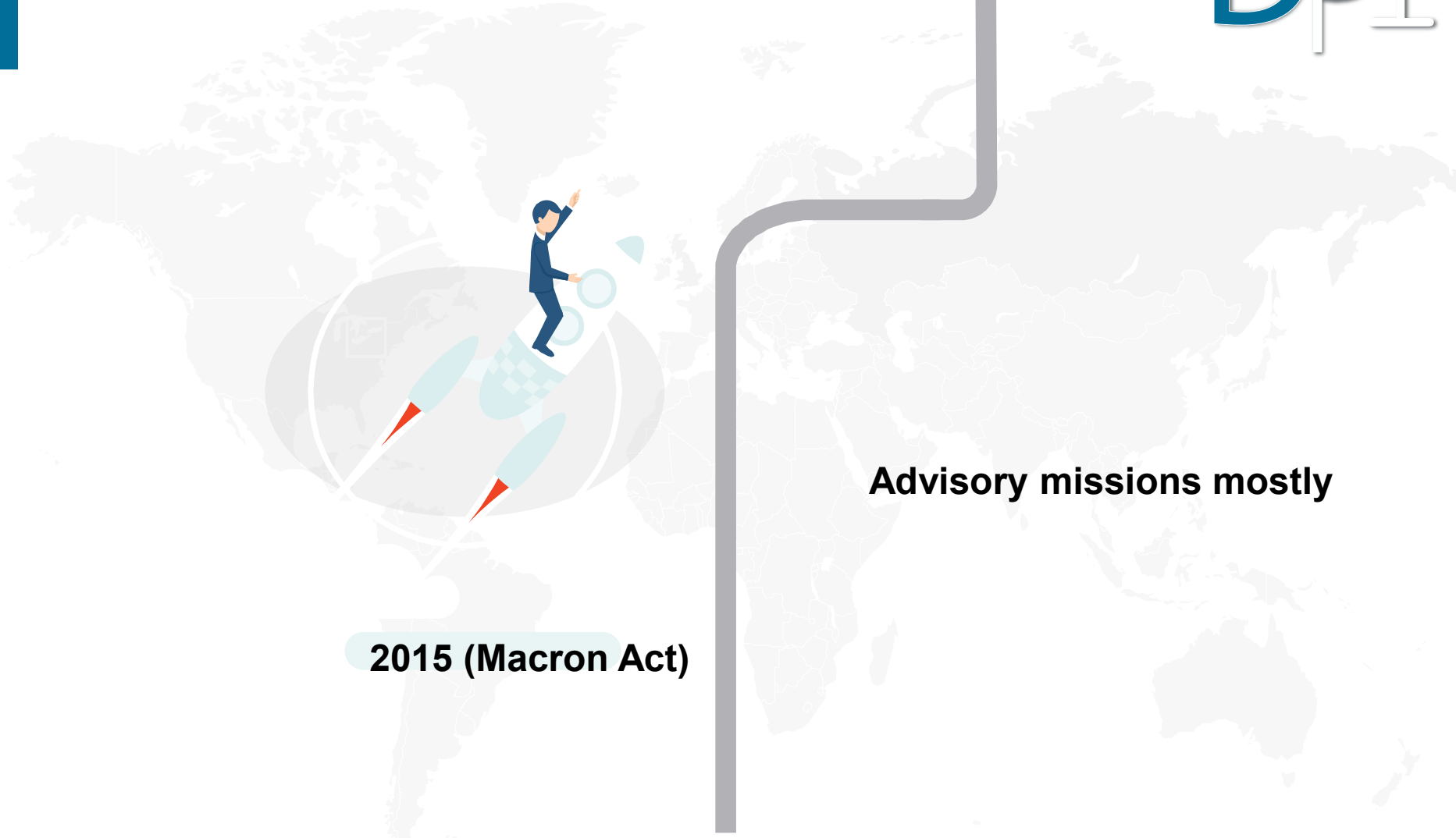


1945

Missions ancillary
to the main missions



1975



2015 (Macron Act)

Advisory missions mostly

2019 (Loi Pacte)



New advisory missions:
Studies or any work of a financial,
environmental or digital nature

The missions



- The CPA's mission has long been focused on the management of the regulatory system
Accountant / Tax / Social / Legal
- The CPA was a complexity simplifier

Today, the accountant is a value creator for his clients

The core activity of the profession



- Exercice privilege
 - Maintain and monitor corporate accounting
 - Review and assess accounts
 - Present annual accounts
 - Issuing assurance on financial or non-financial data

And also

- Organize Accounting
- Accompany the client to examine the feasibility of his project
- Assisting individuals in their tax, social and administrative reporting obligations

Other missions

- Preparation of payroll and social returns
- Preparation of tax returns
- Preparation and review of budget estimates
- Search for funding
- Implementation of management tools
- Administrative reorganization
- Corporate evaluation
- Heritage Management Advice
- Transmission support
- Drafting company statutes
- Drafting work contracts
- Corporate Legal Secretariat

Statutory engagements



They are defined by law or regulation

- Examples :
 - Assistance to the Company's works' council
 - Campaign accounts
 - Eco-organism
 - Parliamentary expenses



The main rules governing the practice of the profession

35

A secular motto



- Science
- Conscience
- Independence

The main rules governing the practice of the profession



- How SEC Works
- Financial contribution
- Social mandates
- Payment Terms
- Commercial activities
- Success fees
- Key Behavior Rules
- Independence
- Competence
- Obligation to advise
- LAB
- Main working rules
- Acceptance and maintenance of the mission
- Mission Letter

Implicit mandate



The CPA may act on behalf of its clients with the tax administration and social security agencies, without having to produce a signed document from the client at each process

However, the mandate to act on behalf of the client must have been fulfilled with the client in advance
The mandate must be produced to the administration for access to the personal tax account

Competency



Compliance with the principle of competence requires a regular updating of knowledge for the professional and his/her staff by:

A training plan in accordance with the implementation guide: 120 hours per period followed by three years of continuous training of which at least 20 hours per year

Periodic evaluation of the general competence of the Cabinet

Upon acceptance of a mission, a prior analysis of the skills required and the skills available

Business CPAs



- Benefits
 - ✓ Title of "Corporate accountant"
 - ✓ Business Function Value
 - ✓ Promoting ethics in the employer structure
 - ✓ Access to training and information for accountants
 - ✓ Access to training conducted by the CFPC
- Modalities
 - ✓ Prohibition of the independent exercise - Article 22 of the 1945 Ordinance
 - ✓ Non-members of the Order
 - ✓ Payment of an assessment (including contribution to the documentary base)
 - ✓ Subject to supervision by the Regional Council

Pending amendment of the decree of 30 March 2012

Independence



The CPA must ensure that relationships with clients never put him in a position to be pressured by them

It must be able to carry out its mission objectively and independently

It must therefore retain its independence:

- financial
- personal
- Intellectual

The duty to provide advice



1. Information

Choices available to clients

Clients obligations

2. Duty to guard

Choices available to clients

Clients obligations

3. Requirement

Clients obligations

4. Refusal to complacency

Clients obligations

Anti-Money Laundering Initiatives



CPAs

are required to report to the Tracfin for transactions involving sums they suspect to come from :

- terrorist financing
- organized crime
- drug trafficking
- fraud on Community aid

Money laundering from:

- abuse of social property
- breach of trust
- fraud
- tax fraud

They must be vigilant about the identity of their customers and the operations they carry out

A new accounting standard LAB



- New LAB standard - adopted (OJ 4/08/19)

Objectives sought:

Integrate new developments related to the transposition of the 4th LAB Directive

Create reference document for all CPA LAB material

Save work on analyzing LAB provisions by each professional
Readability and pedagogy in view of the complexity of the subject

Provide a framework and guidance for professionals

Strengthen the application and applicability of LAB

Why a new LAB scheme for the profession?

- Preparing the Control of France by the GAFI
Action plan unanimously adopted by the CSO on 6 March 2019
- Creation of a specific LAB control for natural persons most at risk BC-FT
 - On-site and off-site monitoring
 - Creation of a specific body of LAB controllers
 - Permanent Analyst Team at the CSOEC
 - A secure platform for the safe exchange

Acceptance of missions



Assessment and feasibility of new missions in relation to risk assessment, prudence and the skills and capabilities of the firm

Assessment of changes that may affect the independence of the professional or expose him to new risks

Compliance with the procedure laid down in the Code of Ethics in the event of replacement of a colleague

Engagement letter

It defines contractual obligations

It sets the fee

It defines the respective responsibilities of the client and the professional

It defines the nature of the requirements to be implemented according to the normative framework

It indicates the limits of the mission

It shall be accompanied by the general conditions and a breakdown of the respective obligations of the client and the trader, which shall ensure the effectiveness of the interventions and respect the deadlines laid down, by defining:

Who?

The timetable to be followed [when?]

The nature of the work [what?]

How?

Mission report



- Completion of the three-letter of assignment, working file and report
- Formalization of work performed and value for delivery
- The report is written and signed by the CPA and may take several forms depending on the nature of the mission
- End-of-mission report or report for uninsured missions
It limits contractual liability
Only the customer receives it
Certification for insurance missions
It limits contractual and quasi-criminal liability
Third parties may be aware of this



Quality control

Objectives of quality control



Improving the perception of the quality of services by third parties

Harmonize business behavior

Appreciate the application of professional standards and rules

Improving the working methods of firms

Developing solidarity within the profession

Philosophy of quality control



Corporate spirit
of the profession

Congruence

Universality

Confidentiality

The missions entrusted to the DDPI

What is our added value?

Revision of the legislative and regulatory framework

Consolidation of human resources through training in IFAC standards

Institutional capacity-building

Bilateral cooperation actions are designed to be structured and multi-annual

Typology of missions



In the field of accounting standardization:

Revision of legislative and regulatory texts

Establishment of national accounting systems compatible with international accounting standards

Convergence of existing accounting systems with international accounting standards

Maintenance of these systems (training, workshops, writing of specialized books, etc.)

Establishment and/or institutional strengthening of accounting standards bodies

Audit standards:

Revision of legislative and regulatory texts

Migration from the existing normative framework to international standards

Maintenance of these repositories (training, workshops, writing of specialized books, etc.)

In the organization of the accounting and auditing professions:

Establishment and strengthening of professional institutes

Establishment of reliable and relevant quality control systems

Quality Control Training

Market access

Professionals from other EU Member States

Pro-forma declaration	Yes, written declaration, to be renewed each year.
Requested data	Yes, legal texts : amended Ordinance of 1945; specific decrees (1996 and 2009)
Requested documents	<p>Yes :</p> <ul style="list-style-type: none"> -Document attesting conditions of nationality, personal situation and personal residence; -Document attesting that this person is regularly established and registered as a professional accountant in public practice and is not subject to any disciplinary measures including provisional suspensions; -A proof of professional qualification; -When “expertise comptable” (accountancy services) is not a regulated activity in the country of origin, a proof by any means of having been in public practice for at least 2 years on a total of 10 years; -Any demand should be addressed in written form by registered mail or by electronic means to the CSOEC (see below).
Competent authority	Conseil Supérieur de l'Ordre des Experts-Comptables (CSOEC)
Factual checks	No, except in case of difficulties or complains of the public.
Standard form	No
Compliance with host Member State rules	Yes: insurance, disciplinary and professional ethics rules.

FOCUS : The Impact of digital Technologies on Accounting and Auditing How Should the Profession Adapt?

The French accountancy profession increases the awareness of the professionals to the digital transition both for the accounting firms and client support in order to make this transformation successful.

The French Institute of Certified Public Accountants (CSOEC) has developed tools that can be used on the hub “Conseil Sup service”
<http://www.conseil-sup-services.fr/index.php>

A light gray world map is centered in the background of the slide, showing the outlines of continents and countries.

How Digital technologies will Affect CPA Firms in 2020

A new Business Model