



Scope of audit of banks across Europe

Update to the 2015 edition

INFORMATION PAPER

HIGHLIGHTS

This information paper provides an update to the 2015¹ survey on the audit profession's involvement with the financial and regulatory reporting for banks. While in 2015 we focused more on the overall involvement of the auditor in the audit of banks in Europe, we now further specify whether the requirements for assuring regulatory reporting either form part of the statutory audit of financial statements or are separate audit, assurance and other engagements.

We received information from 30 countries (compared to 27 in 2015) including the 19 member countries of the Eurozone. The results of the survey reveal that the audit of financial statements, management reports, and compliance with laws and regulations falls within the scope of the statutory audit in all 30 countries. Both for 2015 and 2016, there is a divergence in practice regarding the scope of the audit of banks. Specifically for 2016, this divergence occurs when it comes to additional supervisory requirements.

These inconsistencies can negatively affect the supervisory level playing field across Europe. Having one banking supervisor for the Eurozone should result in a more coordinated approach to tackle the divergence in practice and better align regulatory policy, which could benefit all the stakeholders involved.

¹ Scope of audit of banks 2015 http://www.fee.be/images/publications/Corporate_Reporting/1509_FEE_Scope_of_Audit_of_Banks.pdf

Introduction

The provision of audit and related services to credit institutions (including banks across Europe) is to some extent resulting from the European Union (EU) laws and regulation. EU Member States often supplement these requirements with initiatives taken on national level, as our survey results demonstrate. Below we name the most significant EU legislation.

The Directive 2014/56/EU of the European Parliament (EP) and of the Council of 16 April 2014 on statutory audits of annual accounts and consolidated accounts (Directive 2014/56/EU)² and the Regulation (EU) No 537/2014 of the EP and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (PIEs) (Regulation 537/2014), lay down the requirements for respectively all statutory audit and for PIEs specifically in the EU and European Economic Area (EEA).

Article 2 point 13 of the Directive 2014/56/EU outlines the most recent definition of PIEs, which broadly covers those trading on a regulated market, credit institutions and insurance undertakings, and those designated by Member States.

The definition itself has not significantly changed compared to the one in the Directive 2006/43/EC of the EP and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts (the 2006 SAD)³. However, Article 39 of the 2006 SAD, allowing Member States to exempt certain PIEs including credit institutions from one or more requirements, has not been included in the Directive 2014/56/EU. This change is important to define which entities fall within the scope of the Regulation 537/2014.

In addition, Article 89 of the Directive 2013/36/EU of the EP and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of the credit institutions and investment firms⁴ (Capital Requirements Directive IV) outlines provisions for country-by-country reporting. According to this article, credit institutions shall disclose such information as turnover, number of employees, profit or loss, tax on profit or loss, public subsidies received. This information is subject to the statutory audit of financial statements regarding laws and regulations, according to the Directive 2014/56/EU.

Credit institutions may have to comply with additional supervisory requirements. Depending on the requirements in a jurisdiction of a certain country, the requested information may have to be audited. These audit services may be performed by the banks' statutory auditors, a specially qualified bank auditor or another assurance provider.

Article 8 of the Directive (EU) 2015/849 of the EP and of the Council of May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing⁵ obliges banks to identify and assess the risks related to money laundering, to document these assessments and make them available to the competent authorities. To mitigate and manage those risks, banks shall have in place policies, controls and procedures, which can, where appropriate, include an independent audit.

² Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 on statutory audits of annual accounts and consolidated accounts, amending the Directive 2006/43/EC
(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0056&from=EN>)

³ Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02006L0043-20140616&from=EN>)

⁴ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of the credit institutions and investment firms
(<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0036&from=EN>)

⁵ Directive (EU) 2015/849 of the European Parliament and of the Council of May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L0849&from=EN>)

Also, Article 8 point 8 of the Decision of the European Central Bank (ECB) of 29 July 2014 (ECB/2014/34) on measures relating to targeted longer-term refinancing operations (TLTRO)⁶ states that participants in TLTRO shall be required to have the reported data audited annually. This can be either part of the statutory audit, carried out by an external auditor, or participants may use equivalent procedures which are approved by the Eurosystem⁷.

Following the initiation of the Banking Union, the ECB and national supervisory authorities (NSA) are part of the Single Supervisory Mechanism (SSM), the system of banking supervision for Europe. Countries within the Eurozone automatically participate in the SSM while other EU countries can choose to do so.

The ECB, playing a supervisory role, shall collect annual supervisory fees from each supervised credit institution and each supervised group in participating countries. Supervisory fees also apply to branches in participating countries even though they might be established by a credit institution which is in a non-participating country⁸. The decision of the ECB of 11 February 2015 on the methodology and procedures for the determination and collection of data regarding fee factors used to calculate annual supervisory fees⁹, lays down the requirements for an auditor to certify total assets by carrying out appropriate verification on the audited financial statements.

Analysis of the results

The institutions within the scope of this survey are the ones that are within the scope of the SSM. In comparison with the survey published in 2015, the requested information is more detailed. The requirements are now presented as either being part of the statutory audit, or as separate assurance or other engagements - either on a voluntary basis or requested by the national competent authorities (NCA). In the survey of 2015 the request for information was related to the overall involvement of the auditor in the audit of banks in Europe.

The Federation has received information on the audit profession's involvement on assuring financial and regulatory reporting for banks across Europe for 30 countries, including the 19 countries in the Eurozone. The audit of financial statements, management reports, and compliance with laws and regulations falls within the scope of the statutory audit in all 30 countries.

However, the results show a divergence in practice regarding the audit of additional supervisory requirements. In summary, in 12 countries the auditor's involvement in regulatory organisation reporting is part of the statutory audit, while in 8 countries it is a separate assurance engagement. In 1 country it is part of both, while in 9 countries the auditor does not have any responsibility to report on specific legal requirements regarding the organisation and governance of a bank.

In 7 countries, the scope of the statutory audit includes regulatory requirements (for example, anti-money laundering, loans, etc.), and in 12 countries the auditor is involved with other regulatory requirements as part of a separate audit or assurance engagement. In 1 country, it is part of both, while in 10 countries there are no requirements for assurance on regulatory requirements.

Furthermore, in 6 countries the audit on ongoing financial reports to supervisors is part of the statutory audit. In 8 countries a separate assurance engagement is performed on information in ongoing financial reports that

⁶ Decision of the European Central Bank of 29 July 2014 (ECB/2014/34) on measures relating to targeted longer-term refinancing operations (https://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_258_r_0006_en_txt.pdf)

⁷ Eurosystem comprises of the European Central Bank and the National Central Banks of those Eurozone countries.

⁸ Regulation (EU) No 1163/2014 of the European Central Bank of 22 October 2014 on supervisory fees (<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R1163&from=EN>)

⁹ Decision of the European Central Bank of 11 February 2015 on the methodology and procedures for the determination and collection of data regarding fee factors used to calculate annual supervisory fees (https://www.ecb.europa.eu/ecb/legal/pdf/en_ecb_2015_17_f_sign.pdf)

are addressed to the regulators. In 16 countries, there are no additional requirements for the auditor when it comes to assurance of ongoing financial information.

Finally, in only 3 countries the scope of the statutory audit includes special reports that are addressed to the supervisors, and in 11 countries such work is performed as a separate engagement. In 1 country, assurance on special reports to supervisors is part of both the statutory audit and a separate assurance engagement. In 15 countries, the auditor does not have any responsibility to provide assurance on such reports.

A **summary** of the results can be found in the table on the following page. For a more detailed overview of the responses, the table in the **Appendix** can be consulted.

Note: The information presented in the Appendix has been provided by the Member Bodies and might be incomplete. The Federation, therefore, disclaims any responsibility for the accuracy of information.

Country Eurozone (*)	Statutory Audit		Additional Supervisory Requirements ¹⁰			
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation	Compliance: Further Regulatory Requirements	Compliance: Ongoing Financial Reports to Supervisors	Special Reports to Supervisors
Austria *	S	S	S	S	S	O
Belgium *	S	S	S		S	S
Bulgaria	S	S	O			
Croatia	S	S	S		O	
Cyprus *	S	S				O
Czech Republic	S	S	O			O
Denmark	S	S	S	O		O
Estonia *	S	S	S	O		
Finland *	S	S		S	O	
France *	S	S		O		
Germany *	S	S	S	S/O	S	S/O
Greece *	S	S	O		O	O
Hungary	S	S	S/O			
Ireland *	S	S	O	O	O	
Italy *	S	S	O	O	O	
Latvia *	S	S		O	O	O
Lithuania *	S	S	S	S	S	
Luxembourg *	S	S	S	S	S	S
Malta *	S	S		O		O
Netherlands *	S	S	S	O	S	O
Norway	S	S				
Poland	S	S	S	S		
Portugal*	S	S	S	S		
Romania	S	S	S	S		
Slovak Republic*	S	S	O	O	O	
Slovenia*	S	S	O			O
Spain*	S	S		O		S
Sweden	S	S				
Switzerland	S	S	O	O	O	O
UK	S	S		O		O

¹⁰ S: Statutory requirement

O: Other audit/assurance or agreed upon procedure engagement

If a box does not contain any information, there are no requirements

The request for information relates to certain aspects of the auditor's responsibilities/involvement in the assurance engagement for banks in different countries. The attached table in the Appendix includes information for different areas that an assurance provider can be involved in. We include below some guidance for the different columns below:

- **Assurance: Financial statements**, including management report and going concern. This refers to the audit of financial statements including the auditor's responsibility for the going concern assessment and review of the management report.
- **Compliance with laws and regulations**, covered by International Standards on Auditing (ISAs). This refers to the auditor's responsibility in the context of an audit of financial statements regarding laws and regulations under ISA requirements.
- **Compliance: Organisational regulatory rules**. This refers to whether the auditor has any responsibility to report on specific legal requirements regarding the organisation and governance of a bank (e.g. requirements for risk management).
- **Compliance: Regulatory requirements** (e.g. Risk Weighted Assets (RWA), loans, Anti-Money Laundering (AML)). This refers to additional regulatory requirements (e.g. AML, reports on big loans). This might be a specific requirement in the law of each country. For instance, the EU Directives require that banks should submit reports on AML to authorities. However, any requirements for assurance are left to the Member States to decide on.
- **Compliance: On-going Financial reports to Supervisors** (e.g. Capital, Liquidity). This relates to whether the supervisor asks for assurance on on-going financial information.
- **Special Reports to Supervisors**. This relates to whether the supervisor requires assurance on other reports (for instance information that is used for benchmarks).

Appendix

Country	Statutory Audit			Additional Supervisory Requirements ¹¹		
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Austria	S	S	S The Austrian Banking Act requires bank auditors to audit design and implementation (D&I) of the internal control system of banks in 19 areas that are important for regulators (e.g. solvency calculation, AML) and requests specific reporting on those in a predefined format.	S The Austrian Banking Act requires bank auditors to audit D&I of the internal control system of banks in 19 areas that are important for regulators (e.g. solvency calculation, AML) and requests specific reporting on those in a predefined format.	S The Austrian Banking Act requires bank auditors to audit D&I of the internal control system of banks in 19 areas that are important for regulators (e.g. solvency calculation, AML) and requests specific reporting on those in a predefined format.	O Usually no. There are other special reports e.g. on basic figures relevant for contributions to the deposit protection scheme.
Belgium	S	S	S Reporting of findings.	No	S Assurance on financial reporting (FINREP) and common reporting (COREP).	S

¹¹ **S**: Statutory requirement

O: Other audit/assurance or agreed upon procedure engagement

Country	Statutory Audit			Additional Supervisory Requirements ¹¹		
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Bulgaria	S All banks are subject to statutory audit of their general purpose financial statements. Applicable financial reporting framework is "IFRS as adopted for use in the EU" and the auditing framework is ISA.	S	O There is a requirement in the law which stipulates that the statutory auditor of a bank should issue a report on the internal control system in the bank. The profession has agreed with the Bulgarian Central Bank (BNB) that this is an agreed upon procedures engagement under ISRS 4400.	No	No	No
Croatia	S	S	S	No	O	No
Cyprus	S Also annual meetings take place between auditors & supervisors.	S No other special requirements beyond ISA requirements and statutory duty to report matters to the supervisor.	No	No	No	O The Central Bank of Cyprus can ask for reports from auditors on an ad hoc basis, such as non-performing loans data. The ICAEW technical guidance on undertaking such reports is also used in Cyprus.

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Czech Republic	S	S	O Compliance with Markets in Financial Instruments Directive (MiFID).	No	No	O Based on the specific request from the regulator the auditor might be required to issue a report on the Risk Management (Credit, Market, Liquidity, Corporate Governance and IT risk).
Denmark	S	S	S The Danish Financial Supervisory Authority (FSA) has issued an Executive Order on Auditing that includes a number of additional requirements for the auditor.	O The Danish FSA requires a number of separate opinions from the auditors on, for example, recovery, securities trading etc.	No	O The Danish FSA can ask the auditor to prepare special reports on an ad hoc basis.
Estonia	S ISA on IFRS (EU) financial statements.	S	S Assurance under Act on Financial Institutions.	O Report on custody (MiFID).	No	No
Finland	S	S	No	S Opinion regarding management of client funds / custody activities.	O Assurance of reports to Stability Authorities. Assurance of reports to central banks regarding targeted longer-term refinancing operations (TLTRO).	No

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France	S	S But nothing more than ISA 250.	No	O Report on TLTRO data. Report to the participants in TLTRO to be submitted to the participant National Central Bank (NCB) (European Central Bank's (ECB) decision 2014/34; Article 8.8). This review (specific report: French standard NEP 9030/ISAE 3000) is performed in France since 2015 by the statutory auditor and the report is submitted to the NCB by the participant.	No	No
Germany	S <i>Statutory audit</i> (consideration of bank industry specific laws, e.g. KWG/RechKredV, PrüfbV). <i>Economic situation</i> (e.g. course of business, financial/income situation).	S Legal compliance with view to accounting (incl. articles of association).	S Includes: • Appropriate/ effective risk management and proper business organisation, processes and internal controls (§ 25a KWG; e.g. remuneration, IT-systems, Internal Capital Adequacy Process (ICAAP), corporate governance).	S/O <i>Part of the statutory audit:</i> • Compliance with capital requirements (e.g. assessment of credit, market and operational risks).	S Compliance with (ongoing) regulatory reporting and promulgating (e.g. COREP/FINREP, proof of appropriate liquidity, details of major credits/credits to supervisory body, insider dealing, short selling etc.).	S/O <i>Part of the statutory audit:</i> Special purpose audit on request of the Audit Committee Special purpose audit on occasion of the National Competent Authority (NCA) according to § 30 KWG

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			<ul style="list-style-type: none"> • Organisation of credit transaction and trading business. 	<ul style="list-style-type: none"> • Compliance with quantitative/qualitative liquidity requirements (e.g. Liquidity Coverage Ratio (LCR)/Net Stable Funding Ratio (NSFR), see MaRisk¹²). • Compliance with AML act. • Separate audit engagements: • Compliance with MiFID code of behaviour (concerning client business). <p>Note: MaRisk refers to the minimum requirements for risk management.</p>		<p><i>Separate audit engagements – typically carried out by the statutory auditor:</i></p> <p>Other assurance engagements (e.g. ECB-Fees, Contributions to the Single Resolution Fund, TLTRO).</p> <p><i>Separate audit engagements – typically carried out by an auditor other than the statutory auditor:</i></p> <p>Special purpose audit on occasion of the NCA according to § 44 KWG or on occasion of the ECB according to Art. 10-13 Council Regulation (EU) Nr. 1024/2013 in connection with Art. 143-146 Regulation (EU) Nr. 468/2014 (e.g. compliance with MaRisk, London Interbank Offered Rate (LIBOR)).</p>

¹² Note: MaRisk refers to the minimum requirements for risk management

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Greece	S	S	O Compliance with MIFID.	No	O LTRO reports based on ECB/2014/34 decision.	O Special reports for Supervising fees.
Hungary	S	S	S/O Beside the annual statutory audit, the banking law requires the preparation of a 'compliance report' by the auditor. The compliance report covers laws and regulation, organization, risk management, systems, assessment of impairment, capital adequacy.	No	No	No

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Ireland	S	S	O Section 27BA of the Central Bank Act 1997 enables the Central Bank of Ireland (CBI) to require the statutory auditor of a specified regulated financial services provider to conduct an examination with regard to obligations imposed by certain provisions of financial services legislation as identified by the CBI. The CBI has requested such examinations in relation to banks since 2014.	O <i>TLTRO returns</i> ECB/2014/34 Article 8 measures relating to TLTRO and, in particular, the annual examination of accuracy in respect of data reported in the TLTRO returns. <i>Supervisory Fee Audit:</i> Under Article 16(1) of the Supervisory Fee Regulation, the ECB will invoice an annual supervisory fee. Article 7 of the ECB decision on supervisory fees sets out the requirements for an auditor to certify the total assets of fee paying branches by carrying out appropriate verification.	O Banks are permitted to include interim profits in the capital base required to meet prudential supervision criteria only if such profits have been reported on by the bank's external auditors. This is required under the EU Directive on Capital Adequacy and covered by the Central Bank Notice S/200.	No

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Italy	<p>S</p> <p>This is performed by an external audit firm, enrolled in the Auditors' Register (and complying with special requirements to audit PIEs).</p>	<p>S</p> <p>This function is performed by:</p> <ul style="list-style-type: none"> • Compliance department (internal department); • Statutory Supervisory board (collegio sindacale), whose members are listed in a professional register i.e. (Certified Public Accountants or lawyer). • Supervisory body according to D. Lgs. 231/2001. 	<p>O</p> <p>This function is performed by:</p> <ul style="list-style-type: none"> • Compliance department (internal); • Risk management department (internal); • Internal audit department (internal); • Statutory Supervisory board (collegio sindacale) <p>All the above listed bodies have the commitment to verify compliance with NCA (Banca d'Italia) regulation. Under supervision of the bodies above, banks periodically have to file several reports as:</p> <ul style="list-style-type: none"> • RAF (Risk appetite framework) policy report, • ICAAP (Internal Capital Adequacy Assessment Process) Report. 	<p>O</p> <p>This function is performed by:</p> <ul style="list-style-type: none"> • Compliance department (internal); • Risk management department (internal); • AML department (under supervision of Financial Investigation Unit at Banca d'Italia); • Credit department (internal); • Internal audit department (internal) • Internal Control Committee composed also by member of board of directors; • Statutory Supervisory board (collegio sindacale). <p>All these bodies are required to verify compliance with NCA (Banca d'Italia) regulation.</p>	<p>O</p> <p>According to the Italian law such a function is performed by:</p> <ul style="list-style-type: none"> • Risk management department (internal); • Credit department (internal); • Internal audit department (internal); • Statutory Supervisory board (collegio sindacale). <p>All these bodies are required to verify compliance with NCA (Banca d'Italia) regulation.</p>	<p>No</p>

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	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Latvia	S	S	No	O Regular reporting required (AML), but should not necessarily be performed by the statutory auditor	O Ad hoc requirements to report on interim financial statements prepared under IFRS as adopted by the EU	O Separate annual assurance or agreed upon procedures reports on: TLTROs, Deposit Guarantee Fund payments and compliance with MiFID
Lithuania	S ISA on IFRS (EU) financial statements	S As required by ISAs and also legal requirements imposing on auditor, an obligation to report to bank supervisor in certain circumstances.	S Assurance under Law on Financial Institutions only for the efficient and sound management of assets, adequate internal control and information systems.	S Assurance under Law on Financial Institutions only for mandatory adjustments of the value of the assets and performed write-offs.	S Assurance under Law on Financial Institutions on compliance with capital requirements.	No
Luxembourg	S	S Included in a long form report.	S Included in a long form report.	S Included in a long form report.	S Included in a long form report.	S <i>Annual Long Form Report</i> to be issued.

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	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Malta	S	S No special requirements beyond ISA requirements and statutory responsibilities, including those emanating from the Capital Requirement Regulation (CRR) and Capital Requirement Directive (CRD) (as transposed in the Maltese Banking Act).	No	O The external auditors are required to perform an interim review on, or audit of, interim financial statements before credit institutions include interim profits in Common Equity Tier 1 capital. The Competent Authority requires an audit opinion on adherence to conditions stipulated in Article 28 or, where applicable, Article 29 of the CRR when credit institutions issue capital instruments. External auditors may be required to issue a review opinion on the ICAAP report submitted by credit institutions.	No	O External auditors were involved in the assets quality review process.

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	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Netherlands	S	S	S As long as not covered by observations in management letter as part of the audit of the financial statements.	O As long as not covered by normal audit procedures as part of ISAs 240/250.	S On an annual basis the auditors have to issue an auditors opinion and a long form report on the audit of the COREP and FINREP returns. These returns have to be prepared by management based on CRD IV requirements.	O On special request of the supervisor.
Norway	S	S	No	No	No	No There are no general additional Supervisory requirements. For the banks that do not have an internal audit function, the auditor will normally do additional review and reporting on: <ul style="list-style-type: none"> • ICAAP • Internal Control (specific Norwegian regulations) • Liquidity risk • Remuneration (specific Norwegian regulations)
Poland	S	S	S	S	No	No

Country	Statutory Audit			Additional Supervisory Requirements ¹¹		
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Portugal	S	S	S A yearly report giving an opinion on the internal control system of banks is issued as required by law.	S A yearly report giving an opinion on the internal control regarding AML is issued as required by law.	No Only specific reports related to the commercial code or the financial institutions law (e.g. Mergers, contributions in kind).	No
Romania	S	S In the case of non-compliance with laws or regulations (significant breach) by the credit institutions, the National Bank should be immediately informed. The same in case where any decision or act taken by the audited institution would affect the capacity of the banking institution to operate in the future (going concern) or that might drive the auditor to express a disclaimer or qualified opinion on the financial statements.	S Compliance with the National Bank of Romania regulations and orders. These include a number of requirements for the auditors regarding risk management, control and reporting.	S Compliance with National Bank of Romania regulations and orders and other national laws (e.g. AML).	No No general additional supervisory requirements.	No No general additional supervisory requirements.
Slovak Republic	S	S	O	O	O	No

Country	Statutory Audit			Additional Supervisory Requirements ¹¹		
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
Slovenia	S	S	O Agreed upon procedure report for Bank of Slovenia on the risk management systems (covering all risks).	No	No	O ¹³ Special negative assurance report regarding TLTRO operations (not mandatory).
Spain	S	S	No	O Independent expert report (auditor or other expert) for AML. Agreed upon procedures requested by Bank of Spain regarding some loans information and TLTRO financing.	No	S As part of the audit of Banks, the Bank of Spain requires a long form report which includes details of audit procedures performed and some very limited checks on the agreement of some non-financial information to the accounting records.

¹³ Slovenia: Differences exist in practice

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Sweden	S FAR, the professional institute for authorized public accountants in Sweden, has issued an audit guideline for audit of entities within the financial sector. The guideline clarifies how ISA should be applied.	S Besides ISAs, there is a legal requirement for audit of the management administration. The audit is more of a review to give an assurance in the auditor's opinion. If management or the Board has taken actions that have been against the law and the action has harmed the entity, a qualified opinion should be considered.	No	No	No	No
Switzerland	S The Management Report is not subject to the statutory audit requirement.	S	O Banks have to appoint an audit firm that is authorized by the Federal Audit Oversight Authority (FAOA) to perform regulatory audits as an "extended arm" of the Swiss Financial Market Supervisory Authority (FINMA) (the auditor leading the audit requires a specific authorization from the FAOA too).	O Comments made under "Regulatory Organisation" apply in analogy.	O Comments made under "Regulatory Organisation" apply in analogy.	O Banks have to submit statistical data to the FINMA and the Swiss National Bank (SNB) on a regular basis, which is using the data amongst others for benchmark purposes. Specific year end data submitted are subject to verification by the regulatory audit firm. Furthermore, FINMA and SNB may ask the regulatory audit firm to verify data submitted on a case by case basis.

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			Based on a risk analysis / audit strategy approved by FINMA the regulatory audit firm reports with respect to the audit areas subject to the risk based audit whether the Bank has adhered to the provisions of the Bank Law, respective Ordinances and further regulatory provisions, which comprise all of the compliance points mentioned in this section of the questionnaire, or not. The risk assessment determines the extent of the intervention (audit, critical assessment or no intervention) and the timing (yearly procedures or multiyear procedures) for most of the audit areas (but not for all).			

Country	Statutory Audit			Additional Supervisory Requirements ¹¹		
	Assurance: Financial Statements including Management Report, Going Concern (ISA)	Compliance: Laws and Regulations (Covered by ISA)	Compliance: Regulatory Organisation (e.g. Risk Management, Control Framework)	Compliance: Further Regulatory Requirements (e.g. RWA, Loans, Anti-Money Laundering etc.)	Compliance: Ongoing Financial Reports to Supervisors (e.g. Capital, Liquidity)	Special Reports to Supervisors (e.g. Benchmarks)
United Kingdom	<p>S</p> <p>Regular meetings between auditors & supervisors.</p> <p>The Prudential Regulation Authority (PRA) requires external auditors of major banks and building societies to provide a written report based on pre-set questions.</p>	<p>S</p> <p>No special requirements beyond ISA requirements and statutory duty to report matters to the supervisors (as per EU directive).</p>	<p>No</p> <p>No regular reporting but see special reports section.</p>	<p>O</p> <p>Some.</p> <p>Audits required on compliance with Client Money Rules by Financial Conduct Authority (FCA).</p> <p>Assurance required on submissions to key benchmarks such as LIBOR, based on ICAEW guidance.</p> <p>ICAEW was asked by PRA to explore providing assurance on bank RWAs and is developing a model for this for consultation.</p>	<p>No</p>	<p>O</p> <p>FCA and PRA both have powers under 166 of <i>Financial Services & Markets Act</i> to commission reports from skilled persons, who may be auditors. This is a broad tool and can cover a wide range of subject areas. ICAEW provides technical guidance on undertakings 166 reports (whether by auditors or other professions such as lawyers or actuaries).</p>

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Federation of European Accountants

Avenue d'Auderghem 22-28

1040 Brussels

T: +32 (0)2 893 33 60

E: secretariat@fee.be

www.fee.be

 @FEE_brussels

 Federation of European Accountants

WHO WE ARE

The Federation of European Accountants represents 50 professional institutes of accountants and auditors from 37 European countries, with a combined membership of almost 1 million professional accountants working in different capacities. As the voice of the European profession, the Federation recognises the public interest.

The Federation is in the EU Transparency Register (No 4713568401-18).