



**ACCOUNTANCY
EUROPE.**

THE SCOPE OF BANK AUDITS IN EUROPE

2020 Edition

FACTS.

**AUDIT & ASSURANCE
APRIL 2020**

HIGHLIGHTS

In 2020, we have renewed our analysis of the scope of bank audit legislation.

We investigated 26 European Union (EU) Member States (excluding Poland) plus Norway, Switzerland, Turkey and the United Kingdom. We found that EU Member States often supplement EU legislative requirements. The variety and types of supplemental legislation differ greatly and show nuances based on each national context.

Similar to the 2016 edition of the survey, the results on 'additional supervisory requirements' continue to indicate divergence between countries. Our survey also shows a shift from statutory audit (S) *or* other assurance requirement (O) to a combination of both (S/O). For example, some assignments related to a certain category of 'additional supervisory requirements' (e.g. Compliance: Regulatory organisation/governance) are part of the statutory audit (S) while others are other assurance requirements (O).

INTRODUCTION

The audit profession has a central role to play in the financial and supervisory reporting of banks. To examine this role further, we analysed the legal requirements for bank audits at both European and national levels in 2016. Our 2020 update of this survey demonstrates that EU Member States often supplement the European Union's (EU) legislative requirements at national level.

STATUTORY AUDIT

The provision of audit and audit-related services¹ to credit institutions is regulated by EU laws and regulations. This legislation defines the requirements for all statutory audits and audits of Public Interest Entities (PIEs) in the EU and European Economic Area (EEA). They are:

- Directive 2014/56/EU on statutory audits (the Audit Directive)²
- Regulation (EU) No 537/2014 on specific requirements regarding the statutory audit of PIEs (the Audit Regulation)³

Article 2 point 13 of the Audit Directive includes the most recent definition of PIEs. It covers public companies listed on European stock exchanges, credit institutions and insurance undertakings and those designated by Member States⁴.

The statutory audit also covers compliance with certain laws and regulations. For example, article 89 of Directive 2013/36/EU (the Capital Requirements Directive IV)⁵ outlines provisions for country-by-country reporting. The compliance of this information with laws and regulations is part of the statutory audit.

ADDITIONAL SUPERVISORY REQUIREMENTS

In addition to the above-mentioned statutory requirements, credit institutions may have to comply with additional supervisory requirements. The information may have to be assured, for example by an audit, which offers reasonable assurance, or a review, which offers limited assurance, depending on requirements at national level. These assurance services can be performed by the bank's statutory auditor, a specially qualified bank auditor or another assurance provider.

Additional supervisory requirements could, for example, exist around internal control, anti-money laundering (AML), capital maintenance or liquidity.

ANTI-MONEY LAUNDERING

Recent money laundering cases in EU banks have highlighted the need to strengthen financial institutions' supervision in the fight against money laundering and financial crime. As obliged entities⁶, banks must develop internal policies, controls and procedures to mitigate the risk of money laundering.

¹ The term 'audit related services' is used to denominate non-audit services as defined in Article 5 (1) of Regulation EU No 537/2014 which are required to be performed by the statutory auditor by EU or national legislation.

² Directive 2014/56/EU of the European Parliament and the Council of 16 April 2014 amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts; available at <http://data.europa.eu/eli/dir/2014/56/oj>

³ Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public legal entities and repealing the Commission Decision 205/909/EC; available at <http://data.europa.eu/eli/reg/2014/537/oj>

⁴ For detailed description of definition of PIEs in Europe see <https://www.accountancyeurope.eu/publications/definition-public-interest-entities-europe/>

⁵ Directive 2013/36/EU of the 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 credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; available at <http://data.europa.eu/eli/dir/2013/36/2018-07-09> CRD IV was amended in 2019, but the relevant provisions remained unchanged.

⁶ Obligated entities, listed in article 2 of the 4th AML Directive, are the entities that the AML Directives apply to.

Currently auditors are obliged to report suspicious transactions to the local Financial Intelligence Unit (FIU) as per article 33 of Directive (EU) 2015/849 (the 4th AML Directive) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing⁷. Furthermore, article 8 of the 4th AML Directive obliges financial institutions to:

- identify and assess the risks related to money laundering
- document these assessments
- make them available to the competent authorities.

Banks have put in place policies, controls and procedures, which may include an independent audit, to mitigate and manage those risks.

Additionally, Member States had to implement Directive (EU) 2018/843 (the 5th AML Directive) into national law by 10 January 2020⁸. The 5th AML Directive aims to strengthen certain aspects of the 4th AML Directive while both remain in force.

ANALYSIS OF THE RESULTS

In 2016, we conducted a survey on the scope of bank audits across 30 European countries⁹. The survey covered the scope of bank audits in Europe related to both statutory audit and additional supervisory requirements. We have now updated the survey with 2020 information. We received information on the audit profession's involvement in assuring financial and supervisory reporting for banks across 26 EU Member States (Poland is not included) plus Norway, Switzerland, Turkey and the United Kingdom¹⁰. Our survey highlights different areas that an assurance provider can be involved in, structured as follows:

Statutory audit:

- Audit: Financial statements including management report (national regulatory requirements) and going concern (ISA 570¹¹)
This category refers to the audit of financial statements including the auditor's responsibility for the going concern assessment and review of the management report.
- Compliance: Laws and regulations (ISA 250¹²)
This category covers the auditor's responsibility in the context of an audit of financial statements regarding laws and regulations under ISA requirements.

⁷ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 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; available at <https://eur-lex.europa.eu/eli/dir/2015/849/2018-07-09>

⁸ Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EC; available at <https://eur-lex.europa.eu/eli/dir/2018/843/oj>

⁹ Available at <https://www.accountancyeurope.eu/publications/scope-audit-banks-across-europe-2016-update/>

¹⁰ Please note that there are small differences in the scope between 2016 and 2020. Turkey is only included in 2020 while Poland is only included in 2016.

¹¹ The International Standards on Auditing (ISAs) are set by the International Auditing and Assurance Standards Board (IAASB). ISA 570 - Going concern

¹² ISA 250 - Consideration of laws and regulations in an audit of financial statements

Additional supervisory requirements:

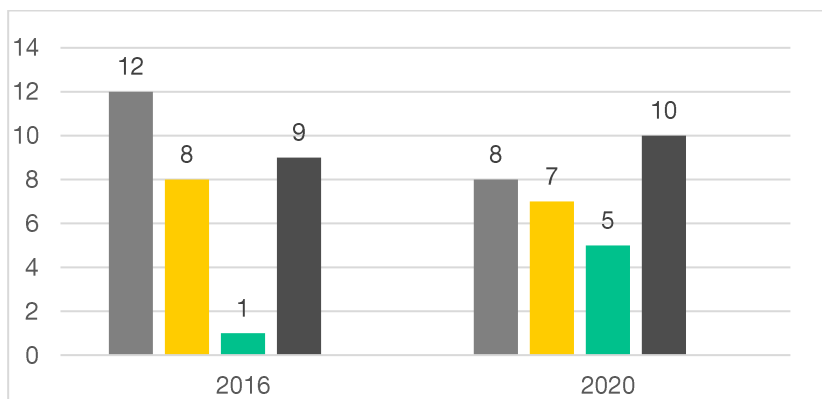
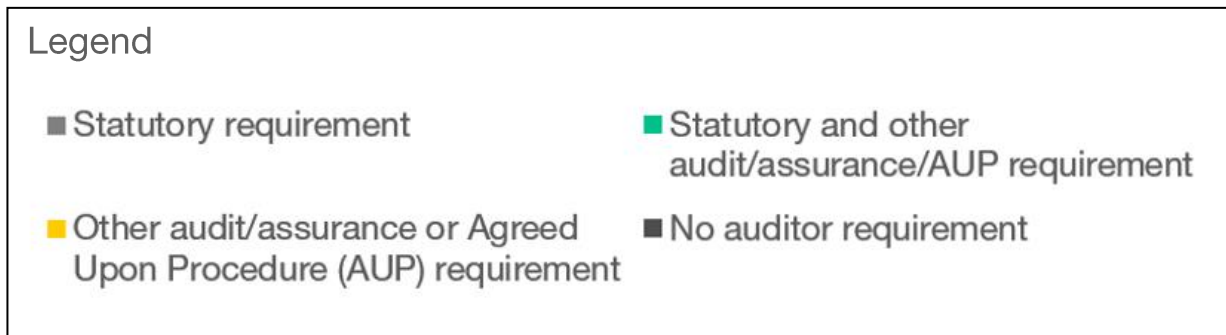
- **Compliance: Regulatory organisation/governance (e.g. risk management, control framework)**
This item refers to whether the auditor has any responsibility to report on specific legal requirements regarding the organisation and governance of a bank (e.g. requirements for risk management or regarding the internal control framework).
- **Compliance: Further regulatory requirements (e.g. Risk-Weighted Asset (RWA), loans, AML)**
This category refers to additional regulatory requirements (e.g. RWA, reports on big loans, AML). 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: Ongoing financial reports to the supervisors (e.g. capital, liquidity)**
This item relates to whether the supervisor asks for assurance on ongoing financial information.
- **Special reports to supervisors (e.g. benchmarks)**
This relates to whether the supervisor requires assurance on other reports, e.g. information that is used for benchmark purposes.

STATUTORY AUDIT

According to the results, the audit of financial statements and compliance with laws and regulations is part of the statutory audit in all the countries.

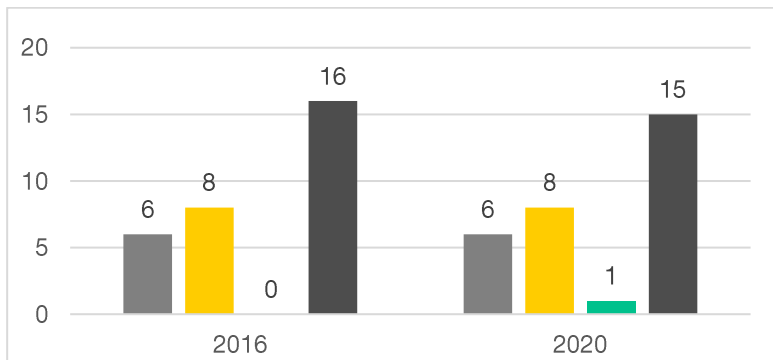
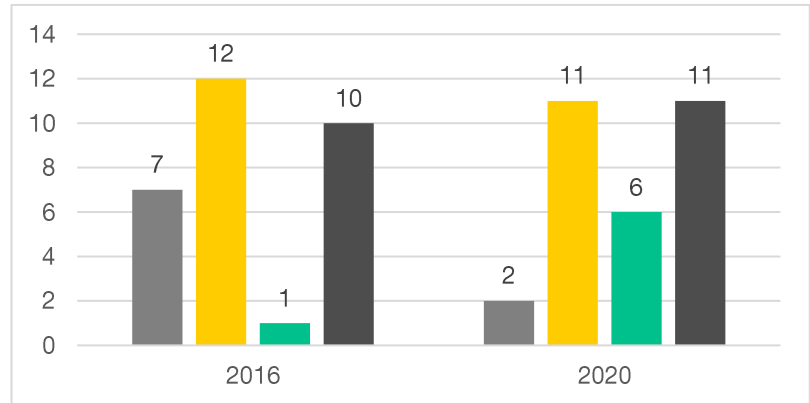
ADDITIONAL SUPERVISORY REQUIREMENTS

The results on the additional supervisory requirements are summarised below.



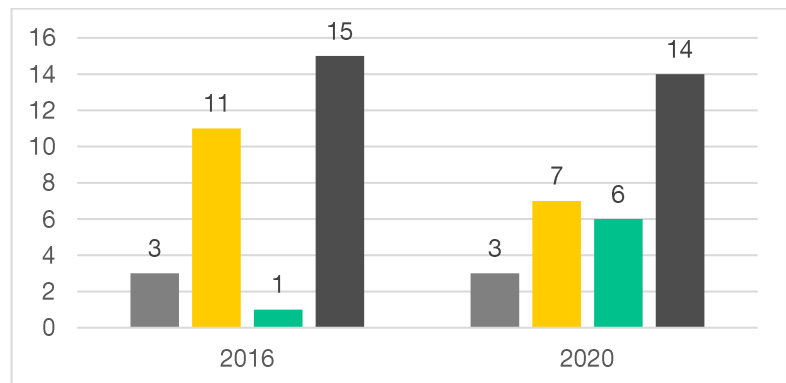
Regulatory organisation/governance (e.g. risk management, control framework): Assurance requirements in number of countries

Further regulatory requirements (e.g. RWA, loans, AML): Assurance requirements in number of countries



Ongoing financial reports to supervisors (e.g. capital, liquidity): Assurance requirements in number of countries

Special reports to supervisors (e.g. benchmarks): Assurance requirements in number of countries



Similar to the 2016 edition of the survey, the results on 'additional supervisory requirements' continue to indicate divergence between countries. Our survey also shows a shift from statutory audit (S) *or* other assurance (O) requirement to a combination of both (S/O, i.e. statutory audit *and* other assurance requirement), i.e. assignments related to a certain category of 'additional supervisory requirements' (e.g. Compliance: Regulatory organisation/governance) are part of the statutory audit (S) while others are other assurance requirements (O).

The results on a country level regarding 'additional supervisory requirements' are summarised in the table below. A detailed description of the collected information on a country level can be found in the Appendix.

Additional supervisory requirements – 2020 overview¹³

Country	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
Austria	S	S	S	No
Belgium	S	No	S	S
Bulgaria	O	No	No	No
Croatia	S	No	O	No
Cyprus	No	O	No	O
Czech Republic	S/O	S	No	S
Denmark	S	O	No	O
Estonia	S/O	No	No	No
Finland	No	S/O	O	No
France	No	O	No	No
Germany	S	S/O	S	S/O
Greece	O	No	S/O	No
Hungary	S/O	No	No	No
Ireland	O	S/O	O	O
Italy	No	S/O	S	S/O
Latvia	S	O	O	S/O
Lithuania	No	No	No	No
Luxembourg	O	S/O	O	S/O
Malta	No	O	No	O
Netherlands	S/O	O	O	S/O
Norway	No	No	No	No
Portugal	S/O	S/O	S	S/O
Romania	O	O	No	No
Slovakia	S	O	O	No
Slovenia	O	No	No	No
Spain	No	O	No	S
Sweden	No	No	No	No
Switzerland	O	O	O	O
Turkey	S	O	S	O
United Kingdom	No	No	No	O

¹³ S: Statutory requirement

O: Other audit/assurance or Agreed Upon Procedure (AUP) requirement

S/O: Statutory and other audit/assurance/AUP requirement

No: No auditor requirement

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	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 processes and the internal control system of banks in 21 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 processes and the internal control system of banks in 21 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 processes and the internal control system of banks in 21 areas that are important for regulators (e.g. solvency calculation, AML) and requests specific reporting on those in a predefined format.	No
Belgium	S	S	S The statutory auditor reports findings to the supervisor on management's own assessment of the organisation and internal control (no assurance).	No Except for the signal function.	S The statutory auditor provides assurance on the prudential reporting towards the supervisor.	S The supervisor can request the statutory auditor to issue special reports on an ad-hoc basis.
Bulgaria	S All banks are subject to statutory audit of their general purpose financial statements. Applicable financial reporting framework	S No other special requirements beyond ISA requirements and statutory responsibilities.	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	No	No	No

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
	is “IFRS as adopted by the EU”, and the auditing framework is ISA.		bank. The profession has agreed with the Bulgarian Central Bank (BNB) that this is an agreed upon procedures engagement under ISRS 4400.			
Croatia	S All credit institutions (public interest entities) are subject to statutory audit of their general purpose annual financial statements. Applicable financial reporting framework is IFRS and the auditing framework is ISA.	S No special requirements beyond ISA requirements and statutory duty to report matters to the supervisors (as per EU Regulations, the Audit Act and the Credit Institutions Act).	S Requirements under the Credit Institutions Act.	No	O Requirements under the Credit Institutions Act (e.g. CRD IV).	No
Cyprus	S Regular meetings take place between auditors & supervisors.	S No other special requirements beyond ISA requirements and statutory duty to report matters to the supervisor.	No	O The external auditor is engaged by the Bank’s Board of Directors to report directly to the Central Bank of Cyprus on three reports in the form of an independent limited assurance conclusion, in accordance with International Standard on Assurance	No	O The Central Bank of Cyprus can ask for reports from external auditors on an ad hoc basis, such as non-performing loans data.

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
				Engagements (ISAE) 3000, <i>Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</i> issued by the International Auditing and Assurance Standards Board.		
Czech Republic	S In line with the Audit Directive and Regulation and ISA + regarding going concern, see section “Special reports to supervisors”.	S In line with the Audit Directive and Regulation and ISA + see section “Special reports to supervisors”.	S/O Only on specific request from supervisor (i.e. central bank) who specifies the areas of work and reporting.	S Specified KPIs like capital adequacy calculations published in the Management report must be reviewed. Suspicious transactions are reported to the Analytical Dept of Ministry of Finance via the professional body on an ad hoc basis.	No	S Ad hoc reporting in case of identified suspected breaches of laws and regulations, facts negatively affecting bank’s performance or going concern assumption, or leading to a qualified opinion.
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	S	S/O	No	No	No

APPENDIX – OVERVIEW BY COUNTRY

Country	Statutory audit		Additional supervisory requirements			
	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
	ISA on IFRS (EU) financial statements.		S: Assurance under Act on Financial. O: Institutions/Report on custody (MiFID II).			
Finland	S Management report is reviewed, not audited.	S	No	S/O Opinion regarding management of client funds / custody activities. Obligation to report on findings regarding AML.	O Assurance of reports to Stability Authorities. Assurance of reports to central banks regarding targeted longer-term refinancing operations (TLTRO) ¹⁴ .	No
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	No	No

¹⁴ According to the Decision of the European Central Bank (ECB) of 29 July 2014 (ECB/2014/34) on measures relating to TLTRO, participants in TLTRO are required to have reported data audited annually; available at [http://data.europa.eu/eli/dec/2014/541\(2\)/2016-05-03](http://data.europa.eu/eli/dec/2014/541(2)/2016-05-03)

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
				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.		
Germany	<p>S</p> <p>Statutory audit (consideration of bank industry specific national accounting rules regarding measurement and presentation)</p> <p>Bank industry specific national audit rules require additional auditors' statements on the content of the financial reporting, e.g. overall view on the economic situation and course of business, adequacy of loan loss provisioning and risk reserving.</p>	<p>S</p> <p>Laws and regulations that typically have an impact on financial reporting are subject to the statutory audit. Other laws and regulations are not in the scope of the general statutory audit, however a requirement exists to report severe breaches as far as such were identified on occasion of the audit.</p>	<p>S</p> <p>Includes:</p> <p>Proper business organisation as per section 25a of the Banking Act (KWG), in particular:</p> <p>Appropriate and effective risk management</p> <p>Internal Capital Adequacy Process (ICAAP)</p> <p>BCBS 239 where applicable</p> <p>Internal Control System, Internal Audit and Compliance</p> <p>IT-systems</p> <p>Remuneration systems</p> <p>Organisation of the credit business and trading activities</p> <p>Numerous detailed</p>	<p>S/O</p> <p>Part of the statutory audit:</p> <p>Compliance with capital and liquidity requirements</p> <p>Compliance with AML Acts and Regulations.</p> <p>Separate audit engagements:</p> <p>MiFID II reporting requirements and rules of conduct</p> <p>Safe Custody Business (if securities' services are provided).</p>	<p>S</p> <p>Compliance with (ongoing) regulatory reporting and disclosures (e.g. COREP / FINREP, liquidity adequacy, Large Credit exposures, loans to specific related parties (managers etc.), short selling etc.).</p>	<p>S/O</p> <p>Part of the statutory audit:</p> <p>Audit emphasis on request of the Audit Committee.</p> <p>Audit emphasis on request of the NCA according to section 30 of the Banking Act (KWG).</p> <p>Separate audit engagements – typically carried out by the statutory auditor:</p> <p>Other assurance engagements (e.g. ECB-Fees, Contributions to the Single Resolution Fund, TLTRO).</p> <p>Separate audit</p>

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
			organisational and corporate governance requirements.			engagements – typically carried out by an auditor other than the statutory auditor: Special purpose audits / On-site Inspections on behalf of the NCA or the ECB.
Greece	S The auditor assesses the going concern based on ISA's. There are also legal requirements for the total equity of the Company and the Board of Directors' report.	S No specific requirements except as required by ISA in the context of the audit.	O ISA 3000 Every 3 years the auditors must report over the adequacy of internal controls based on Bank of Greece directives. Every 3 years, non-statutory auditors assess for banks the effectiveness of design of AML policy and procedures. The non-statutory auditors also review the degree of compliance with the current legal and regulatory framework. The auditor issues an audit report for custody services.	No	S/O Reports over Long term financing operations to ECB. Report for SRB purposes.	No
Hungary	S	S	S/O Beside the annual statutory audit, the	No	No	No

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
			banking law requires the preparation of a 'compliance report' by the auditor. The compliance report covers laws and regulation, organisation, risk management, systems, assessment of impairment and capital adequacy.			
Ireland	<p>S</p> <p>Regular meetings between auditors and regulators under the Central Bank of Ireland's (CBI) Auditor Protocol.</p> <p>Country by country reporting under Article 89 of CRD IV.</p>	<p>S</p> <p>Written report to the Central Bank under section 27B of the Central Bank Act 1997, within one month of the date of the auditor's report on the financial statements that there is no matter, not already reported in writing to the Central Bank by the auditor, that has come to the attention of the auditor during the ordinary course of the audit that gives rise to a duty to report to the Central Bank.</p>	<p>O</p> <p>Section 27BA of the Central Bank Act 1997 enables the 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 (GL44).</p>	<p>S/O</p> <p>Compliance reports on Credit Institutions (Financial Support) Scheme 2008.</p> <p>Client asset reporting on an annual basis under MiFID II (ISRS 4400).</p> <p>TLTRO returns: 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.</p> <p>Supervisory Fee Audit: Under Article 16(1) of</p>	<p>O</p> <p>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.</p> <p>Banks are required to supply to the Central Bank an accounting opinion in respect of</p>	<p>O</p> <p>Skilled persons reports under Central Bank (Supervision and Enforcement) Act 2013.</p>

APPENDIX – OVERVIEW BY COUNTRY

Country	Statutory audit		Additional supervisory requirements			
	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
				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.	additional tier 1 instruments to be included within capital (this is not required for banks under direct supervision of the ECB).	
Italy	S Performed by an external audit firm, enrolled in the Auditors' Register (and complying with special requirements to audit PIEs).	S No special requirements for the statutory auditor beyond ISA requirements.	No	S/O (S/O) Reasonable assurance attestation (ISAE 3000) on loans eligibility in connection with the TLTRO mechanism; (S/O) Reasonable assurance (ISAE 3000) of total assets and total risk exposure templates for collecting supervisory fee factor, as requested to the auditors by the ECB instructions (only for EU subsidiaries and branches of non-EU groups); (S/O) Limited Assurance	S Attestation in connection with the request of inclusion of interim or year-end profits in Common Equity Tier 1 capital, in accordance with Article 26(2) of Regulation (EU) No 575/2013 (ECB/2015/4).	S/O Attestation (ISAE 3000) on the compliance of the EONIA/EURIBOR rates to the code of conduct set out by EMMI for the panel banks.

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
				(ISAE 3000) required on the “Non Financial Information Document” published by a PIE with certain features (more than 500 FTE and 20 million in total assets or 40 million in revenue - Italian Decree n 254-2016). (S/O) Assurance required (Standard to be defined) on compliance with MIFID II rules set out by the Bank of Italy.		
Latvia	S	S But no separate reporting – only as part of overall statutory audit.	S In accordance with the ‘Law on Audit Services’ of the Republic of Latvia with respect to the Statement of Corporate Governance, the auditor is responsible to consider whether the Statement of Corporate Governance includes the information required in the ‘Financial Instruments Market Law’ of the Republic of Latvia. Furthermore, in accordance with the	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.	S/O Separate annual assurance or AUP reports on: TLTROs, Deposit Guarantee Fund payments and compliance with MiFID.

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
			'Law on Audit Services' of the Republic of Latvia with respect to the Non-financial Statement the auditor is responsible to report whether the Company has prepared the Non-financial Statement.			
Lithuania	S Audit of IFRS financial statements.	S Special format of extended audit report covering specific areas.	No	No	No	No
Luxembourg	S Included in the audit report on Annual Accounts.	S	O Included in an annual Long Form Report (based on local regulator circular N° 01/27).	S/O O Included in an annual Long Form Report (based on local regulator circular N° 01/27). S Ad hoc AML/FT report (Compliance with AML laws and regulations) will only be applicable for the closing 31 December 2020.	O Included in an annual Long Form Report (based on local regulator circular N° 01/27).	S/O (ISRS 4400) Agreed Upon Procedure Report on the reconciliation between the FINREP prudential reporting and the Annual Accounts under Luxembourg GAAP (based on local regulator circular N° 08/340).
Malta	S	S No special requirements beyond	No	O The external auditors are required to perform	No	O External auditors are involved in the assets

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
		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).		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. ISRE 2410 report for verification of interim profits to be included in CET 1.		quality review process. If the Bank also holds an investment services license, the auditors are to report in terms of Rule R4-5.3.2 of the Investment Services Rules applicable to Investment Services Licence Holders which qualify as MiFID Firms (the “MiFID Rules”). This includes reporting the net revenue which is derived from activities in respect of which an Investment Services Licence was issued. An ISRS 4400 report - in relation to the requirements set out by the European Central Bank (“ECB”) in terms of the completion of Reporting Templates (“Reporting Template”) as prescribed by Annex II of 2016/810 of the European Central Bank of 28 April 2016 on measures relating to targeted long-term refinancing operations

APPENDIX – OVERVIEW BY COUNTRY

Country	Statutory audit		Additional supervisory requirements			
	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
						("TLTRO").
Netherlands	S ISA 100-999 standard activities.	S Compliance with bank license ISA 100-999 (Part of standard activities).	S/O 'Audit on ICS' and of 'IT continuity and reliability' (Part of standard activities ISA 100-999).	O On an annual basis the auditors have to issue an auditor's 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 (ISA 800).	O Interest rate risk report (AUP). Report on interim dotation of profit to capital of bank (Two options: ISA 800 or ISA 2410).	S/O Report on investigation of correctness of cost for investment activities (ISA 3000A) Investigation of separation of investment capital (AUP) SRF (DGS): ISA 3402 statement On special request of supervisors (frequent)
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: ICAAP/ILAAP; Internal Control (specific Norwegian regulations); Liquidity risk; Remuneration (specific

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
						Norwegian regulations).
Portugal	S	S In addition to ISA 250, the audit report includes a section of compliance with laws and regulation, where the auditor asserts that the management report and governance report include specific sections required by Portuguese law. There is also a statement of compliance of the auditor with sections of Regulation (EU) 537/2014.	S/O The Bank of Portugal requires the statutory auditor to report on internal controls over the financial statement closing process. The supervisory board has to report on the internal control in a broader sense. It usually requires assurance from the statutory auditor on specific internal control matters.	S/O For banks with custody, there is a report to the securities commission on the internal control over the assets safekeeping. The supervisory board has to report on the internal control over AML. It usually requires assurance from the statutory auditor on specific internal control matters.	S The statutory auditor has to report twice a year to Bank of Portugal on the internal control over the process to calculate impairment of loans and advances to customers and on the impairment booked in the financial statements.	S/O Other assurance reports or AUP to respond to requirements due to TLTRO or other financing from ECB, contributions to the resolution fund or issuance of covered bond.
Romania	S All banks (apart from branches) are subject to statutory audit of their general purpose financial statements. Applicable financial reporting is “IFRS as adopted by the EU” and the auditing framework is ISA. Reporting on the management report follows the	S According to the requirements of the Banking Law (OUG 99/2006) and of the EU Regulation 537/2014, the external auditor shall inform the National Bank of Romania as soon as it has become aware of any fact or decision in relation to the bank which: • represents a	O According to the EU Regulation 2016/1011 /8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, an external	O Interim profits can be included in Common Equity Tier 1 capital after they have been verified by persons independent of the Bank, that are responsible for the auditing of the accounts of the bank (in practice, this is usually performed as a review engagement). Requirement to have an	No	No

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
	<p>requirements of the EU Audit Directive. Periodic meetings take place between auditors and supervisor (National Bank of Romania) to discuss the statutory audits.</p> <p>Going concern assessment and reporting is based on the requirements of ISA 570 (revised).</p>	<p>significant violation of the law and / or regulations, which establish the conditions of authorisation or requirements regarding their activity</p> <ul style="list-style-type: none"> • is likely to affect the ability of the Bank to continue operating • may lead to a disclaimer of opinion on the financial statements or a qualified opinion 	<p>audit of the input data of a contributor to an interest rate benchmark, compliance with the code of conduct and the provisions of this Regulation shall be carried out for the first time six months after the introduction of the code of conduct, and subsequently every two years.</p> <p>External audit report required to provide assurance that in case banks own financial instruments belonging to their clients, banks adopt appropriate provisions to protect the property rights of the respective clients, especially in case of their insolvency and to prevent the use of the financial instruments of the clients on their own account or in the account of another client, except in cases where there is an express consent of the clients + banks do not enter into financial</p>	<p>external audit of the annual FINREP at individual and consolidated level.</p> <p>Banks should ensure that Know Your Customer (KYC) internal norms are effectively implemented and properly applied, including at group level and adopt, based on a risk-based approach, procedures and measures to verify the implementation and evaluation of the efficiency of the norms, including through an independent audit.</p>		

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
			guarantee contracts with transfer of ownership with retail clients in order to guarantee present or future obligations of the clients, whether these client obligations are real, conditional or potential.			
Slovakia	S The auditor is subject to NBS approval (National Bank of Slovakia). If statutory auditor suggested by the bank is not approved 2x consecutively by NBS, NBS selects the Auditor.	S No other special requirements beyond ISA requirements and statutory duty to report matters to the regulator.	S If bank issued securities which are traded on the stock exchange, it has to include a description of internal control and risk management systems (as well as other information required by the Act on Accounting) in the management report. Auditor is required to express an opinion on this information as part of the statutory audit and as part of expressing an opinion on the management report.	O As per Act on Banks, NBS may require the bank to contract an auditor to assess correctness of accounting during the year (in addition to annual statutory audit). NBS may also require the auditor to assess the bank's own model of market risk calculation if NBS, upon approval of such model, has problems to assess it on its own.	O The auditor is required to audit reports submitted to the regulator (NBS): reports for the purpose of oversight, reports for the purpose of common reporting. ISAE 3000 used as reasonable assurance needed.	No
Slovenia	S	S	O AUP report for Bank of Slovenia on the risk management.	No	No	No
Spain	S	S	No	O	No	S

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
	From 2018, it is also mandatory to have an independent expert report for the non-financial information statement, which must be included in the management report of banks of over 500 employees (250 employees from 2021).			<p>Independent expert report for AML, yearly for all banks.</p> <p>On a sample basis, agreed upon procedures requested by Bank of Spain regarding some loans' information and TLTRO financing.</p> <p>On a sample basis, AUP requested by Spanish Securities Market Commission regarding custody of customer securities.</p>		As part of the audit of banks, Bank of Spain requires a long form report which includes certain details about audit approach and procedures performed and some very limited checks of some financial information to the accounting records. This is in the process of being redrafted for the 2020 audits but with the same scope.
Sweden	S	S According to the Company's Act, auditors are required to perform an audit of the management administration, in all companies. The audit is regulated by the Swedish auditing standard, RS 209. The audit forms the basis for the statement in the auditor's opinion regarding discharge from liability for the CEO and the Board of	No	No	No	No

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
		directors.				
Switzerland	<p>S</p> <p>The management report is not subject to the statutory audit requirement.</p>	<p>S</p> <p>No special requirements beyond ISA requirements and statutory duty to include significant violations with law in the report to the shareholders.</p>	<p>O</p> <p>Banks are obliged by law 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).</p> <p>Based on a risk analysis /audit strategy prepared by the audit firm but possibly adjusted and approved by FINMA, the regulatory audit firm performs audit or review procedures on specified areas.</p> <p>The risk assessment determines the extent of the intervention (audit, critical assessment or no intervention) and the timing (yearly procedures or multiyear procedures) for the areas in scope of the FINMA regime.</p> <p>FINMA may grant exemptions from annual interventions from the</p>	<p>O</p> <p>Comments made under “Regulatory Organisation” apply in analogy.</p>	<p>O</p> <p>Comments made under “Regulatory Organisation” apply in analogy.</p>	<p>O</p> <p>Banks have to submit statistical data to the FINMA and the Swiss National Bank (SNB) on a regular basis, which are using the data amongst others for benchmark purposes. Specific submitted year end data are subject to verification by the regulatory audit firm. Furthermore, FINMA and SNB may ask the regulatory audit firm to verify submitted data on a case by case basis.</p>

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
			audit firm for smaller banks (Cat. 4&5). The regulatory audit strategy for the largest banks (Cat. 1&2) are individually set by FINMA.			
Turkey	S Applicable financial reporting framework is IFRS.	S As required by ISAs and also legal requirements imposing on auditor, an obligation to report to bank supervisor in certain circumstances.	S A yearly report giving an opinion on the information system of banks is issued as required by regulation of BRSA (BDDK).	O Information system auditor (auditor or other expert) for AML according to ISAE 3000.	S The competence-rates based on Basel requirements are examined together with the financial statements within the scope of the audit. Capital adequacy, equity capital adequacy, credit risk, leverage ratio and liquidity risk are subject to audit together with financial statements and these are also considered within the scope of the audit.	O Interbank card center (for credit and debit cards) requests data every 6 months. Clearance report (audit of securities held by the bank). Mortgage-backed securities and asset-backed securities (collaterals are controlled and AUP to check if the loan complies with the terms of the contract).
United Kingdom	S Regular meetings between auditors & supervisors. The	S No special requirements beyond ISA requirements and	No No regular reporting. Please see special reports section.	No Audit firms are required to provide assurance on client assets by the	No	O FCA and PRA both have powers under 166 of Financial Services &

APPENDIX – OVERVIEW BY COUNTRY

	Statutory audit		Additional supervisory requirements			
Country	Audit: Financial statements including management report, going concern (ISA)	Compliance: Laws and regulations (ISA)	Compliance: Regulatory organisation/governance (e.g. risk management, control framework)	Compliance: Further regulatory requirements (e.g. RWA, loans, AML)	Compliance: Ongoing financial reports to supervisors (e.g. capital, liquidity)	Special reports to supervisors (e.g. benchmarks)
	Prudential Regulation Authority (PRA) requires external auditors of major banks and building societies to provide a written report based on pre-set questions.	statutory duty to report matters to the supervisors (as per EU directive).		Financial Conduct Authority (FCA). ICAEW was asked by PRA to explore providing assurance on bank RWAs and has developed a model for this. Assurance required on submissions to key benchmarks, based on ICAEW guidance.		Markets Act 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).

DISCLAIMER: Accountancy Europe makes every effort to ensure, but cannot guarantee, that the information in this publication is accurate and we cannot accept any liability in relation to this information. We encourage dissemination of this publication, if we are acknowledged as the source of the material and there is a hyperlink that refers to our original content. If you would like to reproduce or translate this publication, please send a request to info@accountancyeurope.eu.



Avenue d'Auderghem 22-28, 1040 Brussels



+32(0)2 893 33 60



www.accountancyeurope.eu



@AccountancyEU



Accountancy Europe

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 51 professional organisations from 35 countries that represent close to **1 million** professional accountants, auditors and advisors. They make numbers work for people. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18).