

Questionnaire to Audit Committees

Introduction

Recent EU Audit legislation reinforces the role of the Audit Committee by expanding its responsibilities in ensuring that a quality audit is performed. These new audit requirements, confer specific tasks on the Audit Committees, such as playing a direct role in the appointment of the statutory auditor or the audit firm, overseeing the statutory audit and monitoring the statutory auditor's performance and independence.

The [Regulation \(EU\) N°537/2014](#) of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the "Regulation"), introduces a new obligation on National Competent Authorities in the EU to monitor developments in the Public Interest Entity ("PIE") audit market, and in particular to assess the performance of Audit Committees.

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In this context, the following questionnaire has been prepared at European level by the Committee of European Auditing Oversight Bodies ("CEAOB") and is intended to help National Competent Authorities understand how Audit Committees are operating following the introduction of these new audit rules as well as the practical difficulties Audit Committees are facing in carrying their new tasks.

The questionnaire provides an opportunity for Audit Committees to reflect on a particular aspect of its compliance with the new audit rules, its performance and effectiveness resulting in an assessment of areas for development.

Each question included in the questionnaire provides a legal reference to the European framework which represents the common legal basis that each Audit Committee has to comply with at national level.

Use of the information:

The data provided will be treated in the strictest confidence. The Audit Committee's response will be aggregated with those from other Audit Committees and will not be disclosed publicly in a way which is directly attributable to an individual respondent or entity.

Aggregated responses will serve National Competent Authorities to report on the developments in the market for providing statutory audit services to public interest entities in accordance with Article 27 of the Regulation.

How to complete the questionnaire:

Responses to questions posed are graded 1 - 4 where:

1. Yes
2. Yes, partly
3. No
4. Not applicable

Audit Committees are invited to use, when applicable or necessary, the available text boxes underneath each question to provide clarifications and comments on their respective questions, especially when the option "Yes, partly" has been selected as an answer.

Questionnaire Completion:

You can save a draft version of your response at any stage by clicking on the 'save draft' button on the top right hand side of the screen. This button redirects you to a page which displays the link to where your draft response is saved. Please copy this link so that you can return to your draft response at a later stage to complete and submit.

How to submit your contribution:

After you have completed the questionnaire, please press the 'Submit' button, at the end of the questionnaire.

Deadline for submission:

Answers to the questionnaire are expected by December 17th, 2018 at the latest.

Public Interest Entity details

Name of the entity

Street address

Postal code

City

Telephone

Email

Number of employees

- 1-9
- 10-49
- 50-249
- 250-499
- +15
- +500

Economic Activity

- Accommodation and food
- Consumer goods
- Energy
- Healthcare
- Financial services - Banking
- Financial services - Insurance
- Financial services - other
- Manufacturing
- Information technology
- Materials
- Telecommunication
- Utilities
- Wholesale and retail

Details of the Audit Committee

Name of the chairperson of the audit committee

Telephone of the chairperson

E-mail address of the chairperson

Date of appointment of the Chairperson

Name of the contact person for this survey if different from the chairperson

Telephone of the contact person if different than the contact person

E-mail address of the contact person for this survey if different from the chairperson

(Reference period):

Please use guidance to indicate the reference period to which the questionnaire refers.

Audit committee composition and skills

Q1 - Which body or committee within the audited entity carries out the functions assigned to the audit committee? (Art 39.1 of AUD; Art 39.2 of AUD; Art 39.4 of AUD)

- Stand alone committee
- A committee of the administrative or supervisory body
- The administrative or supervisory body as a whole
- A separate body or bodies performing equivalent functions

Q1.1 - Comments:

500 character(s) maximum

Q2 - Does at least one member of that body/committee have competence in accounting and/or auditing?
(Art 39.1 of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q2.1 - Comments:

500 character(s) maximum

Q3- Does the body/committee members as a whole, have experience relevant to the sector in which the audited entity is operating? (Art 39.1 of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q3.1 - Comments:

500 character(s) maximum

Q4 - Is a majority of the members of that body/committee independent of the audited entity? (Art 39.1 of AUD; Art 39.5 of AUD [1])

[1] In case all members of the audit committee are members of the administrative or supervisory body of the audited entity, Art 39.5 of the Audit Directive allows Member States for an exemption of the requirement for the majority of members to be independent.

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q4.1 - Please indicate below whether the audited entity use any exemption granted by local legislation /regulation

500 character(s) maximum

Interaction with the administrative or supervisory body

Q5 - How many times during the reference period did the audit committee meet with the administrative or supervisory body of the entity to communicate on its activities, issues and related recommendations? (Art 39.6.a) of AUD)

- Never
- Once
- Twice
- Quarterly
- More than 4 times

Q5.1 - Comments:

500 character(s) maximum

Q6 - Did the audit committee inform the administrative or supervisory body of the entity of the outcome of the statutory audit? (Art 39.6.a) of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q6.1 - Comments:

500 character(s) maximum

Q7 - Did the audit committee explain to the administrative or supervisory body of the entity how the statutory audit contributed to the integrity of the financial reporting? (Art 39.6.a) of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q7.1 - Comments:

500 character(s) maximum

Q8 - Did the audit committee explain to the administrative or supervisory body of the entity what the role of the audit committee was in the statutory audit? (Art 39.6.a) of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q8.1 - Comments:

500 character(s) maximum

Independence including the prior approval of permitted non-audit services

Q9- Did the audit committee monitor the amount of fees paid to the statutory auditor (or the audit firm) in order to ensure future compliance with the permitted non-audit services fee cap of 70%? (Art 4.2 of AUR; Art 39.6.e) of AUD; Art 6.2.b) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q9.1 - Comments:

500 character(s) maximum

Q10 - Did the audit committee receive a written representation from the statutory auditor (or the audit firm) confirming that the statutory auditor, the audit firm and partners, senior managers and managers, conducting the statutory audit were independent of the entity? (Art 6.2.a) of AUR; Art 39.6.e) of AU)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q10 - Comments:

500 character(s) maximum

Q11 - Did the statutory auditor (or the audit firm) of the entity discuss with the audit committee threats to its independence as well as safeguards applied to mitigate those threats? (Art 6.2 of AUR; Art 39.6.e) of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q11.1 - Comments:

500 character(s) maximum

Provision of permitted non-audit services by the statutory auditor (or any member of its network) :

Q12 - Did the statutory auditor (or any member of its network) submit a tender to the entity, its parent and controlled undertakings, for the provision of non-audit services during the reference period? (Art 5.4 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q12.1 - Comments:

500 character(s) maximum

Q13 -Were all these requests for non-audit services examined by the audit committee? (Art 5.4 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q13.1 - Comments:

500 character(s) maximum

Q14- Did the audit committee withhold approval of any of these requests during the reference period? (Art 5.4 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q14.1 - Comments:

500 character(s) maximum

Q15 - What were the reasons supporting this/these refusal(s)? (Art 5.4 of AUR). Where applicable please comment below

500 character(s) maximum

Auditor selection process

Q16 - Did either of the following occur during the reference period:

- Appointment of a new statutory auditor(s)
 - Reappointment of the previous statutory auditor(s) after a tendering process was performed? (Art 16.3 of AUR)
-
- 1. Yes
 - 2. Yes, partly
 - 3. No
 - 4. Not applicable

Q16.1 - Comments:

500 character(s) maximum

As part of the selection process for the new statutory auditor(s)[2] :

([2]According to Art 16.4 of AUR, public-interest entities which meet the criteria set out in the points (f) and (t) of Article 2(1) of Directive 2003/71/EC shall not be required to apply selection procedure referred to in paragraph 3 of the Article 16 of AUR. Questions 17 to 24 may accordingly not be relevant for PIEs that meet these criteria.)

Q17 - Did the audit committee assume responsibility with regard to the selection procedure of this/these statutory auditor(s)? (Art 16.3 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q17.1 - Comments:

500 character(s) maximum

Q18 - How many audit firms were invited to participate to the tender? (Art 16.3 of AUR)

- 1
- 2-3
- 4-7
- 8-15
- +15

Q18.1 - Comments:

500 character(s) maximum

Q19 - How many statutory auditors (or audit firms) finally submitted an offer following the tendering? (Art 16.3 of AUR)

- 1
- 2-3
- 4-7
- 8-15
- +15

Q19.1 - Comments:

500 character(s) maximum

Q20 - Did the tender process allow for the participation in the selection procedure of firms which received less than 15% of total fees from public-interest entities in the Member State in the previous calendar year? (Art 16.3.a) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q20.1 - Comments:

500 character(s) maximum

Q21 - Did the tender documents contain sufficient information to allow invited statutory auditors (or audit firms) to understand the business of the entity? (Art 16.3.b) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q21.1 - Comments:

500 character(s) maximum

Q22 - Did the tender documents contain sufficient information to allow invited statutory auditors (or audit firms) to understand the type of statutory audit to be carried out? (Art 16.3.b) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q22.1 - Comments:

500 character(s) maximum

Q23 - Did the tender documents contain transparent non-discriminatory selection criteria that was used by the entity to evaluate the proposals made by statutory auditors (or audit firms)? (Art 16.3.b) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q23.1 - Comments:

500 character(s) maximum

Q24- Did the audit committee validate the report prepared by the entity on the conclusion of the selection procedure? (Art 16.3.e) of AUR.e)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q24.1 - Comments:

500 character(s) maximum

Q25- Did the audit committee identify in its recommendation to the administrative or supervisory body at least two candidates for appointment? (Art 16.2) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q25.1 - Comments:

500 character(s) maximum

Q26 - Did the audit committee express a duly justified preference for one candidate? (Art 16.2) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q26.1 - Comments:

500 character(s) maximum

Q27 - Did the audit committee consider whether the entity is able to demonstrate, upon request, to the relevant competent authority that the selection procedure was conducted in a fair manner? (Art 16.3.f) of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q27.1 - Comments:

500 character(s) maximum

Oversight of the audit function

Q28 - How many times during the reference period did the audit committee meet the statutory auditor (for example to monitor the execution of the audit plan and/or discuss of any significant transactions/issues or changes in the business)? (Art 39.6.d) of AUD)

- Never
- Once
- Twice
- Quarterly
- More than 4 times

Q28.1 - Comments:

500 character(s) maximum

Q29 - Did the audit committee monitor the performance of the statutory audit of the annual and consolidated financial statements of the entity? (Art 39.6.d) of AUD)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q29.1 - Comments:

500 character(s) maximum

Q30- Did the audit committee consider the findings (if any) and conclusions made by national competent authorities during their last inspection of the statutory auditor (or audit firm)?[3] (Art 39.6.d) of AUD)

[3] Question might not be applicable when information is not public or made available to the Audit Committee.

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q30.1 - Comments:

500 character(s) maximum

Q31 - Did the statutory auditor of the entity submit the additional report to the audit committee no later than the date of submission of its audit report? (Art 11 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q31.1 - Comments:

500 character(s) maximum

Q32- Did the audit committee discuss with the statutory auditor (or the audit firm) key matters arising from the statutory audit, in particular significant deficiencies in the entity's, in the entity's internal financial control system and/or in the accounting system? (Art 11 of AUR)

- 1. Yes
- 2. Yes, partly
- 3. No
- 4. Not applicable

Q32.1 - Comments:

500 character(s) maximum

Oversight of the financial reporting process

Q33- Did the audit committee monitor the financial reporting process of the entity? (Art 39.6.b) of AUD

- 1. Yes
- 2. Yes, partly
- 3. No

4. Not applicable

Q33.1 - Comments:

500 character(s) maximum

Q34 - Did the audit committee submit recommendations or proposals to ensure the integrity of the financial reporting process of the entity? (Art 39.6.b) of AUD)

1. Yes
 2. Yes, partly
 3. No
 4. Not applicable

Q34.1 - Comments:

500 character(s) maximum

Oversight of the internal quality control and risk management systems

Q35- Did the audit committee monitor the effectiveness of the entity's internal quality control and risk management systems and, where applicable its internal audit regarding the financial reporting of the audited entity? (Art 39.6.c) of AUD)

1. Yes
 2. Yes, partly
 3. No
 4. Not applicable

Q35.1 - Comments:

500 character(s) maximum

Comment box

(Audit Committees may use this comment box to elaborate on any other topics related to their new tasks. Please note, this comment box is only for items that have not been reported in previous sections of this questionnaire).

700 character(s) maximum