

NFRA and the new regime of regulation of audit profession

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About Us



- Vinod Kothari & Co.,
 - Based in Kolkata, Mumbai, Delhi
- We are a team of consultants, advisors & qualified professionals having over 28 years of practice.

Our Organization's Credo:

Focus on capabilities; opportunities follow

Scope of the presentation

- ✓ Concept and need of establishing NFRA;
- ✓ Legislative background;
- ✓ Provisions governing establishment of NFRA;
- ✓ The PNB wake-up call;
- ✓ Cabinet's approval for establishment of NFRA;
- ✓ Rules notified by MCA
- ✓ International Trend

What is NFRA?

- The National Financial Reporting Authority (NFRA) is a quasi- judicial body which regulates aspects related to accounting and auditing.
- Section 132 of the Companies Act, 2013 provides for the constitution of NFRA by the Central Government to provide for matters relating to accounting and auditing.

Legislative Background

- Under Section 210A of the Companies Act, 1956 an Advisory Committee called '**National Advisory Committee on Accounting Standards**' (NACAS) had been constituted by the Central Government to advise it on the formulation and laying down of accounting standards and auditing policies.
- As per the Companies Act, 2013, NACAS has been replaced by National Financial Reporting Authority (NFRA).

Need for Change of Role - from Advisory Body to an Independent Oversight Body

A. International events:

- Realization of need for regulating audit firms especially after Enron scandal;
- Introduction of new regulations through Sarbanes Oxley Act, 2002, Dodd-Frank Act 2010;
- Creation of an oversight body like Public Company Accounting Oversight Board (PCAOB) US to address the growing concern of stakeholders.

B. Report of Parliamentary Standing Committee (PSC) on Finance (09-10)

- “In the light of recent experiences in corporate mis-governance, process of audit and functioning of auditors to be made more independent and effective; stringent joint and individual liability prescribed; **setting up of oversight body to set standards and supervise quality of audit recommended**”.
- “The Committee while welcoming the introduction of auditing standards as a concept in the Bill, would like the National Advisory Committee on Accounting and Auditing Standards (NACAAS) to be institutionalized not only as a body for setting up auditing standards **but also as a quasi-regulatory body** for generally supervising the quality of audit undertaken. The Committee would expect the Ministry to clearly delineate the role and responsibilities of this body accordingly.

C. Suggestions of SEBI

- After the scams of Global Trust Bank and Satyam, SEBI wanted **oversight mechanism to be created quickly in line with requirements of new global rules.**
 - SEBI is a member of **International Organization of Securities Commissions (IOSCO)** an association of bodies that regulate world's securities & futures markets.
 - The IOSCO had formulated 8 new principles in June 2010 to ensure that systemic risks were reduced & markets functioned fairly, efficiently & transparently.
 - **One of the key principles was that 'auditors should be subject to adequate levels of oversight by an authority that is independent of the audit profession'.**

<https://www.iosco.org/news/pdf/IOSCONEWS188.pdf>

<https://economictimes.indiatimes.com/markets/stocks/policy/sebi-seeks-regulator-to-monitor-auditors/articleshow/10999690.cms>

Provisions of Companies Act, 2013 governing NFRA

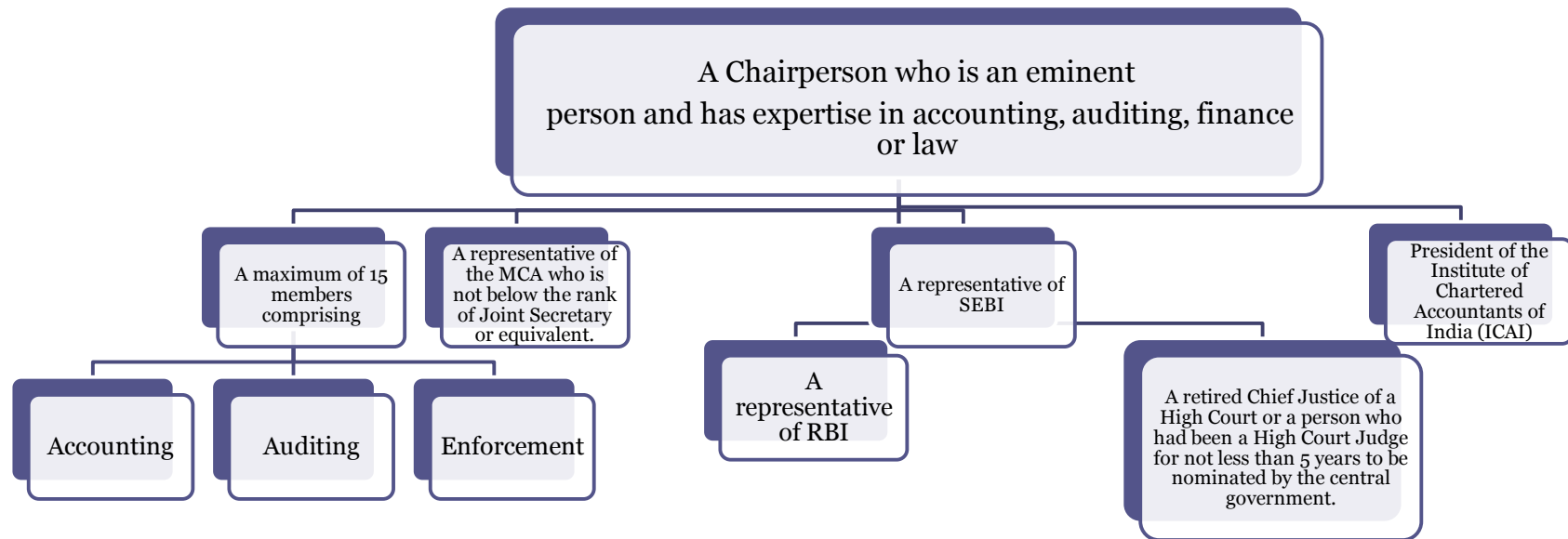
1. Section 132 of the Companies Act, 2013
2. [Draft National Financial Reporting Authority Rules, 2013](#)
3. [The NFRA \(Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members\) Rules, 2018.](#)
4. Companies (Amendment) Act, 2017

Role of NFRA

- Make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be;
- monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed;
- oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed; and
- perform such other functions relating to the above mentioned clauses as may be prescribed.

Composition of NFRA

- The NFRA shall consist of the following persons to be appointed by the Central Government, namely:-



- The Chairperson and other members who are in full time employment of NFRA cannot be associated with any audit firm including related consultancy firms:
 - during the course of their employment and
 - two years after the expiry of such appointment.

Scope of NFRA - w.r.t companies

The Authority shall undertake investigation or conduct quality review of audit of following class of companies:

- Listed Companies;
- Unlisted companies –
 - with net worth not less than Rs.500 crores; or
 - paid up capital not less than Rs.500 crores; or
 - annual turnover not less than Rs.1,000 crores as on 31st March of immediately preceding financial year;
- Companies having securities listed outside India

Scope of NFRA - w.r.t auditors

The Authority shall undertake investigation in against the auditors or audit firms which conduct the audit of the following category of companies or their branches (including through the network or brand to which it belongs), whether “directly or indirectly”:

- audit of 200 companies or more in a year;
- audit of 20 or more listed companies;
- company or companies (including listed company or companies), having net worth not less than Rs.500 crores or paid up capital not less than Rs.500 crores or annual turnover not less than Rs.1,000 crores as on 31st March of immediately preceding financial year ; or
- company or companies having securities listed outside India

The Authority may suo-motu decide to exercise its power irrespective of its scope, where a reference is made by the CG or any Regulator or upon the discretion of the Authority in public interest.

Powers and Functions of NFRA

- NFRA may investigate either suo-motu or on a reference made by the CG in matters of professional misconduct committed by any member or Chartered Accountants firm.
- To make recommendations to the CG on formulation and laying down of accounting standards and auditing policies for adoption by companies or their auditors.
- To monitor and implement compliance relating to accounting standards and auditing policies as prescribed.
- To oversee the quality of service of professions associated with compliance of accounting standards and auditing policies and suggest measures for improvement.
- NFRA may consider an investigation based on monitoring and compliance review of auditor or audit firm upon recommendations by Member- Accounting and Member-Auditing.
- NFRA shall receive a final report from the Committee on Enforcement on matters referred to them and issue a notice in writing to the investigated company or the professional on whom the action is proposed to be taken.

QUASI JUDICIAL BODY :
NFRA shall have equivalent powers as a civil court
under the Code of Civil Procedure, 1908

It can exercise the powers related to:

- discovery and production of books or other documents as specified by NFRA;
- summoning and enforcing the attendance of persons and examining them on oath;
- inspection of books, registers and other documents of any person;
- issuing commissions for examination of witness or other documents.

Section 132(4) – The same is yet to be notified.

Structure of NFRA

- NFRA shall consist of the following committees:-



Functions of Committee on Accounting Standards:



To examine matters relating to formulation and laying down accounting standards for consideration by NFRA.

To recommend any new standard to ICAI which the Committee deems necessary to be examined for formulation.

To recommend NFRA on the new or amended standards for its approval and to be forwarded to the Central Government to be notified as a part of accounting standards.

To examine recommendations made by ICAI.

To scrutinize the financial statements of such companies as decided by the Committee on Accounting Standards or NFRA and to issue such reports to NFRA..

Functions of Committee on Auditing Standards:



The Committee on Auditing Standards shall monitor the compliance of auditors, audit firms and the audit LLPs

It may investigate or review selected audit engagements including an individual or firm or an LLP.

The Committee may evaluate the sufficiency of the quality control system of the auditor and manner of documentation and communication of that system by the auditor.

To examine matters relating to formulation and laying down auditing standards for consideration by NFRA.

Functions of the Committee on Enforcement:

(a) To investigate matters relating to professional or other misconduct committed by auditor, individual, firm or an LLP on recommendation by NFRA.

(b) The Committee on Enforcement shall complete its investigation within a period of 6 months on any matters referred to it. In case of delay, specific time extension has to be sought by providing reasonable justifications to NFRA

POWERS OF NFRA IN CASE OF PROFESSIONAL MISCONDUCT

- If professional/other misconduct is proved, NFRA can —
 - impose penalty of not less than **Rs. 1 lakh** in case of individuals & not less than **Rs. 10 lakh** in case of firms;
 - debar member/firm from engaging from practice as member of Institute for a minimum period of **6 months** or for such higher period not exceeding **10 years** as it may decide.
- Aggrieved persons may make appeal to the Appellate Authority constituted by the CG for hearing appeals against any order of NFRA.
- ***“Professional/other misconduct”*** shall have same meaning respectively assigned to it under section 22 of the Chartered Accountants Act, 1949.

Section 132(4) – The same is yet to be notified.

Procedures of Investigation related to Complaints and Information

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Procedure for filing complaint

- A complaint under section 132(4) of the Act against a professional or an auditor (including audit firm or LLP) shall be filed:
 - in Form I,
 - in triplicate before the Member-Enforcement in person or by post or courier

- Complain may be filed by the followings:
 - By or on behalf of any Central or State government which shall be authorized by persons holding the rank of Joint Secretary or equivalent and signed by person who is an Under Secretary or equivalent in the Central or State government.

 - By RBI or SEBI or any Regulator and shall be authorized by an officer holding the post of Joint Secretary to the Government of India and signed by an officer holding the equivalent post of Under Secretary or equivalent to the Central or State Government.


 - By a company, bank or a firm and shall be accompanied by a resolution duly passed by the Board of Directors of the company or bank or the partners of the firm specifically authorizing an officer or a person to make the complaint on behalf of the company, bank or firm.

Fee for filing complaint

- Every complaint, **other than a complaint filed by or on behalf of the Central Government or any State Government or any statutory authority**, shall be accompanied by a fee as prescribed by the Authority through regulations.
- The fee shall be paid in the form of a demand draft drawn on any bank in India in favour of the National Financial Reporting Authority payable at the place where the Office of Committee on Enforcement is situated.
- The fee once paid shall not be refunded.

Registration of complaint


The Member-Enforcement or an officer authorized by it shall endorse on every complaint the date on which it is received and shall sign on each such endorsement.



The Member-Enforcement shall scrutinize such received endorsements.



After scrutiny, if the complaint is in proper order, it shall be duly registered and a unique reference number shall be allotted which has to be quoted in all future correspondence.



If, the complaint, on scrutiny, is found to be defective, including the defects of technical nature, the Member-Enforcement may allow the complainant to rectify the same in his presence or may return the complaint for rectification and resubmission within such time as he may determine .

Contd.

If, the complaint, on scrutiny, is found to be defective, including the defects of technical nature, the Member-Enforcement may allow the complainant to rectify the same in his presence or may return the complaint for rectification and resubmission within such time as he may determine

If, the complainant fails to rectify the defect or defects within the time allowed, the Member-Enforcement shall form the opinion that there is no prima facie case and present the complaint before the Committee on Enforcement for its closure.

The Committee on Enforcement may, after the presentation of the complaint by the Member-Enforcement, either -

- (a) agree with the opinion of the Member-Enforcement and pass an order for the closure; or
- (b) disagree with the opinion of the Member-Enforcement and advise him to further investigate the matter, after obtaining approval from the Authority.

Withdrawal of a complaint

The Member-Enforcement:

- on receipt of a letter of withdrawal of a complaint by the complainant,
- shall place the same before the Committee on Enforcement
- The Committee, if it is of the view that the circumstances so warrant, permit the withdrawal, at any stage, including before or after registration of the complaint.

Information

- Any written information containing allegation or allegations against a member or a firm, received in person or by post or courier, by the Office of Committee on Enforcement, which is not in Form I, shall be treated as information and shall be dealt with in accordance with the provisions of these rules.
- On receipt of such an information, the sender of the information, including the Central Government, any State Government or any statutory authority, shall be, in the first instance, asked whether he or it would like to file a complaint in Form I apprising him or it of, the following information,-
 - ❑ that relatively longer time is taken for disposal of any information than the complaint;
 - ❑ that the person giving information will not have the right to be represented during the investigation or hearing of the case;
 - ❑ that the Authority or Committee on Enforcement will be under no obligation to inform the sender the information of the progress made in respect of the information received including the final orders (except where the sender is CG itself)

Procedure of Investigation

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- The Member- Enforcement shall within **60 days** after receipt of complaint shall:-
 - ❑ in case of complaint against an individual professional, send particulars of acts of commission or a copy of the complaint to the Professional at his professional address.
 - ❑ in case of complaints against a firm, send particulars of the acts of commission to the firm at the address of its head office as entered last in the Registrars of Offices and firms maintained by ICAI.
 - A notice to the firm shall be deemed to be a notice to all the members who are partners or employees of that firm as on the date of registration of the complaint.
- Member whose name is disclosed by the firm shall be responsible for answering the complaint;
- Member who has been informed about a complaint filed against him shall **within 21 days and not exceeding 30 days** of the service of complaint; forward a written statement in his defence to the Member- Enforcement.
- On receipt of the written statement, the Member- Enforcement shall send a copy to the complainant. The complainant shall **within 21 days not exceeding 30 days** forward to the Member- Enforcement his rejoinder on the written statement.
- On perusal of the complaint, the respondent's written statement and rejoinder of the complainant, the Member- Enforcement may call for additional particulars or documents connected therewith from the respondent or complainant as he may consider appropriate.

Mode of sending Notice

- Every notice or letter issued by the Member - Enforcement or Committee on Enforcement, shall be sent to the member or the firm or any other person, **by registered post with acknowledgement due or speed post**, except where specified otherwise in any rule;
- If any notice or letter is returned unserved with an endorsement to the effect that the addressee had refused to accept the notice or letter, the notice or letter shall be deemed to have been served.
- If the notice or letter is returned with an endorsement to the effect that the addressee cannot be found at the address given, the Member-Enforcement shall ask the complainant or any other person who may be in a position to provide another address of the member or firm or person whose address is found to be not correct, and on production of the correct address, a fresh notice or letter shall be issued at such address.
 - The Notice may be served by fixing a copy thereof in some conspicuous place at the professional address or residence of the respondent which was last registered with the ICAI or in such other manner as the Committee on Enforcement may think fit and such service shall be deemed to be sufficient service for the purposes of these rules.

Orders of the Committee on Enforcement

On arriving at a finding that the respondent is guilty of professional or other misconduct, the Committee on Enforcement shall give the respondent an opportunity to be heard before recommending to the Authority.

Such order may include reprimands or severe reprimands being made, order for practice to be continued with restrictions for a period of time, order waiver or refund of fees, impose penalty or debar the member or member firm from practice.



If the respondent does not appear before the Committee on Enforcement at the time directed to do so when given such an opportunity to be heard, the Committee on Enforcement shall presume that he has nothing more to represent before it and shall make recommendations to the Authority and the Authority shall pass orders.

Where the order includes any action to debar the professional, such order shall be communicated to the ICAI for necessary action within 45 days, failing which at the end of 45 days, such order for debarring the professional shall become effective automatically.



On arriving at a finding that the respondent is not guilty of professional or other misconduct, the Committee on Enforcement shall make recommendations to the Authority and the Authority shall pass orders closing the case.

On arriving at a finding that the complainant has made a vexatious claim against the respondent with an intent to harass, the Authority shall have the powers to award costs not exceeding Rs.10,000 to the respondent.

APPELLATE AUTHORITY

- Any person aggrieved by any order of the Authority may within **90 days from the date on which the order is communicated** to it or him, prefer an appeal to the Appellate Authority;
- The CG may also appeal against the decision of the Authority within 90 days;
- The Appellate Authority may, after calling for the records of any case, revise any order made by the Authority and may:
 - confirm, modify or set aside the order;
 - impose any penalty, order for restricting practice for a period, order for waiver or refund of fees or set aside, reduce, or enhance the penalty, restriction of practice for a period, waiver or refund of fees imposed by the order;
 - debar the member or the firm or set aside, reduce, or enhance the period of debarment imposed by the order,
 - remit the case to the Authority for such further enquiry as the Appellate Authority considers proper in the circumstances of the case; or
 - pass such other order as the Appellate Authority thinks fit – after giving an opportunity of being heard to the parties concerned.

Preparation and furnishing of the Annual Report of the Authority & the Appellate Authority:

Both the Authority shall:

- Prepare once in every year an Annual Report in the form specified in the schedule, giving a true and full account of its activities performed in the year;
- Forward the annual report to the Central Government within a period of 180 days immediately following the close of the year for which it has been prepared;

Amendment brought in by Companies (Amendment) Act, 2017

- The Amended Act reduced the minimum fine in respect of professional or other misconduct from **ten lakh** rupees to **five lakh** rupees.
- The provisions regarding constitution of separate Appellate Authority under this section has been omitted;
- The appeal against any order of NFRA shall now lie before the National Company Law Appellate Tribunal in the prescribed manner.
- The amendment has been notified on February 9, 2018

The PNB wake-up call

- The discovery of the multi-crore fraud allegedly committed at the Punjab National Bank appears to be a trigger.
- The ₹13,000-crore Punjab National Bank fraud perpetrated by certain companies that surfaced in February, 2018 has raised questions about the effectiveness of auditing in banks.
- Public sector banks (PSBs) have a variety of audits done by CAs including statutory, branch, concurrent, and stock audit – yet the auditors of PNB failed to track the fraud.

- The following table represents the auditing expenses of various banks:

Auditing Expenses		
<i>(Amt in crores)</i>		
Bank	FY 2017	FY 2016
State Bank of India	216	197
Punjab National Bank	67	69
Bank of Baroda	57	58
Bank of India	89	67
Canara Bank	63	59

- Despite paying such hefty sums to the auditors, bank frauds continue to take place.
- The PNB fraud finally forced the government's hand on setting up the NFRA.

Approval of Establishment of NFRA by Union Cabinet

- The GoI vide its Press Release dated March 1, 2018 approved the establishment of NFRA.
- As per the Press Release:

“The decision is expected to result in improved foreign/domestic investments, enhancement of economic growth, supporting the globalisation of business by meeting international practices, and assist in further development of audit profession.”

<http://pib.nic.in/newsite/PrintRelease.aspx?relid=176918>

Jurisdiction of NFRA

The jurisdiction of NFRA for investigation of Chartered Accountants and their firms under section 132 of the Act would extend to:



listed companies;

large unlisted public companies, the thresholds for which shall be prescribed in the Rules

CG can also refer such other entities for investigation where public interest would be involved.

Role of Quality Review Board

The QRB will continue quality audit in respect of:

- the private limited companies;
- the public unlisted companies below prescribed threshold; and
- with respect to audit of those companies that may be delegated to QRB by NFRA.

Commencement Notification of Section 132 (3) & 132 (11)

MCA vide its notification dated March 21, 2018, notified the commencement of sub-section (3) and (11) of section 132 of the CA 13:

- 132 (3) deals with composition of NFRA; and
- 132 (11) deals with appointment of a secretary and such other employees as it may consider necessary for the efficient performance of functions by the NFRA

The NFRA (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018

- MCA on 21st March, 2018 brought into force the said Rules, 2018.

A brief highlight of the said Rules is as follows:

The composition of the authority pursuant to Section 132 of the Companies Act, 2013 shall consists of the following :

- (a) a chairperson having a minimum expertise of 25 years in field of accountancy, auditing, finance, or law;
- (b) 3 full time members having a minimum expertise of 25 years in field of accountancy, auditing, finance, or law
- (c) 9 part time members person who shall not, have any such financial or other interest as is likely to affect prejudicially his functions as a part-time member.




Term of office

- the term of office of the chairperson and a full time member shall be three years from the date on which he enters upon his office or till he attains the age of sixty-five years, whichever is earlier, and he shall be eligible for re-appointment for one more term.



Association with audit firms

- The chairperson and full-time members, shall not be associated with any audit firm including related consultancy firms during the course of their appointment and two years after ceasing to hold such appointment.



Declaration to CG before appointment

- The chairperson and all members, before being appointed, shall be required to submit a declaration to the Central Government confirming that they have no conflict of interest or lack of independence in respect of such appointment as chairperson or members in Form I annexed to these rules, failing which their appointment shall not be considered.

Functions of QRB

1.

- to make recommendations to the Council with regard to the quality of services provided by the members of the Institute.

2.

- to review the quality of services provided by the members of the Institute including audit services.

3.

- to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

4.

- inspection and assessment of the work of auditors while carrying out their audit function

Details of Reviews conducted and recommendations made by the Quality Review Board - financial year wise

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
1.	Total number of Statutory Audit assignments of Companies/entities selected for initiating Quality Reviews during the financial year.	37	56	123	138	105	126	585
2.	Total number of Companies/entities involved in Quality Review assignments selected at 1 above.	26	42	100	90	88	96	442
3.	Total number of final reports of Technical Reviewers received in respect of the assignments at 1 above.	37	56	123	132	71	06	425
4.	Out of the total number of final reports received at 3 above:							
a.	Total number of final reports accepted by the Quality Review Board.	36	56	123	130	49	-	395
b.	Out of the balance final reports: -Under consideration of /yet to be considered by QRG.	-	-	-	02	22	06	30

5.	Out of total number of final reports considered by the Quality Review Board as at 4 a) above.							
a.	Total number of final reports taken on record and the matter was considered as complete by so informing concerned Statutory Audit firm/s.	27	22	32	46	27	-	154
b.	Total number of cases recommended to the Council of the ICAI for consideration and appropriate action u/s 28B(a) of the Chartered Accountants Act, 1949.	04	10	14	01	-	-	29
c.	Total number of cases where appropriate advisories have been issued to concerned Audit firm/s u/s 28B(c) of the Chartered Accountants Act, 1949 under intimation to ICAI.	05	26	77	83	22	-	213
d.	Others	01	03	-	-	-	-	04
6.	Out of the total number of cases recommended to the Council of the ICAI for consideration and appropriate action u/s 28B(a) of the Chartered Accountants Act, 1949 as at 5 (b) above:							
a.	Total number of cases where Council decided to refer the matter to the DC	02	02	02	01	-	-	07
b.	Total number of cases where Council decided to issue appropriate advisory to the concerned Audit firm/s.	02	07	10	-	-	-	19
c.	Total number of cases closed by the Council.	-	01	02	-	-	-	03
d.	Total number of cases under consideration of the Council.	-	-	-	-	-	-	-

What is ICAI's role? - Post NFRA's formation

- ICAI's role will continue in respect of its members, in general, and, specifically, with respect to audits pertaining to private limited companies and public unlisted companies below the threshold limit to be notified in the rules.
- ICAI will continue with its advisory role on accounting and auditing standards and policies by making its recommendations to NFRA.

Roles of NFRA, QRB & ICAI in Auditing

<i>NFRA</i>	<i>QRB</i>	<i>ICAI</i>
NFRA will cover all listed companies and large unlisted companies, the size for which has been specified in the rules.	QRB will continue quality audits for private limited companies, and public unlisted companies below the prescribed threshold	ICAI will continue to have monopoly on training and qualifying chartered accountants, provide licence to practice and regulating them including scrutinizing audit quality.
Quasi Judicial Body – with the power to summon, inspect and investigate	No such power	Advisory role on accounting and auditing standards.
Independent Regulator	Governed by the Chartered Accountants Act, 1949	

International trend

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Governance in USA

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)

- Created by Sarbanes-Oxley Act, 2002 – the same was passed after Enron & other scams;
- PCAOB required the auditors of U.S public companies to be subject to external & independent oversight for first time in history.
- PCAOB oversees audits of public companies in order to protect investors & public interest by promoting informative, accurate, & independent audit reports.

Powers of PCAOB

- Register public accounting firms that prepare audit reports for issuers;
- Set auditing, quality control, ethics, independence & other standards relating to preparation of audit reports by issuers;
- Conduct inspections of registered public accounting firms;
- Conduct investigations & disciplinary proceedings concerning, & impose appropriate sanctions where justified upon, registered public accounting firms & associated persons of such firms (including fines of up to \$100,000 against individual auditors, & \$ 2 million against audit firms);
- Perform other prescribed duties/functions necessary to promote high professional standards among, & improve quality of audit services offered by registered public accounting firms & their employees.

Governance in UK

PROFESSIONAL OVERSIGHT BOARD (POB)

- Set up in 2004 as part of the reformed **Financial Reporting Council (FRC)** following Government's Review of Audit Regulation in 2003 in light of major auditing failures in US at Enron & WorldCom.
- This introduced statutory independent oversight over regulation of auditors by recognised professional bodies & marked a significant shift, from what had been essentially self-regulation, to a mixed system, in which both POB & professional bodies have major responsibilities.

Powers of POB

- It contributes to achievement of FRC's fundamental aim of supporting investor, market & public confidence in financial & governance stewardship of listed & other entities by providing:
 - independent oversight of regulation of auditing profession by recognised supervisory & qualifying bodies;
 - monitoring the quality of auditing function in relation to economically significant entities/major audits;
 - independent oversight of regulation of accountancy/actuarial profession by professional accountancy/actuarial bodies;
 - international regulatory responsibilities.
- POB reviews through Audit Inspection Unit (AIU), quality of audits of listed & other major public interest entities;
- It is the Independent Supervisor of Auditors General (CAG & other Auditor Generals) under UK Companies Act, 2006;

Cooperative Agreements by PCAOB

- The PCAOB has established cooperative agreements with foreign regulators in 16 jurisdictions including countries in Asia, Europe, the Middle East and North America, most recently in France and Finland in early 2013, to conduct inspections of foreign auditors. Through these arrangements, the PCAOB either conducts inspections of foreign auditors alone or jointly with the foreign regulator.
- There are currently approximately 910 foreign public accounting firms located in 84 countries registered with the PCAOB. More than 240 of those firms are subject to periodic inspection by the PCAOB. As of 31 December 2012, the PCAOB had conducted inspections in 40 non-US countries, and had inspected all but 34 currently registered foreign auditors.
- On January 10, 2011, US PCAOB entered into a cooperative agreement with the POB in UK to facilitate cooperation in oversight of auditors & public accounting firms that practice in two regulators' respective jurisdictions.
- The agreement provides a basis for inspection by PCAOB of registered accounting firms that are located in UK & audit, or participate in audits, of companies whose securities trade in U.S. markets.
- The PCAOB continues to negotiate with foreign regulators in jurisdictions where it has been unable to conduct inspections.