

# AUDIT SANCTIONING PRACTICES COMPARISON



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**Introduction**

**The scope of  
supervisory  
bodies' powers**

**The main  
factors to  
consider when  
determining the  
sanction**

**The sanctions  
similar to  
sanctions in  
Georgia**

**The  
sanctions  
different  
from  
sanctions in  
Georgia**



- SARAS was established in 2016;
  - SARAS is a sub-department of the Ministry of Finance of Georgia;
  - SARAS has a small structural form;
  - Among many other functions, SARAS **Investigates** violations of auditors/audit firms and **imposes** appropriate sanctions
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- As part of the research, we will talk about the experience of International Forum of Independent Audit Regulators (IFIAR) member states





- There are countries where the mandate of the regulatory bodies extend only to the field of audit (Czech Republic, Switzerland and South Africa);
- In some countries, these bodies include other areas in addition to audit oversight, for example accounting and reporting (Georgia, Lithuania, Greece, United Kingdom, Ireland, Singapore) or banks, financial advisors, securities market, insurance field and others (Dubai, New Zealand);



- The nature, extent and importance of the relevant requirements;
- The gravity and the duration of the breach;
- The violation of the relevant requirements was isolated, repeated or ongoing;
- The financial strength of the Auditor/Audit Firm;
- The violation was dishonest, intentional or unintentional;
- Previous breaches by the Auditor/Audit Firm;
- What actions were taken for remediation;
- The quality of cooperation with oversight authority.

## The sanctions similar to sanctions in Georgia

Warning/  
reprimand

Public Warning  
/severe  
reprimand

Prohibition of conducting an audit

Prohibition of signing the audit report

Temporary ban on the functions of the partner / shareholder of the audit firm

Revocation of registration

Financial penalties

## The sanctions different from sanctions in Georgia

### Establishment of mandatory references / conditions

- United Kingdom
- Ireland
- Switzerland
- Greece
- Lithuania
- Dubai
- Singapore
- New Zealand
- South Africa

Order to take action to mitigate the effect or prevent recurrence of the breach;

Set obligation to pass the qualification exam(s);

Instruction to complete additional professional education/training;

Reference to issue an audit report to the client at no additional cost;

Reference for improvement of systems, controls and procedures and etc.

## The sanctions different from sanctions in Georgia

### Different types of sanctions

- Declaration that the audit report doesn't satisfy the audit reporting requirements (United Kingdom, Ireland, Greece, Lithuania)
- Request of insurance for up to 3 years to hold a managerial position in a firm (Lithuania)
- Waiver/repayment of client fees (United Kingdom)
- Accepting undertakings as an alternative or additional sanction (United Kingdom, Dubai)
- Compensation for damage/received benefits (Dubai, Finland)
- Imprisonment



An aerial photograph of a town nestled in a valley, with a wide river flowing through it. The town features a prominent church with a tall steeple and several large buildings. The surrounding landscape is lush green, with rolling hills and mountains in the background under a blue sky with light clouds.

# THANK YOU

for your attention