

Strategic plan of the Haut Conseil du commissariat aux comptes

This document is a free translation into English of the original French strategic plan approved by the Board of the Haut Conseil on 21 May, 2015. In the event of any perceived inconsistencies between the two versions, the French one will prevail.

Introduction

The Haut Conseil has elected to align the completion of its second strategic plan with the entry into force of the EU audit reform in June 2016. This new plan follows on from the plan initially adopted in July 2012. The initial plan's main objectives remain relevant, but have been updated and factor in the application of the audit reform.

The Haut Conseil's priorities in the coming months will focus on the following five objectives:

- contribute to the audit standard-setting process and ensure that the French code of ethics is applied;
- enhance quality control;
- strengthen cooperation and information exchanges in Europe and abroad;
- accompany changes in the profession and in its regulation;
- communicate more broadly.

1. Contribute to the audit standards-setting process and ensure that the French code of ethics is applied

⇒ **By participating in the standards-setting process and continuing to promote professional best practices**

In collaboration with the Compagnie nationale des commissaires aux comptes, the Haut Conseil will identify the adjustments to be made to ensure that French auditing standards are compatible with the new European legislation which will take effect from June 2016.

In addition, the Haut Conseil will remain attentive to changes in international auditing standards. In this respect, the Haut Conseil will maintain its role in the consultation and dialogue process set up between global standards-setting organisations and audit regulators.

Moreover, the Haut Conseil will continue to identify and promote professional best practices that complement existing rules applicable to professionals.

⇒ **By encouraging referrals and placing more emphasis on self-referrals**

Referrals and self-referrals are an instrumental part of the Haut Conseil's action which enable it to highlight core principles. In this respect, the Haut Conseil will continue to issue opinions and encourage reviews in order to provide professionals and stakeholders with the necessary ethical guidelines to follow when the need arises.

2. Enhance quality control

⇒ **By increasing emphasis on risk-based inspections of engagements**

In line with its first strategic plan, the Haut Conseil will consolidate its risk-based approach by focusing primarily on specific engagements.

⇒ **By strengthening international collaboration on inspections**

The Haut Conseil will continue to work on convergence in quality control practices with its European and international counterparts.

In addition, the Haut Conseil will continue to exchange information on the results of inspections carried out at audit firms that belong to large international networks. This information sharing system was set up at the European level by the European Audit Inspection Group (EAIG), and at the global level, via the annual survey published by the International Forum of Independent Audit Regulators (IFIAR).

⇒ **By ensuring, within the context of the audit reform, that:**

- the inspections process is carried out thoroughly at both PIE and non-PIE audit firms, under the Haut Conseil's ultimate responsibility. The Haut Conseil will, in particular, define the pace and intensity of inspections based on the profile of the firms,
- appropriate measures are applied effectively in cases where serious deficiencies have been identified, within an enhanced sanction system for statutory auditors.

3. Strengthen cooperation and information exchanges in Europe and abroad

⇒ **Through continued contribution to the work at European and international level**

Since 2012, the Haut Conseil has been growing its presence and involvement among European and international audit supervision organisations. In addition to its active contribution as a member of the European Group of Audit Oversight's Bodies (EGAOB) and the EAIG, the Haut Conseil has been a member of the Advisory Council of the International Forum of Independent Audit Regulators (IFIAR) since spring 2013, and has chaired its working group on standards coordination since April 2014.

In the framework of its second strategic plan, the Haut Conseil intends to maintain its active presence and responsibilities within these various bodies. The Haut Conseil will also contribute to discussions conducted on the establishment, in June 2016, of the Committee of European Auditing Oversight Bodies (CEAOB), which will replace the current EGAOB at the European level.

⇒ **Through establishing protocols for cooperation with third country authorities**

Following the 2010 European Commission decision on the adequacy of the competent authorities of certain third countries, the Haut Conseil established relations with a number of audit regulators. As a result, the Haut Conseil signed cooperation agreements in 2013 with the Swiss, American and Canadian oversight bodies and initiated negotiations with its Japanese counterpart.

The Haut Conseil will continue to negotiate such direct cooperation agreements with its third country counterparts, with a view to establishing relationships of trust with these authorities.

4. Accompany changes in the profession and in its regulation

⇒ **By highlighting the Haut Conseil’s vision of changes in the profession**

In the context of the audit reform and beyond, the Haut Conseil will continue to promote its recommendations on changes in the profession and the French statutory audit model.

⇒ **By strengthening the missions and prerogatives of the Haut Conseil**

The new European Directive on statutory audits stipulates that the authority charged with the public oversight of statutory auditors and audit firms (the H3C for France), will assume the ultimate responsibility in the following areas:

- the approval and registration of statutory auditors and audit firms;
- the adoption of standards in respect of professional ethics and internal quality control of audit firms and their activities, except where such standards have been adopted or approved by other authorities from the Member states;
- continuing professional education;
- the systems of quality control;
- investigations and sanctions for statutory auditors and audit firms.

In light of the audit reform, the Haut Conseil will continue to monitor the developments in legislation affecting its role, based on its long experience and given the new economic and legal contexts in Europe and abroad.

5. Communicate more broadly

Currently, the Haut Conseil communicates primarily with statutory auditors. However, the Haut Conseil is also endeavouring to widen its scope to include other stakeholders. In this respect, the Haut Conseil is now communicating more widely with companies and financial statements users in order to explain its role and missions and their impact on audit quality and, therefore, on the integrity of financial information.