

Accountancy Board
Quality Assurance

Annual Report 2017

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*The Accountancy Board presents its Annual Report pursuant to
Article 7(19) of the Accountancy Profession Act, Cap. 281
of the Laws of Malta.*

31 March 2018

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1. Chairman's Statement



During 2017, we experienced the initial implementation of the reforms resulting from the 2016 amendments to the Accountancy Profession Act which was brought in line with the EU Statutory Audit legislation. The amendments have been instrumental in improving statutory audits by reinforcing auditors' independence and their professional scepticism towards the management of audited entities. Among other important changes, in the case of public interest entities, statutory auditors and firms are now also being required to rotate regularly and are no longer allowed to provide certain non-audit services to their audit clients.

The 2017 also marked the eleventh year of activities of the Quality Assurance Unit, now reporting to the Board through the Board's Quality Assurance Oversight Sub-Committee with respect to the local audit oversight regime. As can be seen throughout the report, this year has again been a busy year for the Unit. In this regard, the commitment and dedication of our small team of QAU reviewers is to be commended and efforts are underway to enlarge it.

As all over the European Union, the profession continues to face ever-changing challenges, clearly, the quest for quality and its improvement remains a very important goal, particularly in an environment of rapid expansion.

A handwritten signature in black ink, appearing to read 'P. Baldacchino', written in a cursive style.

**Mr Peter Baldacchino MPhil (Lough), FCCA, FIA, CPA, CSA
Chairman - Accountancy Board**

31 March 2018

2. The Accountancy Board

Functions of the Board

The Accountancy Board regulates the accountancy profession in Malta and is entrusted with a number of functions, including:

- the issue of accountants' warrants after making recommendations to the Minister for Finance;
- the issue of practising certificates in auditing;
- the registration of firms of accountants and auditors;
- keeping a register of the above;
- the operation of an appropriate system of quality assurance;
- dealing with cases of professional misconduct and other disciplinary proceedings;
- taking measures to protect the public interest and the integrity of the profession;
- advising or making recommendations and expressing its views to the Minister; and
- such other functions arising from any law or as may be delegated to it by the Minister under the Accountancy Profession Act.

Composition of the Board

Article 6(2) of the Accountancy Profession Act sets out that the Accountancy Board must comprise of:

- a chairman of recognised standing and experience in the accountancy and auditing profession;
- a member from a list of two nominated by the University of Malta from among the teaching staff of the Faculty or Faculties in which teaching of and research in the field of accountancy and auditing is organised;
- a senior official of the Ministry responsible for finance;
- two members from a list of four nominated by a recognised accountancy body; and
- two other members.

The Board was re-constituted on the 19th April 2017 for a period of two years. The following are the present Board members:

Chairman

Mr Peter Baldacchino MPhil (Lough), FCCA, FIA, CPA, CSA

Secretary

Mr. Martin Spiteri IEng, MIIE, MBA (Leicester)

Members

Ms Christine Bartolo Perici, B.Com (Hons) Econ, MA Econ
Dr Desiree Cassar BA, LLD, Dip.Tax
Mr Mario P. Galea FCCA, FIA, CPA
Mr Paul Grech BA (Hons) Accty, FIA, CPA
Mr Benjamin Rizzo ACMA, FIA, CPA
Mr John Sammut MA (Fin. Serv.), BA (Hons) Accty, ACIB, CPA, FIA

Structure

The Accountancy Board has set up a number of committees and sub-committees to assist it in its various functions, as follows:

- The Warrant Evaluations Sub-Committee;
- The Investigative Sub-Committee; and
- The Quality Assurance Oversight Sub-Committee.

The Warrant Evaluations Sub-Committee

The Warrant Evaluations Sub-Committee assists the Board in evaluating CPA warrant applications, applications for practising certificate in auditing and applications for registration of accounting and audit firms. This sub-committee also evaluates requests for the recognition of accounting qualifications. This sub-committee is chaired by Mr Peter Baldacchino.

The Investigative Sub-Committee

The Investigative Sub-Committee was set up to investigate cases, normally complaints, brought to the attention of the Board. This sub-committee would then provide advice to the Board on whether it should refer the case for disciplinary proceedings. This sub-committee is chaired by Mr Mario Galea.

Quality Assurance Oversight Sub-Committee

In prior years, the Quality Assurance Oversight Committee was responsible for the quality assurance function. However, as from 2016, and as a result of the changes to the Audit Directive, the quality assurance function is being dealt with directly by the Accountancy Board, which is now solely composed of non-practitioners. However, the Board has set up a Quality Assurance Oversight Sub-Committee to assist in this role, reporting directly to the Board.

The Quality Assurance Unit (QAU) is the Unit which acts on behalf of the Accountancy Board in the implementation and supervision of the quality assurance process as contemplated in the provisions set out in Directive 4 to the Accountancy Profession Act. This sub-committee is chaired by Mr Peter Baldacchino.

Meetings

During 2017, the Accountancy Board met 6 times. These meetings were held during May, June, August, September, October, and November.

The sub-committee meetings held during 2017 were as follows:

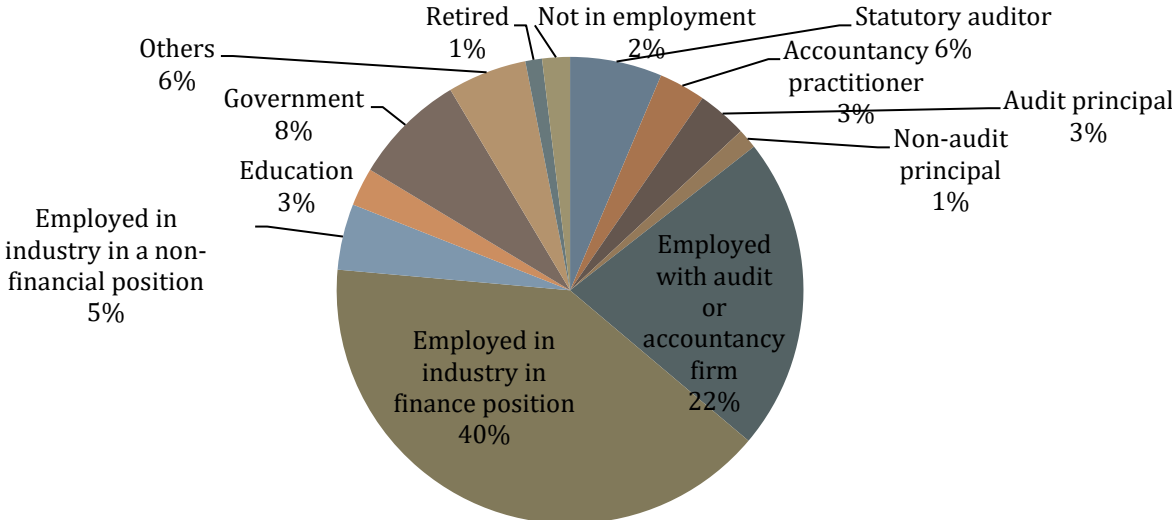
- The Investigative Sub-Committee met once;
- The Warrant Evaluations Sub-Committee met 6 times; and
- The Quality Assurance Oversight Sub-Committee met 4 times.

3. Profile of the Accountancy and Audit Profession

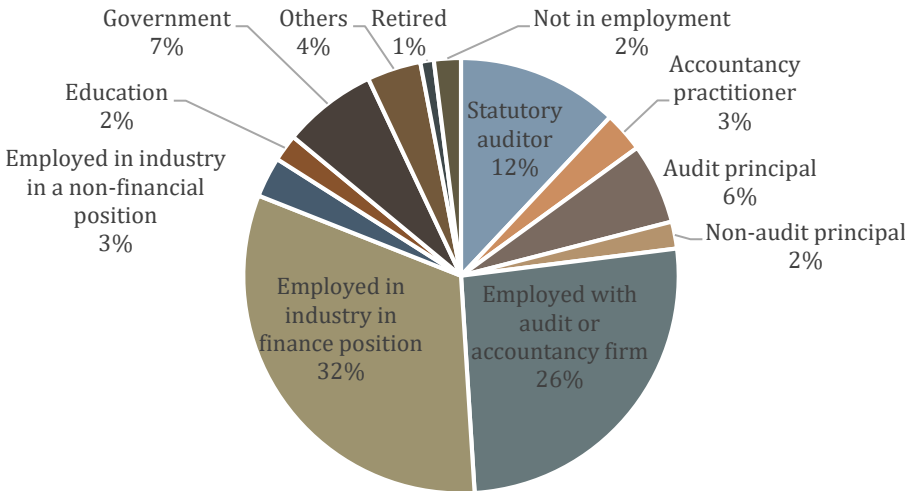
CPA Warrant Holders and Holders of a Practising Certificate in Auditing

The total number of CPA warrant holders as at 31 December 2017 stood at 2,708 (2016: 2,490) whereas the total number of holders of a practising certificate in auditing as at year end stood at 1,413 (2016: 1,339).

CPA warrant holders are involved in a number of sectors, as depicted in the following chart:



The following chart depicts the sectors in which the holders of a practising certificate in auditing are involved in:



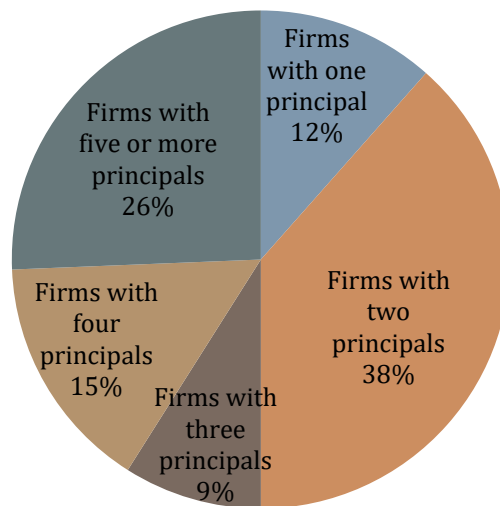
Sole Practitioners

During 2017, a 10% decrease in the number of sole practitioners was identified, as the number of warrant holders in practice amounted to 252 (2016: 281). Of these, 166 (2016: 181) provided statutory audit services (88 operating on a full-time basis and 78 operating on a part-time basis)¹.

Accountancy and Audit Firms

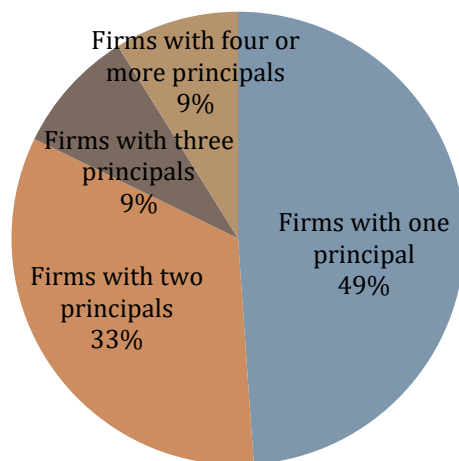
Up to year end 31 December 2017, there were 45 (2016: 39) accounting firms and another 78 (2016: 75) audit firms registered with the Board.

Both during 2017 and 2016, most of the statutory audit firms registered with the Accountancy Board were composed of two principals, as depicted in the chart below:



¹ This information is based on data extracted from 2017 Annual Returns submitted by 2 February 2018.

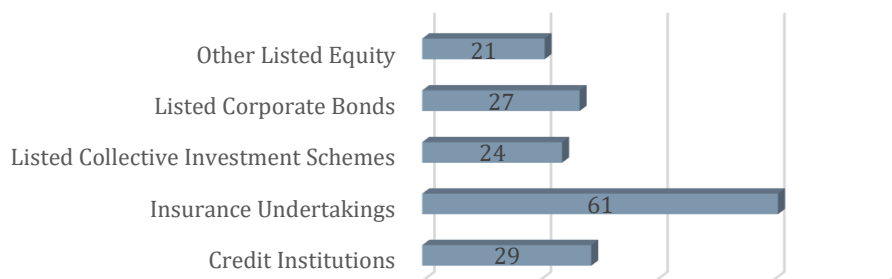
On the other hand, most accounting firms registered with the Board during 2017 and 2016 were made up of one principal, as noted in the chart below:



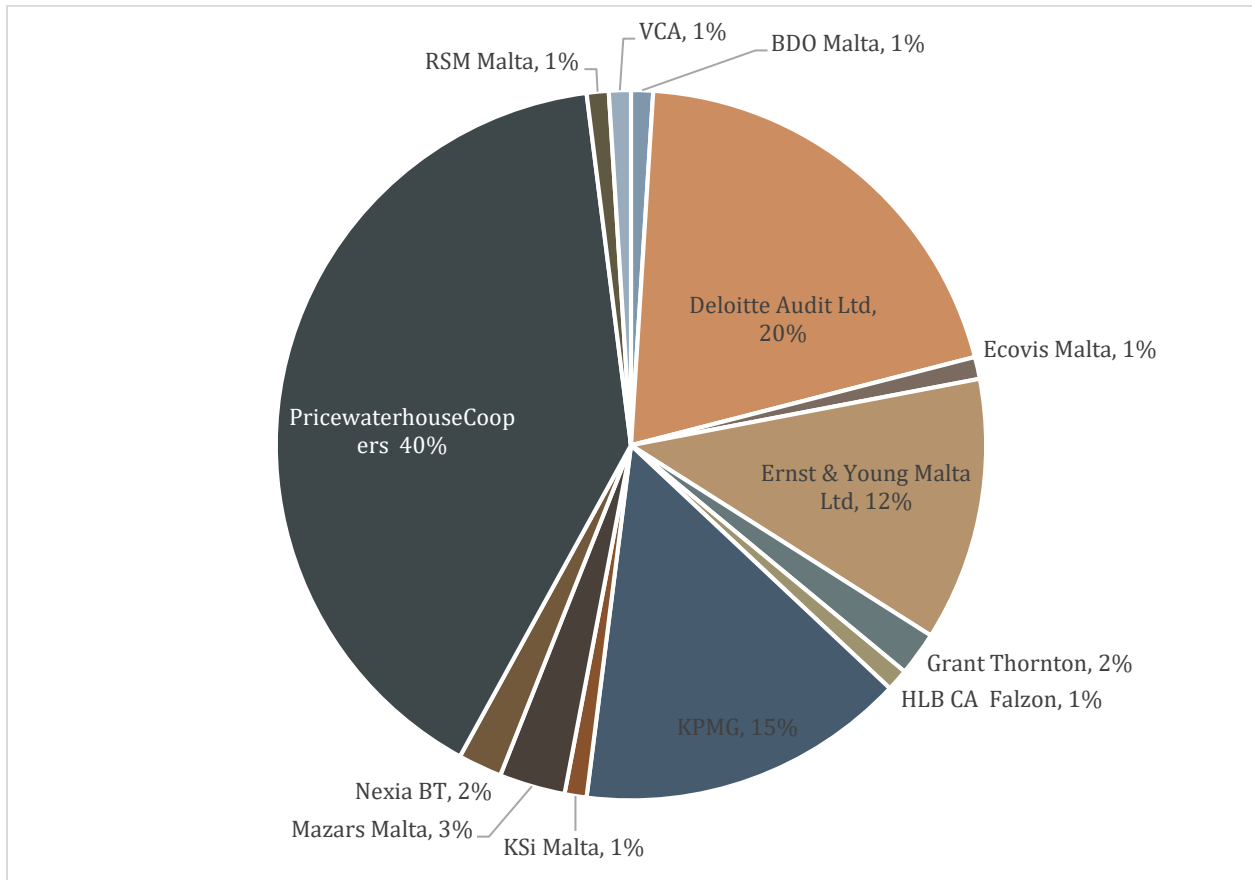
Share of Market of PIE Audits

Public interest entities (PIEs) are entities governed by the law of a Member State whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of point 14 of Article 4(1) of Directive 2004/39/EC, a credit institution as defined in point 1 of Article 3(1) of Directive 2013/ 36/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, other than those referred to in Article 2 of that Directive, an insurance undertaking within the meaning of Article 2(1) of Directive 91/674/EEC and such other entities as may be prescribed by the Minister responsible for Finance.

An illustrative segmentation of all types of entities which are deemed to be PIEs is noted below:



As at end of year, the number of audit firms providing statutory audit services to PIEs stood at thirteen. 87% of the audits of all PIEs are conducted by the Big 4 internal network statutory audit firms. The audits of the remaining 13% are carried out by other mid-tier statutory audit firms.



4. The Quality Assurance Unit

The Unit

As previously stated, the Quality Assurance Unit (QAU) is the Unit which acts on behalf of the Accountancy Board in the implementation and supervision of the quality assurance oversight function as contemplated in the provisions set out in Directive 4, the Quality Assurance Directive.

The primary function of the QAU is that of carrying out monitoring visits to statutory auditors and firms providing statutory audit services and preparing reports on those inspections for consideration by the Board. The main objective of these monitoring visits is to ensure that all statutory auditors and firms maintain the highest level of professional standards and audit quality.

QAU Staff and Basis of Funding

By end of 2017, the staff complement of the QAU was composed of two full-time reviewers and one reviewer on a reduced hour basis. A full-time administrator was appointed towards the beginning of the year to assist the unit in its administrative tasks.

The Accountancy Board imposes an annual Quality Assurance Regulatory Fee on all statutory auditors and firms, as stipulated in Directive 4. All fees received by the Board are submitted to the Ministry for Finance. The Unit is then funded by the Ministry. This system of funding ensures that the Unit is free from undue influence by statutory auditors and firms.

The following is the QA Regulatory Fee structure imposed on statutory auditors and firms:

▪ Part-time sole practitioners	€116
▪ Full-time sole practitioners	€233
▪ Firms with one principal	€233
▪ Firms with less than three but more than one principal	€582
▪ Firms with less than five but more than two	€1,630
▪ Firms with five or more principals	€5,590

In the case of follow-up visits, an additional fee is charged in respect of such visits to statutory auditors and firms. The follow-up fee is calculated by multiplying the number of hours spent on the visit by a charge-out rate of €34.94 per man hour. Regulatory penalties are also charged in respect of a number of breaches as laid down in Schedule 1 to Directive 4.

Training

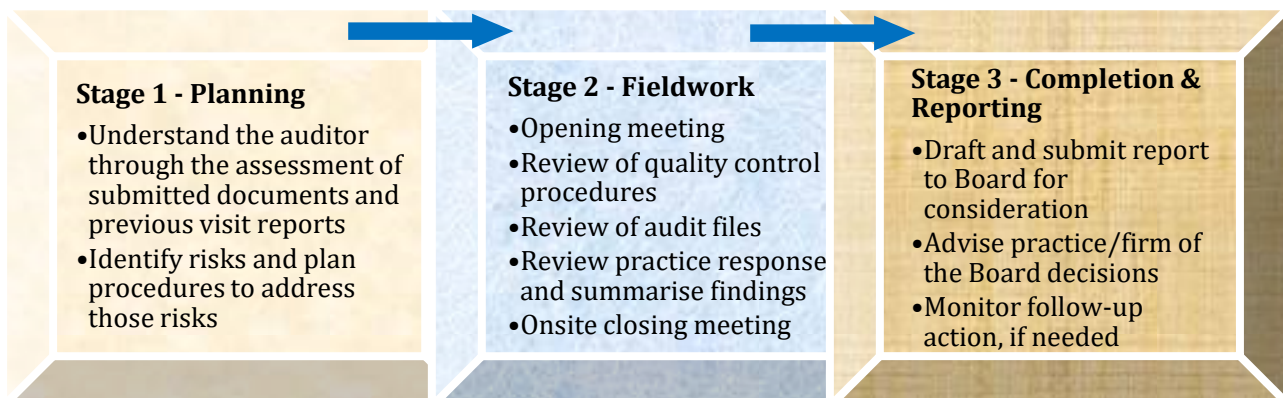
The Board is committed towards ensuring competence of its staff members and as a result a substantial number of CPE activities were attended throughout the year. During 2017, the QAU reviewers carried out a significantly higher amount of CPE hours than the amount required by regulation.

Training focussed primarily on audit-related courses, however courses in financial reporting, legislation and taxation were also attended.

QAU Inspection Methodology

The QAU adopts a risk-based approach when carrying out monitoring visits to statutory auditors and firms, including the selection stage of statutory auditors and firms for review as well as throughout the visit itself from planning to completion.

In summary, the monitoring visit process can be divided into three stages as follows:



Stage 1 Planning

Prior to the onsite inspection, a review is carried out of information available pertaining to the statutory auditor or firm. This information is obtained through documentation such as correspondence files, annual returns, forms requested on notification of the visit, previous visit reports, transparency reports and MFSA registry searches.

Based on the information obtained through the review of such documentation, the reviewer identifies the risks pertaining to the visit and plans procedures accordingly to address those risks.

Stage 2 Fieldwork

The objective of the visit is to carry out an assessment of compliance with applicable auditing standards and independence requirements, of the quantity and quality of resources spent and of the internal quality control system of the statutory auditor/firm, supported by adequate testing of audit files. To this effect, a general practice/firm review and audit file reviews are carried out.

The general practice/firm review entails a review of the quality controls of the statutory auditor/firm and a review of compliance with legislative requirements such as professional indemnity insurance and CPE.

File selection is risk-based and depends on risk factors such as public interest, the size of audit clients and any audit qualifications, amongst others. Prior to the file review, the reviewer analyses risks relating to the audit client through a review of the audited financial statements. The reviewer would then assess how the statutory auditor/firm addressed those risks through the documentation found in the audit file.

In addition, on visits to PIE statutory auditors/firms, the Unit applies the Common Audit Inspection Methodology ('CAIM'). CAIM is an inspection programme introduced by the European Audit Inspection Group (EAIG) to ensure an effective and consistent inspection approach across regulators within the EU.

Stage 3 Completion and Reporting

At the final stage of the QAU visit, a summary document of the findings identified during the course of the visit is prepared by the QAU reviewer. This document is discussed during the closing meeting and the statutory auditor or firm is given fourteen days to reply to the issues raised and to identify how issues will be addressed.

Following the completion of the visit and on receipt of the statutory auditor's or firm's responses to the closing meeting document, a report is drawn on the main findings of the visit and the conclusions of the quality assurance process in respect of the statutory auditor/firm.

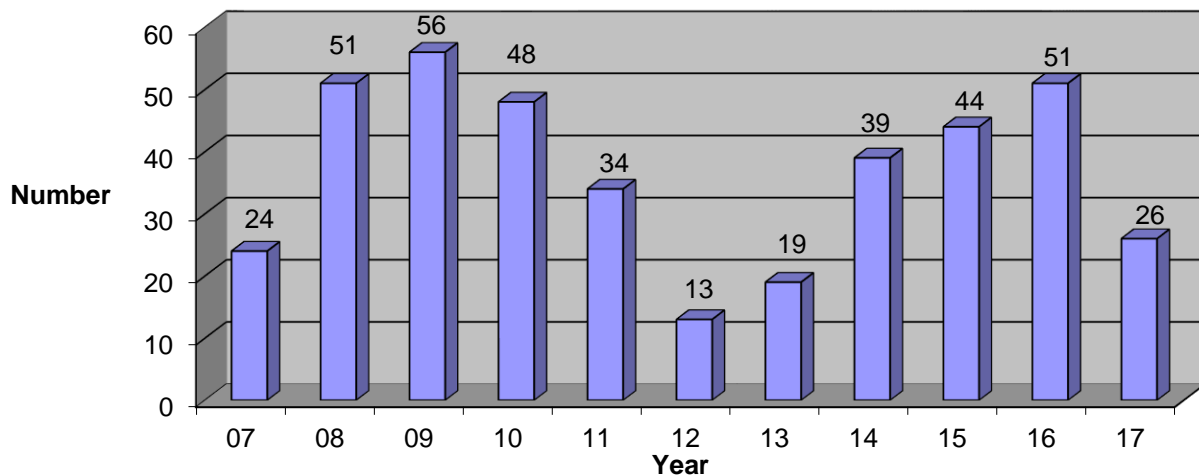
Reports are categorized for internal purposes into ratings which are determined by the instances and magnitude of non-compliance with the relevant regulations, the level of commitment and ability of the statutory firm/auditor to correct the problems identified and the regulatory action, if any, which the Board considers should be applied.

The Board would then inform the statutory auditor/firm about any additional actions expected to be taken by the statutory auditor/firm and about any sanctions imposed, if it deems necessary, by way of a closing down letter (which would include a copy of the report).

Quality Assurance Visits

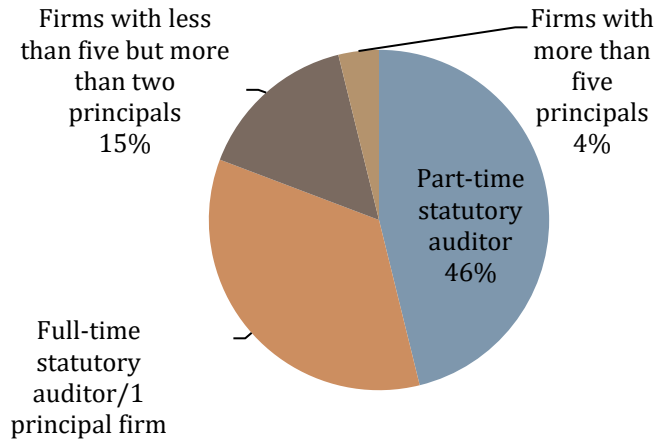
Quality assurance visits are carried out on the basis of an analysis of risk. Visits to PIE auditors and firms are carried out at least once every three years whilst visits to non-PIE statutory auditors and firms performing audits of entities under the European Union Law are carried out at least once every six years. Where audit quality issues are noted, follow-up visits (outside the normal visit cycles) are also carried out. These normally occur within nine months from the completion of the prior visit.

Since the first year of operations in 2007 and up to the end of 2017, the QAU carried out a total of 405 quality assurance visits. Of these, 400 had been approved by the Board by the end of 2017. During 2017, the QAU continued the fourth visit cycle on PIE statutory auditors and firms. The QAU complete the second visit cycle for non-PIE statutory auditors and firms in early 2017. The number of visits carried out by the QAU for each year since 2007 is illustrated in the diagram below:



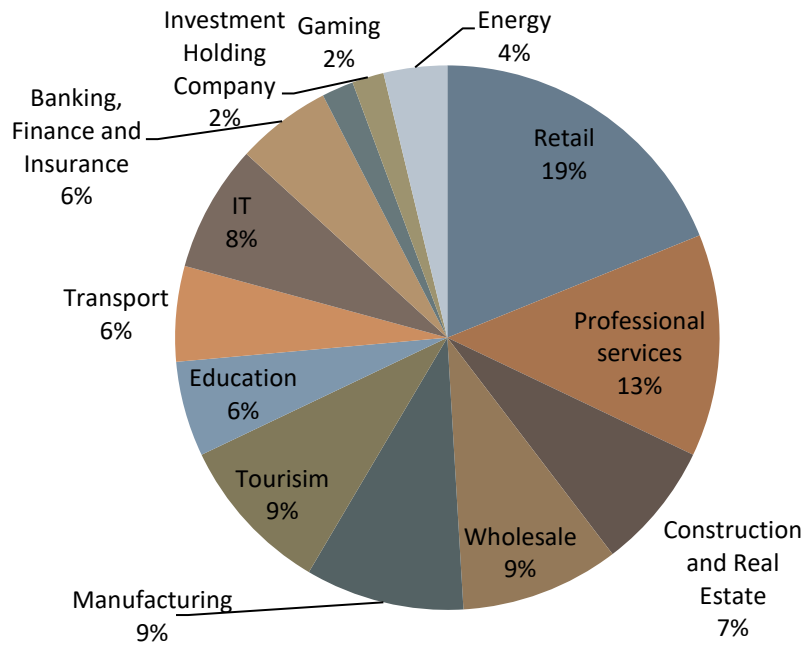
Throughout 2017, the QAU carried out a total of 26 visits (2016: 51), this includes three visits to statutory audit firms carrying out audits of public interest entities. The number of visits carried out in 2017 decreased due to fact that the use of Common Audit Inspection Methodology ('CAIM') on PIE audit firms resulted in lengthier PIE audit firm visits.

The following analysis depicts the composition of statutory auditors and firms reviewed during 2017 by the QAU:



During the year, ten reports pertaining to visits carried out in 2016 were discussed and approved in 2017 (including the visit report of one PIE statutory audit firm). The number of visits closed down by the Board during 2017 attributed to visits carried out by the QAU reviewers during the same year amounted to 21, bringing the total of visits closed down to date to 400. The main findings identified during the visits closed down during 2017 are included in Section 5 of this report. At end of year, 5 reports concluded by the QAU in 2017 still had to be approved by the Board (including the two PIE statutory audit firm reports). These will be discussed and approved in early 2018.

During 2018, the Quality Assurance Oversight Sub-Committee and Accountancy Board reviewed 31 visit reports. During the course of these visits a total of 53 audit files were reviewed by the QAU of which 3 pertained to public interest entities. An analysis of the audit files reviewed by industry sector by the QAU is shown below:



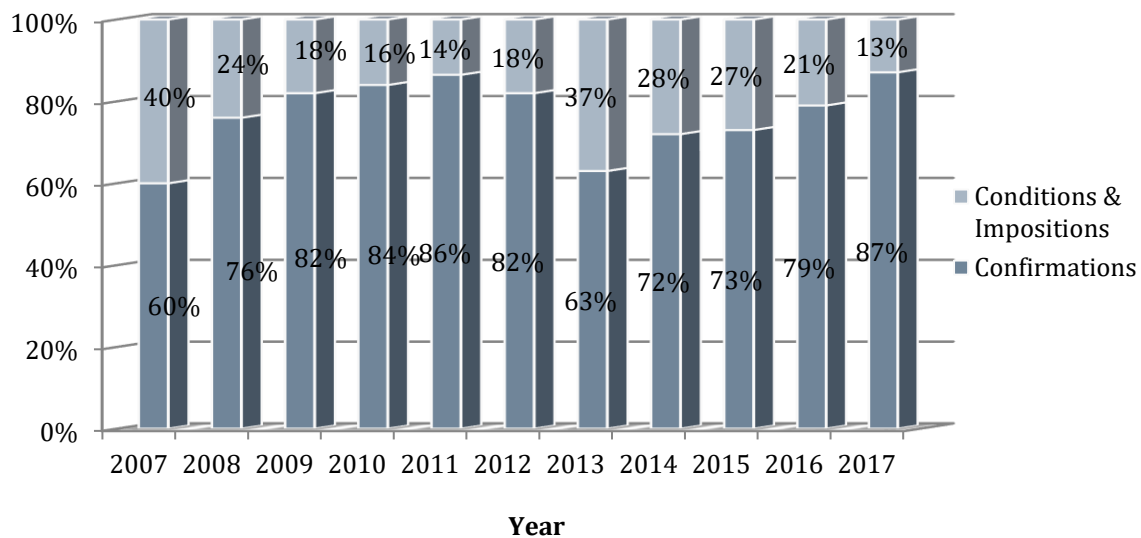
5. Overview of 2017 QAU Visits

Overview of Reports

Subsequent to the completion of the QAU visit, issues arising are communicated to statutory auditors and firms in the form of a report. On the basis of the findings included in the Accountancy Board’s Quality Assurance Visit Report, the Accountancy Board in its closing down letter to the statutory auditor or firm would inform practitioners or audit firms of any confirmations required, and in some cases depending on the extent and gravity of the findings may identify further actions which need to be taken.

Confirmations are requested in order to ensure the implementation of procedures to address matters raised during the QAU visit. Conditions include the imposition of follow-up visits, hot file restrictions, external audit compliance reviews and external cold file reviews.

During the year ended 2017 the Board requested solely confirmations from statutory auditors/ audit firms on 87% of visits carried out (2016: 79%). Conditions were imposed on 13% of statutory auditors/audit firms visited in 2017 when compared to 21% in 2016. As a result, overall there was an improvement in the audit quality noted during the visits approved during the year. An analysis of the courses of action taken by the Board since 2007 is illustrated in the diagram below:



During 2017, the Accountancy Board imposed conditions on some of the visits carried out, in which follow-up visits, external audit compliance reviews and external cold file reviews were sanctioned. However, during the course of the year, no hot file reviews were sanctioned on any statutory auditor or audit firm.

The number of conditions imposed since 2007 amounted to 69 and these can be analysed as follows:

	Follow-up visits	External ACRs and/or cold file reviews	Hot file restrictions	Other restrictions
PIE Statutory Audit Firms	3	0	1	0
Non-PIE Statutory Audit Firms	5	10	0	0
Full-Time Statutory Auditors	8	18	6	0
Part-Time Statutory Auditors	4	9	4	1
Total	20	37	11	1

Key Observations from 2017 Visit Findings

In this section of the report, the most common weaknesses that were noted based on the findings identified from reports prepared following QAU visits and approved by the Board during 2017 will be identified.

Visits which have been carried out in 2017, but for which the report has not yet been approved by the Accountancy Board, for the scope of this assessment have not been included. At year end, reports pertaining to five inspection visits (including two PIE statutory audit firms) were in the process of being finalised. Therefore, the findings identified during these visits have not been included in this section of the report. However, the analysis includes findings identified during ten visits (including a PIE statutory audit firm) carried out in 2016 but whose reports were approved by the Board during the course of 2017.

Therefore, the analysis carried out relates to findings raised during a total of 31 QAU visits, made up of 4 visits to statutory audit firms (including one PIE statutory audit firm) and 27 visits to statutory auditors. Findings, as presented in the prior year, have been categorised as follows:

- At pre-planning and planning stage of the audit files reviewed;
- At audit fieldwork stage of the files reviewed;
- At audit completion and reporting stage of the files reviewed; and
- At statutory auditor/firm level.

An analysis of the pre-planning and planning issues raised on the files reviewed is presented in the diagram below:

Analysis of File Findings Pre-Planning and Planning	Statutory Audit Firms (percentage) 2017	Statutory Auditors (percentage) 2017	Total Average (percentage) 2017	Total Average (percentage) 2016
Materiality	25%	59%	55%	43%
Independence considerations	75%	44%	48%	38%
Client acceptance and continuance	50%	33%	35%	21%
Related parties	-	33%	29%	21%
Preliminary analytical procedures	50%	26%	29%	17%
Going concern	-	33%	29%	6%
Laws and regulations	50%	22%	26%	21%
Terms of engagement	-	26%	23%	30%
Knowledge of the company	-	19%	16%	23%
Risk assessment and identification	-	19%	16%	19%

As can be noted from the above, the most common pitfalls at planning stage relate to the following areas:

Materiality – The above analysis indicates that the auditor’s consideration of materiality was the area requiring most improvement at the audit planning stage. In the prior year, materiality was also identified as the most common planning weakness noted. From the above analysis, materiality weaknesses were most predominately noted on sole practitioner visits when compared to statutory audit firms. Thus it is recommended that audit practitioners and audit firms revisit their procedures in this regard to ensure that ISA requirements are being addressed during the course of their audits. From the QAU’s review of audit files, it was noted that apart from there being no formal materiality calculation documented on some of the files reviewed, other omissions included documentation of the professional judgement applied to establish materiality and as well as practitioners not establishing performance materiality.

Independence considerations – During the review of a number of audit files, it was noted that although non-assurance services were provided in addition to the audit, or the audit practitioner or audit firm had been long associated with the audit client, independence considerations were either not documented or not adequately addressed. Furthermore, in a number of instances, policies and procedures documented by the practice/firm in their ISQC1 manual were not being addressed.

Practitioners and firms are reminded that they are required to identify and evaluate circumstances and relationships that create threats to independence. They are also required to evaluate information on breaches of the practice’s/firm’s independence policies and procedures

to determine whether they create a threat to independence for the audit engagement and to take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards or possibly withdrawing from the audit engagement.

Client acceptance and continuance – It was noted that in regard to a number of audits, adequate policies and procedures were not carried out in respect client acceptance and continuance. Furthermore, in some instances it was difficult to determine how the audit firm/statutory auditor concluded that the client should be accepted or continued.

Related parties –In a number of instances, audit practitioners either did not identify related parties in the planning section of the audit or else did not identify and consider all related parties.

The issues raised at audit fieldwork stage are analysed as follows:

Analysis of File Findings Audit Fieldwork	Statutory Audit Firms (percentage) 2017	Statutory Auditors (percentage) 2017	Total Average (percentage) 2017	Total Average (percentage) 2016
Testing of revenue	25%	44%	42%	36%
Testing of loans and receivables	50%	37%	39%	43%
Testing of inventory	50%	33%	35%	53%
Other	25%	19%	23%	26%

The analysis above indicates that testing of turnover, testing of loans and receivables and testing of inventory are notably the most common areas, at audit fieldwork stage, in which the QAU have found matters to be reported. These findings are very similar to those found in the prior year. In this context, the QAU applies the principle that audit work which was not documented is audit work which has not been done.

The areas noted as “Other” include issues relating to insufficient scepticism in challenging key assumptions relating to property and investment valuations and lack of testing of other financial statements items.

The following table denotes the most common pitfalls noted at audit completion stage of the files reviewed. This includes issues raised at audit reporting stage, broadly classified as report wording issues and the more serious issues relating to the audit opinion.

Analysis of File Findings Audit Completion and Reporting	Statutory Audit Firms (percentage) 2017	Statutory Auditors (percentage) 2017	Total Average (percentage) 2017	Total Average (percentage) 2016
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Audit report wording	75%	81%	81%	77%
Representations	75%	67%	68%	62%
Audit report issues	75%	52%	55%	43%
Communication with management	50%	41%	42%	57%
Subsequent events	25%	41%	39%	13%
Going concern	-	30%	26%	23%
Related parties	-	22%	19%	22%
Fraud	25%	19%	19%	13%

The most common issues raised at audit completion stage relate to the following areas:

Audit report wording – As was noted in the prior year, the use of appropriate audit report wording in line with ISA requirements continues to be the most frequent type of weakness noted during the course of QAU visits. During QAU reviews, all audits selected during the visit, will have their audit report assessed to ensure that the wording used complies with all applicable standards.

As the end product of an audit for a statutory auditor/audit firm, is the issuance of the audit report, it is imperative that the wording of the audit report adheres fully to applicable standards whether or not a clean or modified audit report is issued. During the QAU visits, the most common weaknesses in this regard related to outdated wording, missing headings or modifications not following the structure and wording required in the relevant standards. The disclosures found in a number of Emphasis of Matter paragraphs in relation to going concern were also found to not fully comply with ISA 570 requirements.

Representations – In addition to the audit report wording being found to be the most common weakness, both in the prior year and this year, representations also continue to be the second most common finding. More effort must be placed by statutory auditors and audit firms to address this. It was noted that in many instances, a number of representations were being left out of the representation letter. Thus it is recommended that firms and practitioners re-visit their representation letter template to ensure that ISA 580 requirements are being duly addressed going forward.

Audit report issues – During the year, there was a significant increase in the number of audit report issues noted by the QAU during their visits. Apart from inappropriate wording found in audit reports as outlined above, reviewers also came across a significant number of situations where the audit evidence obtained and documented as well as conclusions found in the audit file did not sufficiently support the audit report found in the financial statements. In such situations, reviewers questioned the opinions given in the audit report.

Issues raised at whole practice/firm level include issues in respect of ISQC 1, professional indemnity insurance and continuing professional education. The following is an analysis of such issues:

Analysis of Firm-Level Issues	Statutory Audit Firms (percentage) 2017	Statutory Auditors (percentage) 2017	Total Average (percentage) 2017	Total Average (percentage) 2016
Quality control issues	75%	67%	68%	70%
Professional indemnity insurance	25%	19%	19%	15%
Continuing professional education	-	19%	16%	23%

The most common firm-level issues identified during visits were the following:

Quality control issues – Although there was a slight improvement when compared to the prior year, the number of findings arising from the review of individual audits indicates that the internal quality control system and monitoring procedures required improvement. It was noted that external cold file reviews were not being carried out by firms and practices in line with ISQC 1 requirements, as well as the recommendations made by the Accountancy Board in this regard. Furthermore, especially on the smaller practices, practices require more comprehensive policies and procedures as it was noted that a number of ISQC 1 requirements had not been incorporated or implemented by the practice.

Professional indemnity insurance – During visits it was noted that in some instances connected undertakings of the audit practice/audit firm were not being adequately covered as required by law in respect to professional indemnity insurance. In addition, it was noted, that in regard to sole practitioners, adequate cover was sometimes not put in place in respect to employees/subcontractors.

Continuing professional education – Competence is acquired by keeping abreast with the latest developments within our profession. No issues in respect to CPE were noted in regard to firms. However practitioners must ensure that they address CPE requirements on an annual basis. Furthermore, practitioners should monitor and ensure that staff members with a warrant also address annual CPE requirements.

6. Other Developments and Initiatives

Participation in International Fora

Members of the Accountancy Board attended the Audit Regulatory Committee held in Brussels in October. Accounting Regulatory Meetings were attended in September and November 2017.

Various CEAOB Plenary meetings and sub-groups meetings were also attended during 2017. Also the Board participated in the CEAOB Enforcement sub-group. In addition, two CEAOB Inspections sub-group meetings were attended. Furthermore, the Board participated in a number of conference calls in relation to the CEAOB Market Monitoring Sub-group.

Co-operation with the Malta Institute of Accountants

Over the years, the Malta Institute of Accountants (MIA) and the Accountancy Board have fostered a close working relationship. This relationship has continued during 2017 with the MIA providing a number of services in relation to CPE.

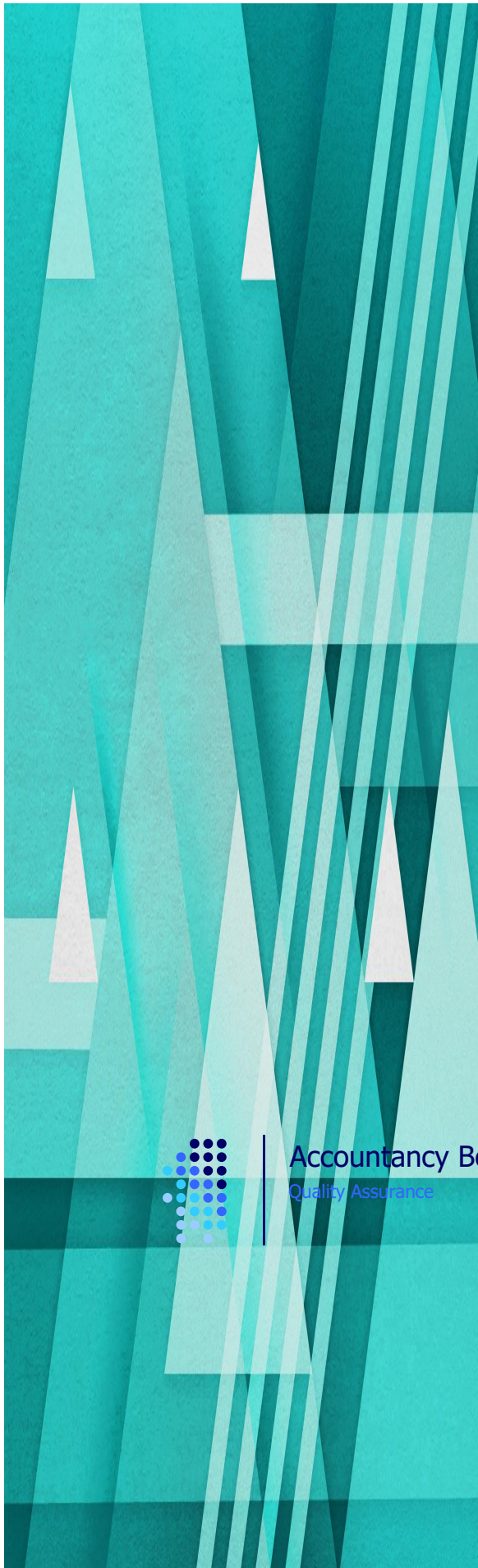
Outlook for 2018

The Accountancy Board looks forward to the challenges ahead, particularly in relation to:

- The engagement of additional professional staff within the QAU to strengthen the unit and ensure adequate resources are in place in respect to the inspections of audit practitioners/firms;
- The continuation of on-going co-operation with the MIA; and
- Attendance and participation in international fora.

Abbreviations

AB	Accountancy Board
ACCA	Association of Chartered Certified Accountants
CAIM	Common Audit Inspection Methodology
CPE	Continued Professional Education
CEAOB	Committee of European Auditing Oversight Bodies
EAIG	European Audit Inspections Group
EGAOB	European Group of Audit Oversight Bodies
ESMA	European Securities and Markets Authority
GAPSE	General Accounting Principles for Smaller Entities
GAPSME	General Accounting Principles for Small- and Medium-Sized Entities
IAASB	International Auditing and Accounting Standards Board
ICAEW	Institute of Chartered Accountants of England and Wales
IFAC	International Federation of Accountants
IFIAR	International Forum of Independent Audit Regulators
ISAs	International Standards on Auditing
ISQC 1	International Standard on Quality Control
MIA	Malta Institute of Accountants
PIE	Public Interest Entity
QA	Quality Assurance
QAU	Quality Assurance Unit
SME	Small- and Medium-Sized Entities
SMP	Small & Medium Practices



Accountancy Board
Quality Assurance