



Assessment of the impact and working practices of supervisory boards of PIE audit firms

The Dutch Authority for the Financial Markets

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1 The supervisory boards (SBs) of PIE audit firms have impact on realising quality objectives

1.1 SBs can contribute to quality through their internal supervision

Since 2014, the PIE audit firms have been applying a structured approach to improving the quality of statutory audits (the change process). As part of this change, since 2018 the PIE audit firms must¹ have a system of internal supervision in place, including an independent SB. Since then, the SBs have installed their internal supervision and acquired a position in the governance of the audit firms. There are inherent vulnerabilities² in the structure of the audit sector that may have a negative effect on

quality. The aim of strengthening the governance is to reduce the effects of these vulnerabilities.

The SBs supervise³ the policy of the Board of Directors (BoD) and the general state of affairs at the audit firm and advise the BoD.

Part of the duties of the SBs is to supervise how the BoD⁴ is achieving the quality objectives and taking decisions that are in the public interest. The SB can therefore contribute to realising the quality objectives by the audit firm.

¹ Section 22a(3) Audit Firms (Supervision) Act (Wta)

² The AFM refers to its report '[Vulnerabilities in the structure of the audit sector](#)', of November 2018.

³ The duties and responsibilities of the SB are established in Section 22a(7) Wta.

⁴ For reasons of readability in this report, the AFM uses the term 'BoD' to describe both the board of directors of the Dutch parent company (the highest hierarchical element in the network located in the Netherlands that influences the policy of the audit firm) and the board of directors of the audit firm.

1.2 The AFM has conducted an exploratory assessment

The Dutch Authority for the Financial Markets (AFM) has conducted an exploratory assessment of the impact and working practices of the SBs of the six⁵ PIE audit firms. The assessment⁶⁷ focused on the impact of the SBs on setting and realising quality objectives by the PIE audit firm and the working practices used by the SBs in this respect.

Using practical examples of the audit firms, the assessment gives an impression of the impact and working practices of the SBs, and thus contributes to the further design of internal supervision by (future⁸) SBs.

This AFM assessment did not measure against statutory or other standards. It was not designed to obtain a comprehensive picture of the functioning of the SBs and thus has limitations. For example, the AFM did not assess whether the supervision by the SBs was sufficient to sustainably safeguard the quality of statutory audits.

1.3 SBs have an effect on realising quality objectives

The assessment led to a positive impression regarding the impact of the SBs on setting and realising quality objectives at audit firms. The SBs have an impact by encouraging various preconditions that are conducive to quality. The degree of this impact varies from one SB to another and depends on how the SB exercises its internal supervision and the specific circumstances at the audit firm in question.

The SBs exercise their supervision within the specific governance framework of their audit firm. Among other things, this means that the SBs have to deal with the influence of

the partner-shareholders (who are both employees and shareholders in the audit firm) and of the international network of which the audit firm is a part. The SBs deal with these challenges that in various ways.

The AFM urges the SBs to reflect on how they deal with these challenges, in particular with respect to governance and cooperation with the international network and to seek advice from other SBs.

1.4 Reading guide

This report states the recurring themes identified by the AFM in its assessment. This also means that this description of the impact and working practices does not apply equally to all SBs. The purple-shaded boxes concern practical examples selected by the AFM that concern specific cases at one of the audit firms, and can be read independently from the remainder of the text.

Section 2 describes how the SBs have an impact by encouraging various preconditions conducive to quality. Section 3 describes how SBs formulate their supervision, and how they apply this supervision to the context of their audit firm. Section 4 explains the specific governance within which SBs exercise their supervision and the cooperation with the international network. In conclusion, section 5 describes how the assessment was conducted.

2 SBs have impact by encouraging various preconditions conducive to quality

The assessment shows that the SBs have impact on various preconditions that are conducive to quality. The individual SBs each have impact on one of more of these

⁵ BDO Audit & Assurance B.V.; Deloitte Accountants B.V.; Ernst & Young Accountants LLP; KPMG Accountants N.V.; Mazars Accountants N.V. and PricewaterhouseCoopers Accountants N.V.

⁶ This assessment is part of the review of progress in the realisation of the effort to increase quality at the six PIE audit firms (see the AFM Agenda 2020). The other elements concern a review of a quality safeguard known as an Internal

Quality Review (IQR) and a review of the quality of statutory audits.

⁷ The questions posed in this assessment are listed in section 5.

⁸ The Parliamentary Bill on the future of the audit sector submitted for consultation in July 2021 (<https://www.internetconsultatie.nl/wettoekomstaccountancysector>) includes a proposal for introduction of an internal supervision system by the larger non-PIE audit firms.

preconditions. This varies from one firm to another and depends on the context of the audit firm in question.

The preconditions encouraged by the SBs identified in the assessment are:

- Promotion of quality by BoD at the audit firm
- A quality-oriented culture⁹
- Improving quality controls¹⁰
- Diversity of the BoD, and assessing the BoD with respect to quality
- The view regarding the development and leadership of the statutory auditors¹¹



Figure 1: the impact of the SBs

2.1 SBs encourage promotion of quality in the BoD of the audit firm

The SBs are aware of the importance of quality in the BoD of the audit firm and focus on this in their supervision.

The SBs ensure that BoD continues to focus on quality. The AFM illustrates this by means of the Plan-Do-Check-Act cycle.¹²

There are SBs that encourage the BoD to think strategically in the 'Plan phase'. They question the feasibility of the plans and the reality of the effects and encourage the BoD to be ambitious and set priorities.

Practical example: the SB encourages BoD to think strategically

The SB has impact by encouraging the BoD to determine the future direction of the audit firm. The SB does this by stating a number of strategic issues, such as diversity, inclusivity and being a learning organisation. By raising these issues, entering into dialogue with the BoD on them and stipulating the importance of these issues, the SB urges the BoD to think strategically about their significance for the audit firm and how they can be formulated. These issues are regular agenda items for the SB, so they are also discussed throughout the year.

There are SBs that regularly discuss progress with respect to quality objectives and the associated initiatives in the 'Do phase'. These SBs monitor progress in practice: What is going well? What are the obstacles to achieving the objectives? Are there sufficient people and resources? These SBs put questions to the BoD and relevant officers, such as the compliance officer, the internal audit function and Human Resources (HR) to obtain information.

There are SBs that check whether the intended results and effects are actually being achieved in the 'Check phase'. If necessary, these SBs request the BoD to assess the realised effects by the compliance officer or the internal audit function, for example.

⁹ A culture focused on permanent safeguarding of the public interest in the quality of statutory audits.

¹⁰ Quality safeguards are the working practices, procedures and measures that form part of the quality control system of an audit firm. Together with a quality-oriented culture and the quality circle, the use of quality safeguards is a key precondition for the sustainably safeguarding of the quality of statutory audits.

¹¹ The natural person employed by or affiliated to an audit firm responsible for the performance of a statutory audit

¹² The Plan-Do-Check-Act cycle focuses on continuous improvement. This cycle concerns planning an action, implementing the planned action, checking that the results of the action are actually in line with the intention, and adjusting or adapting the implementation or plan on the basis of the results.

Practical example: the SB requests the BoD to make the intended effects of the change programme demonstrable

The SB monitors the progress of the change programme to encourage the BoD to also provide direction in response to the effects of the programme. The SB has requested the BoD to specify the intended effects of the programme and analyse what is needed for these effects to be realised. Based on this analysis, the BoD formulated a plan so that the desired effects will be realised. On completion of the programme, the SB then requested the organisation's internal audit function to test the desired effects of the change programme and establish whether these are demonstrable. The SB also stressed that realising the effects of the programme does not mean that the drive to improve quality should be reduced or ceased.

There are SBs that ensure that BoD intervenes in a timely manner during the 'Act phase'. These SBs ask questions regarding the progress of the plans and specific interventions, and whether these interventions will lead to the desired result.

Practical example: the SB supervises the objectives and encourages the BoD to improve the organisation's performance

The supervision by the SB features specific performance agreements with the BoD, for instance by including a target percentage for Internal Quality Reviews (IQRs) with a satisfactory result. The SB also asks critical questions regarding progress and encourages the BoD to analyse possible interventions that will lead to improving the IQR results. The SB discusses the preconditions for achieving performance objectives with the BoD. The SB devotes the time needed to understand the issue and holds discussions with the BoD and the responsible officers. These involve discussion of the following issues: what is going well, what can be improved, what are the lessons for the organisation, and where are the possibilities for improvement?

An important aspect of internal supervision concerns the approval of the budget of the audit firm by the SB. There are SBs that test whether the budget is appropriate for the strategy, the quality objectives and the planned investment in quality.

Practical example: the SB assesses the budget for investment in quality

The SB checks whether the budget for investment in quality is sufficient to realise the quality objectives set by the audit firm. The SB asks questions about the budget and asks for an overview of the investments in quality in relation to the objectives. Based on this overview, the SB requested the BoD to increase the budget for the leadership programme.

2.2 SBs encourage a quality-oriented culture

The SBs recognise the importance of a quality-oriented culture and ensure that BoD continues to strengthen this.

For the SBs, the appointment and evaluation of directors and external auditors are the most important times when they concentrate explicitly on conduct. For instance, directors are appointed because they display behaviour that contributes to a learning organisation. There are also SBs that evaluate statutory auditors on their leadership skills. Another example concerns the SB encouraging the BoD to explicitly include conduct in the evaluation of statutory auditors.

The SBs are conscious of their own conduct and the example that this sets for the organisation. There are for example SB members who attend internal meetings or hold discussions with partner-shareholders, statutory auditors and other employees to support the importance of certain BoD proposals and initiatives. There is also discussion within the SBs on the behaviour they themselves wish to show and what kind of behaviour is necessary to help create a learning organisation with a culture in which the directors, partner-shareholders and statutory auditors can be vulnerable.

Practical example: the SB has formulated core values

The SB has formulated core values for its internal supervision and shared these externally. The SB accordingly has been transparent towards the stakeholders with respect to how it exercises its supervision and what may be expected of it. These core values include 'involvement' and 'transparency'. By involvement, the SB means that it actively monitors what is going on in the organisation. Transparency for the SB means an open dialogue with BoD and that the SB is open about its own dilemmas.

2.3 SBs encourage improvement of quality safeguards

There are SBs that have an impact on quality safeguards by raising specific issues, such as the strengthening of the compliance function, the implementation of the Three Lines model¹³ or the strengthening of the design and operation of IQR.

These SBs assess the safeguards and inform the BoD of what they consider needs to be improved. The SBs continue to raise issues that they have set as a priority in their internal supervision. They also assist the BoD and give advice, especially in areas touching on their own expertise.

Practical example: the SB encourages improvement in quality monitoring

The SB encourages the BoD to further quality monitoring from operational (focusing on performance of the task) to tactical level (focusing on the processes and structure for the performance of the task). The SB raises the issue of quality monitoring in its meetings with the BoD on multiple occasions. The SB encourages the BoD by asking questions and stating that quality monitoring needs to be improved. The SB states its view of the role of quality monitoring to the BoD. The SB has urged and collaborated in the formulation of a plan showing how quality monitoring can be

developed from 'monitoring' to 'being in control'.

2.4 SBs encourage diversity in the BoD and assess BoD performance on quality

The assessment shows that the SBs use their power to appoint BoD members and take account of diversity in these appointments. They also appoint BoD members who have competences that are appropriate for the strategic direction and the desired quality-oriented culture at the audit firm.

The SBs take account of the contribution of the BoD members with respect to quality and their behaviour in their evaluation and the remuneration. In its evaluation of BoD members, the SB discusses realising the quality objectives and how the behaviour of the BoD members fits into the quality-oriented culture. If needed, the SB coaches BoD members with respect to improvements in these interviews. The assessment revealed several instances in which the SBs made a deduction from a BoD member's remuneration due to inadequate realisation of quality objectives.

There are SBs that take account of the ratio between the remuneration of partner-shareholders and that of BoD members in the determination of the remuneration of BoD members. These SBs believe that the remuneration of BoD members should be appropriate to the additional responsibilities of BoD members compared to the responsibilities of the partner-shareholders. The SBs also believe it is important to keep open the option for BoD members to return to professional practice, with the appropriate remuneration.

2.5 SBs encourage vision with respect to development and leadership of statutory auditors

There are SBs that contribute ideas and pose critical questions regarding the vision of the

¹³ The Three Lines model is a guiding principle for the structure of governance that aims to ensure that the organisation is 'in control' and that the key risks are properly

managed. See: <https://www.iaa.nl/actualiteit/nieuws/belangrijke-update-three-lines-model>

BoD with respect to the development of statutory auditors. Leadership and behavioural values at the audit firm, such as the ability to learn or showing vulnerability, are important for these SBs. There are SBs that pay attention to diversity in the group of statutory auditors and request the BoD to act on aspects that can contribute to diversity, such as the ability to discuss biases¹⁴ in the evaluation process. There are also SBs that ask questions about the pipeline of candidates for appointment as statutory auditors and ask the BoD to anticipate the needs of these candidates with respect to their development.

Practical example: the SB encourages the BoD to include conduct in the appointment and evaluation of statutory auditors

In the appointment of statutory auditors, the SB has called attention to behaviour that reflects the values of the organisation and to the ability to learn from mistakes by statutory auditors in their evaluation.

Practical example: the SB encourages the BoD to obtain better insight into the development needs of candidate statutory auditors

The SB encourages the BoD to formulate a structured programme for development of talent by asking questions, taking time to initiate dialogue with the BoD and exploring the possibilities for development.

The SBs assess the appointments of new statutory auditors on specific points. There are SBs that assess whether the appointment process has been carried out with due care. There are also SBs who

question the BoD about the leadership qualities of the candidates.

Practical example: the SB assesses the leadership qualities of partner-shareholders to be appointed

The SB checks that a candidate partner-shareholder takes sufficient account of the public interest and displays adequate leadership. The leadership of partner-shareholders is important because the audit firm is going through a cultural change. The SB decides to approve, stating areas that need development, or to reject the candidate.

3 SBs have an impact by adjusting their working practices to the context

The SBs design their working practices in line with the context of the audit firm. They take on the roles¹⁵ of supervisor¹⁶, adviser¹⁷, and employer¹⁸, they set their own priorities and independently gather information from the organisation. The SBs set their working practices and priorities on the basis of regular evaluation and reflection.

3.1 SBs use their roles of supervisor, adviser, and employer to have impact

The SBs use these three roles, or a combination thereof, in the exercise of their duties and responsibilities. The SBs apply the combination of these roles depending on the context of the audit firm and the collective preference of the members of the SB.

¹⁴ Biases concern systematic fallacies in the human brain.

¹⁵ 'Bouwstenen voor High Performing Boards' Address, given by Prof. dr. Mijntje Lückers-Rovers

¹⁶ The supervisory role involves, among other things, supervision of the general state of affairs at the organisation: the policy of the BoD, the realisation of the strategic objectives.

¹⁷ The SB's advisory role involves acting as a sounding board and sparring partner for the directors. With its experience, expertise and competences, the SB can advise directors on strategy and the world surrounding the audit firm.

¹⁸ The employer role concerns ensuring that directors are appointed who are suitable for the challenges faced by the audit firm, and also intervention if the people concerned are no longer the right people in the right job. The employer's role reflects certain powers vested in the SB of an audit firm by legislation. Among other things, SBs have the power to appoint, suspend, evaluate, remunerate, and dismiss day-to-day policymakers and have the power to approve the appointment, suspension, and dismissal of external auditors.

Practical example: an SB applies various roles to have impact on improving quality control

The SB advises on the usefulness and necessity of a quality measure and how the BoD could design this quality measure. The SB also has a view regarding the need for this quality measure and encourages the BoD to implement it.

In its supervisory role, the SB then monitors progress in the implementation of the quality measure. The SB engages in dialogue with the BoD and questions any delays in progress. At such time as sufficient progress is not achieved, the SB requests the BoD to set a deadline for the implementation of the quality measure.

In its role as employer, the SB notes that the quality measure is one of the strategic objectives and that implementation will be a factor in the remuneration of the BoD.

3.2 SBs sets priorities in internal supervision

The SBs prioritise the issues subject to its supervision on the basis of the strategy, external developments or the specific expertise of the SB members. They place these priorities on the annual agenda and include them on agendas for meetings. The priorities are updated as required by circumstances.

Practical example: the SB formulates an annual plan that reflects the strategy

The annual plan lists the issues to be discussed during the year in question. These include progress reports, quality proposals and 'deep dives'. For each issue, the plan states the purpose of the discussion, such as to obtain approval or put forward a proposal, and the role that is of particular relevance, such as the supervisory role or the advisory role.

3.3 SBs obtain information from various layers and sources in the audit firm

The SBs use information to obtain insight into what is happening in the organisation and adapt their supervision accordingly.

The SBs obtain information from the BoD in the form of policy notes, progress reports on quality objectives, reports from the compliance officer and from HR. The SBs also obtain information from the organisation through discussions with partner-shareholders, statutory auditors, employees, and officers. The assessment shows that the SBs are aware that the information provided to them needs to correspond to their needs. There are SBs that have requested the BoD to ensure the timely provision of information, and there are SBs that have asked for BoD attention to information at the level of strategic decision-making.

Practical example: the SB actively obtains information from the organisation

The SB obtains information independently by entering into dialogue at all levels of the audit firm. The SB accordingly holds discussions with various officers responsible for an issue, such as HR, the independence officer, the compliance officer, the internal audit function and the Works Council. The SB asks people to describe their own experiences, and how they view the organisation and the BoD. The SB members have formed 'tandems' with the BoD members to give the BoD the opportunity to provide colour and background with respect to issues and there is room for the SB to draw attention to specific issues and set priorities. The SB additionally attends meetings, such as the kick-off for an important internal project. The SB also attends visits to audit clients and attends lunches with audit teams at which it talks to junior employees.

Practical example: the SB initiates discussions in the organisation

From its discussions with partner-shareholders, statutory auditors and senior employees, the SB obtains input on themes that are important to them and information on what is happening in the organisation. For instance, Covid-19, the (international) network and the role of the partner-shareholders, statutory auditors and senior employees as leader of the change has been a theme. These conversations may bring new themes to light that the SB will include in its supervision.

acknowledges that there has been a development in the evaluation. In the first instance, the annual evaluation focused on governance and the structure of the SB. The annual evaluation then focused on the supervisory agenda and the form and content assigned by the SB for this. The SB uses this insight to develop a critical view of what kind of evaluation is needed in the future. In its subsequent annual evaluation, the SB concludes that it needs to give greater consideration to future social developments relevant to its internal supervision, and the implications of this for its priorities.

3.4 SBs adjust their working practices on the basis of evaluation and reflection

At least once a year, the SBs evaluate their own performance and most of them reflect on this in the meantime as well. The SBs adjust their working practices on the basis of this evaluation and reflection.

The legally mandatory annual evaluation¹⁹ is performed by SBs in various ways: independently, with an external consultant, with or without feedback from the organisation. Among other things, this evaluation concerns specific items of attention, the supervisory process, mutual cooperation, behaviour, relations with the BoD and the SB's role in governance. The SBs follow up on items of attention that arise during the evaluation. The common theme in the items of attention from the evaluation in 2020 was advice at a more strategic level.

There are SBs that reflect by discussing how the meeting went at the end of an SB meeting and reviewing where the meeting had been satisfactory and where it could have been improved.

Practical example: reflection on various perspectives in the annual evaluation

In its annual evaluation, the SB has reflected on the evaluation process itself. The SB

4 SBs supervise a specific governance issue

The SBs of audit firms have to deal with the context of the audit firm, their governance and the vulnerabilities in the structure of the audit sector²⁰. The position of the partner-shareholders and the influence of the international network pose challenges for the independent functioning of the SB.

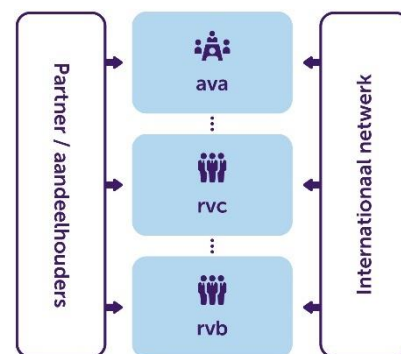


Figure 2: specific governance

The assessment shows that the position of the SB in the governance of a PIE audit firm varies from one firm to another. There are SBs that have been assigned a position in the governance, and there are SBs that are working with the organisation on the embedding of the SB in the governance with the BoD, partner-shareholders, and the international organisation.

¹⁹ Section 34h Bta.

²⁰ For the context of audit firms, the AFM refers to its report '[Vulnerabilities in the structure of the audit sector](#)', November 2018

4.1 Partner-shareholders have a dual role in PIE audit firms

The partner-shareholders have a position in the governance due to their dual role in the audit firm. First of all, the partner-shareholders are employees of the audit firm and are responsible for the performance of statutory audits²¹. Secondly, the partner-shareholders are shareholders or owners, and are collectively represented at the general meeting of shareholders (GMS). Among other things, the GMS has the power to amend the articles of association, approve the appointment and dismissal of members of the SB, approve the appointment of BoD members and adopt the financial statements. This means that the GMS also has a role with respect to the powers of the SB. The SB therefore needs the support of the GMS in order to be effective. One example of this is obtaining the support of the GMS for candidate BoD members nominated by the SB. For several SBs, support from the GMS is a reason (at least for now) to nominate only internally recruited candidate BoD members.

The assessment reveals that the SBs deal with the partner-shareholders in various ways. The relationship between the power of the shareholders and the authority of the SB is a factor here. There are SBs that have more authority on the basis of, for example, a dual-board structure²², a wider than statutory internal mandate or the stature of the members of the SB. There are also SBs that increase their authority, for example by strengthening their cooperation with the GMS and thereby obtaining greater support for their decisions.

4.2 The international network has an influence on a PIE audit firm

The PIE audit firms are part of international networks. In various ways and to different degrees, these international networks influence the audit firms and their policies.

The SBs exercise their duties and powers within this governance. It is important that the international network does not hinder the SB in the independent exercise of its internal supervision.

The assessment shows that international networks have several powers that affect the powers of the SBs. This poses challenges. The international network may have the power to appoint or dismiss the SB, powers with respect to the appointment and dismissal of BoD members and powers with respect to the appointment of partner-shareholders. In cases where the duties and powers of the SB overlap the powers of the international network, the SB will need the support of the international network in order to be effective. This means that the SB has to cooperate with the international network.

The assessment shows that this cooperation is not completely defined, and that the SBs structure this in different ways. In their articles of association and SB regulations, the audit firms have established the powers formally held by the international network. There are no formal consultation structures between the SB and the international network, and there is only limited discussion between the SBs and representatives of the international network in practice. The BoD of the audit firm ensures that informal consultation takes place and that the interests of the SB and the international organisation are aligned.

²¹ The partner-shareholders who are registered as statutory auditors with the AFM are responsible for the performance of statutory audits.

²² In a dual-board structure, an SB has more power than in a regular company and can for instance appoint directors without the approval of the GMS.

5 The assessment is based on documentary analysis and interviews, and has limitations

The AFM has carried out an exploratory assessment at six PIE audit firms over the period from 1 January 2020 to 31 December 2020 based on the following two²³ research questions:

1. How do the SBs perform their duties specifically with respect to the determination and realisation of the quality objectives of the audit firm?
2. What results have the SBs achieved with their supervision with respect to safeguarding the quality of statutory audits performed by the audit firm?

5.1 Findings based on documentary analysis and interviews

For each audit firm, the AFM has analysed the minutes of the SB meetings and the records of SB resolutions. The AFM also conducted four²⁴ semi-structured (in-depth) interviews at each audit firm. In these interviews, we asked about the working practices of the SB for its supervision of the realisation of the quality objectives. The AFM also asked for specific examples. The interviews were recorded verbatim as far as possible in order to enable the purest possible analysis.

The AFM analysed and classified the information obtained from the documentary analysis and the AFM for each issue. This means that the information obtained was analysed in small pieces (segmented) and then linked (classified) to the various issues. Two supervisors at the AFM carried out the classification independently and discussed the results with each other. This increased

the reliability of the research and reduced sensitivity to biases.

Common themes were identified during this analytical phase. For each audit firm, the AFM has presented a draft assessment report to the audit firm and its SB.

The audit firms and the SBs were given the opportunity to give a written response to the draft assessment report. The AFM asked them to state whether they consider the facts stated to be incorrect or incomplete, stating their reasons and supported by information where necessary. The AFM has reviewed these responses. This may have led to adjustments to the common themes, observations or facts stated. The AFM has processed the result of this assessment into a final assessment report for each audit firm.

As a result of its assessment, the AFM will hold a reflection interview with each SB separately to discuss the SB's working practices and the effectiveness of its supervision.

The PIE audit firms have also had the opportunity to indicate factual inaccuracies in this public report. The AFM has amended this report where necessary.

5.2 The assessment has a number of limitations

The AFM has carried out an exploratory assessment and has not assessed whether the supervision by the SBs is adequate to sustainably safeguard the quality of statutory audits. In its assessment, the AFM did not establish whether there is a causal connection between the working practices of the SB and (the safeguarding of) the quality of statutory audits.

²³ These two research questions are sub-divided into the following four questions:

1. How does the SB supervise the realisation of the quality objectives at the PIE audit firm?
2. How does the SB exercise its powers in line with the mission, vision and strategy and the quality-oriented culture of the PIE audit firm?
3. What example conduct is displayed by the members of the SB within the PIE audit firm in line with the quality-oriented culture?

4. How does the SB conduct its annual evaluation of its own performance and to what extent does the SB contribute to the mission, vision and strategy and the quality-oriented culture of the PIE audit firm?

²⁴ At each audit firm, the AFM conducted two interviews with the SB (or part of the SB), one interview with a director and a policymaker and one interview with a policymaker and a representative of the international network.

Certain requirements apply with respect to the properness²⁵ and suitability²⁶ of the individual (co-)policymakers and SB members. This assessment did not focus on the performance of the SB and its individual members.

The AFM has not carried out a comprehensive assessment of all aspects of internal supervision. In its assessment, the AFM focused on the research questions. The common themes and practical examples should be seen in this context.

²⁵ Section 15 Wta and Section 5,6,7 Bta

²⁶ Section 16(3),(4), and (5) Wta and Section 5 Bta



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