

# AUDITING IN ITALY

## SITUATION OF THE AUDIT'S ACTIVITIES

***Michele Testa,***

*Board Member EFAA Audit Expert Group EFAA's component*

*Chartered accountant and Auditor*

# **REGISTRO DEI REVISORI LEGALI alias Register of Statutory Auditors**

At the Ministry of Economy and Finance has established the Register of Statutory Auditors, pursuant to Legislative Decree n. 39/2010.

# Register of Statutory Auditors

- ✓ The inscription in the register entitles the use of the statutory auditor title.
- ✓ May apply for registration to the Register of Statutory Auditors:
- ✓ 1) natural persons who satisfy the following requirements:
  - ✓ a. is in possession of the integrity requirements of Article 3, paragraph 1 of Legislative M. June 20, 2012, n. 145;
  - ✓ b. is holding a minimum three-year university degree, including those identified in Article 2 of Legislative M. June 20, 2012, n. 145;
  - ✓ c. has played the three-year training period provided for by Regulation governed by Article. 3 of Legislative Decree 27 January 2010, n. 39;
  - ✓ d. has passed the examination of professional competence governed by the regulations in art. 4 of Legislative Decree 27 January 2010, n. 39;
- ✓ May also be included, under certain conditions and after sustaining an aptitude test, physical persons approved to carry out statutory audits in one of the EU Member States or in a third country.

# Register of Statutory Auditors

2) The **companies** that jointly meet the following requirements:

- ✓ members of the Board or of the Management Board shall be in possession of the integrity requirements of Article 4, paragraph 1 of Legislative M. June 20, 2012, n. 145;
- ✓ the majority of the members of the board or the management board, is made up of natural persons approved to carry out statutory audits in one of the EU Member States, or, in the event that the member of the board of administration is a legal person, a natural person representative, designated for the exercise of the management function, admitted to the statutory audit in one of the EU Member States;
- ✓ On simple societies, general or limited partnership set out in chapters II, III and IV of Title V of Book V of the Civil Code, the numerical majority and the shares of members consists of persons authorized to practice law revision in one of the EU Member States;
- ✓ And.....

# Register of Statutory Auditors

..... and also

2) The **companies** that jointly meet the following requirements:

- ✓ On limited companies and partnerships limited by shares set out in Chapters V and VI of Title V of Book V of the Civil Code, the shares are registered and non-transferable by endorsement;
- ✓ on joint stock companies, limited partnerships and limited liability set out in Chapters V, VI and VII of Title V of Book V of the Civil Code, the majority of the voting rights in the ordinary it is up to individuals authorized to practice statutory audit in one of the EU Member States;
- ✓ The responsible for carrying out statutory audits are natural persons entered in the Register.

## AUDITORS' PROFESSIONAL BODIES

**CNDCEC:** Consiglio Nazionale dottori commercialisti ed esperti contabili – National Council of Chartered accountants and Auditors

**ASSIREVI:** Associazione Italiana Revisori Cantabili - Italian Association of Auditors

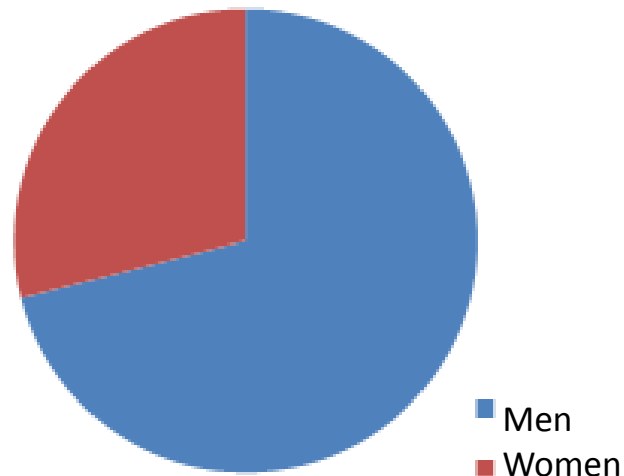
**INRL:** Institute of Certified Auditors

Both are composed of their members, individual and firms



## AUDIT MARKET IN ITALY – DATA FROM 2015

Statutory auditors entered in the Register , broken down by gender



As of October 31, 2015 the total of statutory auditors entered in the register are 153,816 of which no. 109,288 of male Auditors and n . 44,528 female Auditors .

## AUDIT MARKET IN ITALY – DATA FROM 2015

Statutory auditors allocated on the basis of macro- North- Centre - South

Macroaree	Uomini	Donne
<b>Italia settentrionale</b>	<b>44.611</b>	<b>18.357</b>
• Nord est	18.428	7.695
• Nord ovest	26.183	10.662
<b>Centro</b>	<b>24.982</b>	<b>9.625</b>
<b>Italia meridionale</b>	<b>39.623</b>	<b>16.533</b>
• Sud	29.515	12.112
• Isole	10.108	4.421
<b>Estero</b>	<b>72</b>	<b>13</b>
<b>TOTALE</b>	<b>109.288</b>	<b>44.528</b>

The table groups the data of territorial and regional distribution of members on the basis of macro- North , Central and South , with further specification for the northern regions of north east and north west and southern regions of the South and the Islands .



## AUDIT MARKET IN ITALY – DATA FROM 2015

Statutory auditors recorded respectively in the active section and auditors in the inactive section

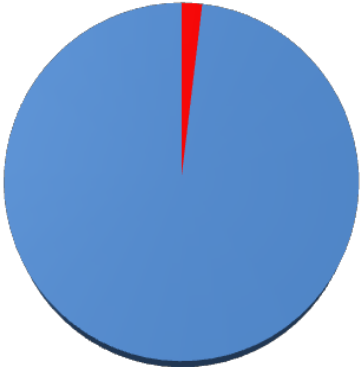


<b>Legal auditors enrolled in the active section</b>	<b>136.765</b>	<b>88,91</b>
<b>Legal auditors Members Section Inactive</b>	<b>17.051</b>	<b>11,09</b>

# AUDIT MARKET IN ITALY – DATA FROM 2015

Relationship between individual statutory auditors and statutory auditors who are employees , shareholders or the auditing firm

<b>Employees statutory auditors , shareholders or legal auditing firm</b>	<b>2.941</b>
<b>Other statutory auditors</b>	<b>150.875</b>



# Some Questions:

- Why we have so many auditors in Italy than there are in the rest of Europe?
- The market for companies requiring audit and related services is really wide enough to accommodate all these reviewers?
- What is the peculiarity of the Audit in Italy?

## *Collegio sindacale - Board of Statutory Auditors*

- In Italian law the Board of Auditors is a supervisory board present in the corporations and cooperatives.
- A similar body is also present in some public bodies, sometimes with the same name (as in the local health organizations), sometimes called the College of auditors (as in the municipalities and provinces).



## *Collegio sindacale - Board of Statutory Auditors*

- Control of the supervisory board is a judicial review because the auditors verify compliance with the law and the statutes and may challenge the resolutions before the court does not comply with the law and the statutes.
- Also they inspect the administrative and accounting organization adequacy and proper administration of the company reporting to the assembly any relevant facts.
- The mayors can report to the court any irregularity in the management.

## *Collegio sindacale - Board of Statutory Auditors*

- Until the company reform had extensive tasks in unlisted companies including as to which accounting control, making a sort of internal audit of the financial statements on which referred in a special report to the assembly.
- Today their expertise has been greatly restricted since Article 2409 bis of the Civil Code It expected that the revision of the budget can be entrusted only to the supervisory board in companies that do not make use of venture capital market and do not prepare consolidated financial statements. In these cases, the supervisory board is composed entirely of auditors.
- In all other cases, the accounting control is entrusted to external parties, auditors or independent auditors and the audit of the budget of the college is basically formal.

# Statistical Data on the presence of the statutory auditors in Italian companies

The universe considered by the analysis consists of all people who are covering the following positions:

- Chairman of the supervisory board,
- statutory auditor;
- and for which the personal data such as social security number, full name and date of birth were complete in CERVED databases.

The analysis was then performed on the active and inactive Italian company with effect from February 2005, with the exception of those in procedure, liquidation or bankruptcy.

Since 6708 people in the same firm is the auditor that the Chairman of the Board of Auditors, for simplicity in the counts they have only been considered one of the two.

## Statistical Data on the presence of the statutory auditors in Italian companies

Total charges present in the archive after the insertion of filters of state enterprise activities	356.633
Cases where the same person has two positions (President and Mayor c.s.)	6.708
No duplicate charges Total	349.925
Individuals total	149.498
Total Unique companies considered	117.347



THANK YOU