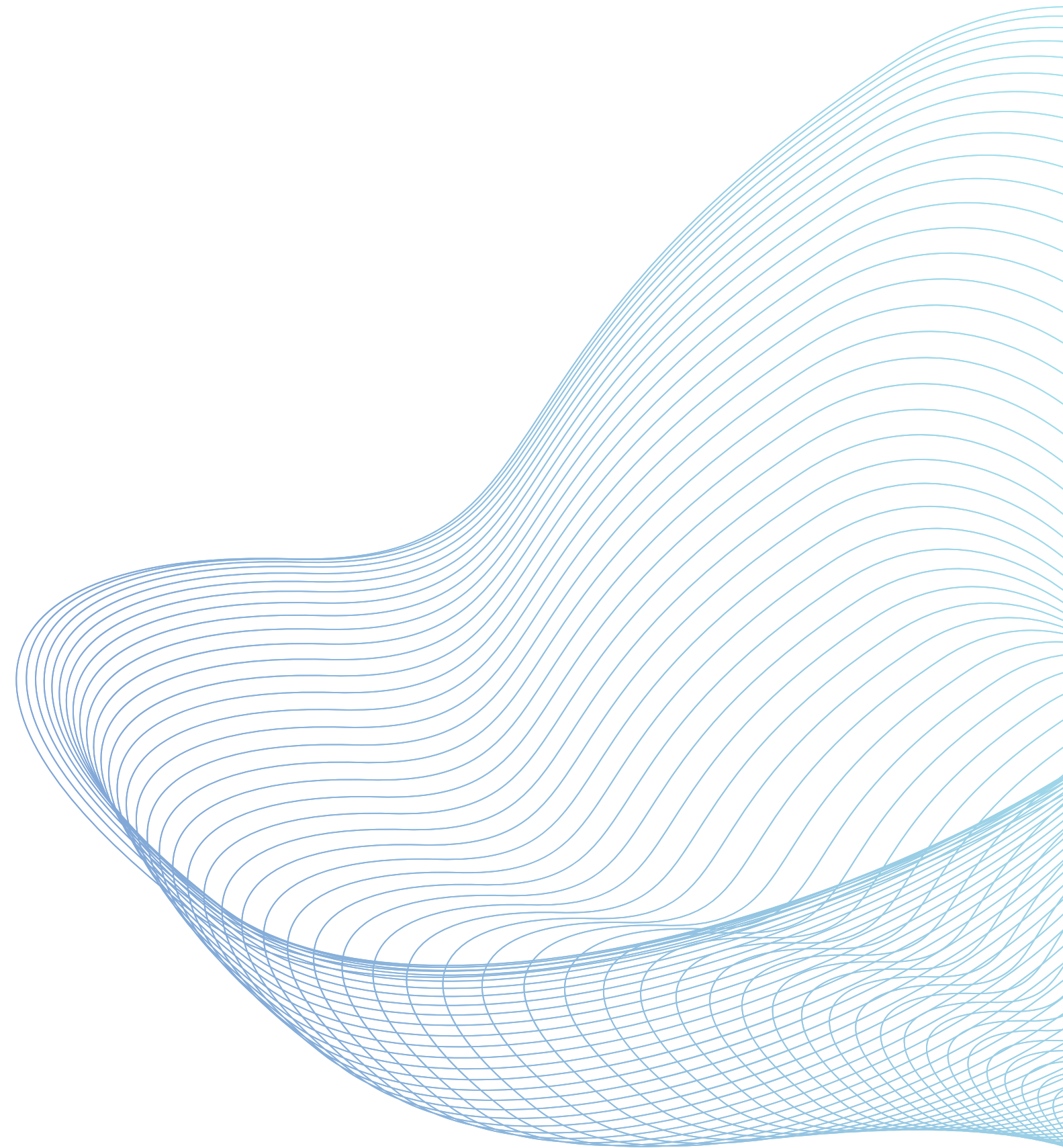


# HOW CAN THE APAS IMPROVE ITS ORGANIZATIONAL TRANSPARENCY?

JANIK BRANDT  
JUNE 28TH 2023



# TABLE OF CONTENTS

- 1.Introduction
- 2.Understanding Organizational Transparency
3. Current State of APAS Transparency
4. Importance of Enhancing APAS Organizational Transparency
- 5.Recommendations for Improving APAS Organizational Transparency
6. Implementation Challenges and Considerations
- 7.Conclusion





# INTRODUCTION

## WHY IS ORGANIZATIONAL TRANSPARENCY IMPORTANT?

Organizational Transparency not only keeps the public informed but creates credibility and accountability by reducing the risk of fraud, and abuse of funds, and fostering trust among stakeholders.

## PURPOSE

During my research for the report "Who audits the auditors?" I came to the conclusion that the APAS was not as strong in terms of transparency as compared to the American PCAOB. Part of my recommendations was to expand organizational transparency. This presentation is therefore an advisory presentation that could be used by APAS employees as a guideline to improve the organizational transparency of the APAS.



# INTRODUCTION

## OVERVIEW APAS

**APAS** = "Abschlussprüfer Aufsichts Stelle", the Audit Supervisory Authority

**Locations:** Berlin (HQ), Düsseldorf, Eschborn

**Employees:** 55 (Dez. 2022)

**Founded:** March 2016

**Organizational Structure:** independent, autonomous, and integrated into the German Federal Office of Economics and Export Control (BAFA)

**Tasks:** organization, planning and implementation of the inspections and the professional supervision procedures for Auditors

# UNDERSTANDING ORGANIZATIONAL TRANSPARENCY

## DEFINITION

Transparency in an organization is the practice of sharing information regarding the organization's operations to its people with the intent to create trust – between leadership and staff, between colleagues, within the organization as a whole, and between the organization and the public. (Mitsis, 2021)

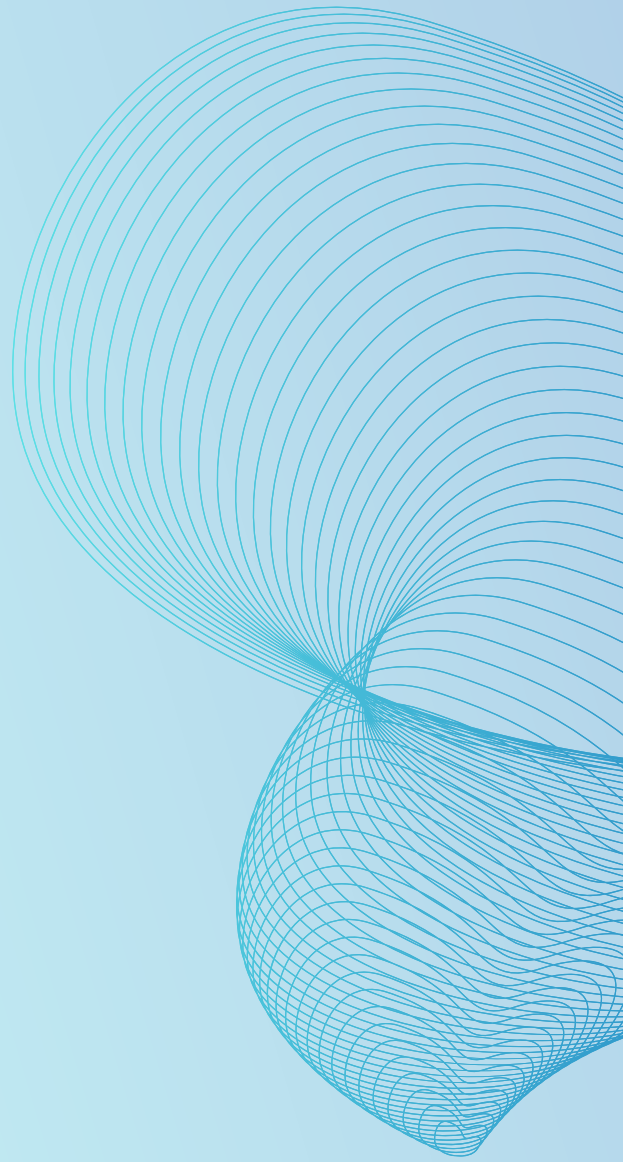
## ELEMENTS OF TRANSPARENCY

- disclosure of information
- open communication
- stakeholder engagement

# **CURRENT STATE OF APAS TRANSPARENCY**

## **OVERVIEW OF APAS TRANSPARENCY PRACTICES**

- publishing of an Annual Report
- publishing of Sanctioning Report
- publishing of announcements
- international collaboration with Supervisory Bodies
- publishing a work program
- press releases





# CURRENT STATE OF APAS TRANSPARENCY

## COMPARISON OF APAS TRANSPARENCY WITH INTERNATIONAL BEST PRACTICES

Variable	APAS (Germany)	PCAOB (US)
• Annual Reporting	Yes	Yes
• Inspections Reporting	No	Yes
• Sanctioning Reporting	Yes	Yes
• International Collaboration	Yes	Yes
• Staff Publications	No	Yes

# CURRENT STATE OF APAS TRANSPARENCY

## COMPARISON OF APAS TRANSPARENCY WITH INTERNATIONAL BEST PRACTICES

### APAS REPORTING ON SANCTIONING EXAMPLE 2023

Die Abschlussprüferaufsichtsstelle APAS veröffentlicht an dieser Stelle gemäß § 69 Abs. 1 WPO jede ihrer unanfechtbaren berufsaufsichtlichen Maßnahmen einschließlich Informationen zu Art und Charakter des Verstoßes. Außerdem wird gemäß § 69 Abs. 1a WPO jede in diesem Zusammenhang ergangene rechtskräftige Bußgeldentscheidung und jede rechtskräftige strafrechtliche Verurteilung bekannt gegeben.

Eine solche Bekanntmachung ist gemäß § 69 Abs. 3 WPO fünf Jahre nach ihrer Veröffentlichung zu löschen.

### Maßnahmen, Bußgeldentscheidungen und strafrechtliche Verurteilungen im Jahr 2023

1	
Maßnahme:	Feststellung, dass der Bestätigungsvermerk nicht die Anforderungen des Artikels 10 der Verordnung (EU) Nr. 537/2014 (AP-VO) erfüllt
Adressat der Maßnahme:	natürliche Person
Auftragsgegenstand:	Prüfung von vier HGB Jahresabschlüssen sowie Lageberichten
Art des Verstoßes:	Unvollständige Berichterstattung im Bestätigungsvermerk
Einzelheiten:	Unvollständige Angabe hinsichtlich der Bestellung und der Mandatsdauer nach Artikel 10 Abs. 2 Buchst. a und b AP-VO im Bestätigungsvermerk, fehlende Konkretisierung der Bestätigungsleistungen nach Artikel 10 Abs. 2 Buchst. g AP-VO im Bestätigungsvermerk
Datum der Veröffentlichung:	3. Januar 2023

2	
Maßnahme:	Feststellung, dass der Bestätigungsvermerk nicht die Anforderungen des

Measurement: "Determination that the auditor's report does not meet the requirements of the Article 10 of Regulation (EU) No. 537/2014 (AP-VO)."

Address of the Sanctioning/Measurement: In this case, it was a "natural person" assumably an individual auditor, all measurements and fines are reported in a anonymous way

Items that were investigated: In this case the Audits of four HGB annual financial statements and management reports were investigated by the APAS

Violation found: Incomplete reporting in the auditor's report

Further Details: "Incomplete information regarding the appointment and the duration of the mandate Article 10 paragraph 2 letters a and b AP-VO in the auditor's report, missing Specification of the confirmation services according to Article 10 paragraph 2 letter g APVO in the auditor's report"



# CURRENT STATE OF APAS TRANSPARENCY

## COMPARISON OF APAS TRANSPARENCY WITH INTERNATIONAL BEST PRACTICES

### PCAOB REPORTING ON SANCTIONING EXAMPLE 2023

Search

Enter Respondent Name, Country, Date/Year, or Keyword

Enforcement Document Type

☐ Settled Disciplinary Order (373)

☐ Adjudicated Disciplinary Order (26)

☐ Termination of Bars (19)

Respondent

Quick Lookup

☐ Acquavella, Chiarelli, Shuster, Berkower & Co., LLP (1)

☐ Adam M. Sanderson (1)

☐ Ahmed & Associates CPA P.C. and Rizwan Ahmed, CPA (1)

☐ Ahmed Mohidin, CPA (1)

☐ Akiyo Yoshida, CPA (1)

☐ Alan J. Goldberger, CPA and William A. Postelnik, CPA (1)

☐ Albert Thomas (1)

☐ Aldo Hidalgo de la Rosa (1)

☐ Alexander Thompson Arnold PLLC (1)

☐ Alexandria Yi, CPA (1)

Sort By

Effective Date (Newest First)

<

1

>

of 18

24 Items Per Page

Total Results: 418

ENFORCEMENT DOCUMENT

Total Asia Associates PLT

TYPES

Settled Disciplinary Order

COUNTRY

Malaysia

EFFECTIVE DATE

Jun. 23, 2023

Download PDF

ENFORCEMENT DOCUMENT

Eddie Wong, CPA, and Neil W. Ehrenkrantz, CPA

TYPES

Settled Disciplinary Order

COUNTRY

United States

EFFECTIVE DATE

Jun. 22, 2023

Download PDF

ENFORCEMENT DOCUMENT

Marcum LLP

TYPES

Settled Disciplinary Order

COUNTRY

United States

EFFECTIVE DATE

Jun. 21, 2023

Download PDF

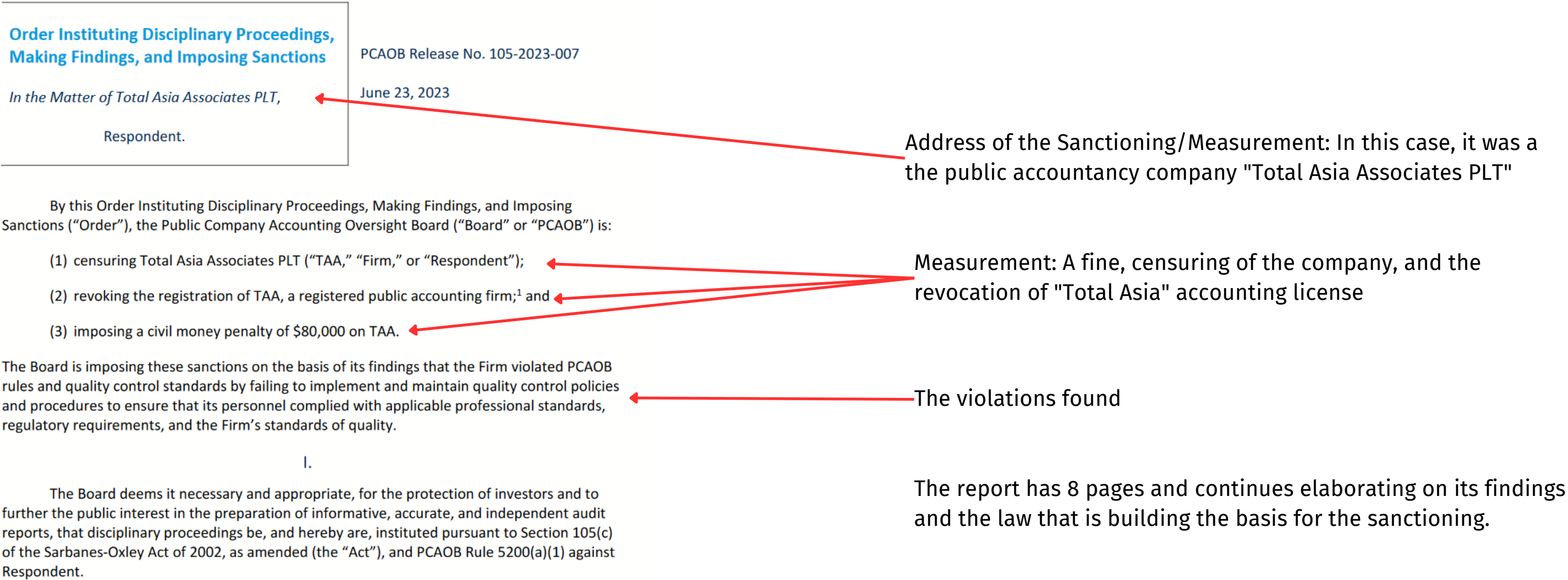
The PCOAB provides a database of all Enforcement actions and inspection results. Including the names of all involved stakeholder entities.

7

# CURRENT STATE OF APAS TRANSPARENCY

## COMPARISON OF APAS TRANSPARENCY WITH INTERNATIONAL BEST PRACTICES

### PCAOB REPORTING ON SANCTIONING EXAMPLE "TOTAL ASIA"





# CURRENT STATE OF APAS TRANSPARENCY

## IDENTIFICATION OF GAPS OR AREAS FOR IMPROVEMENT

- website (search database)
- Staff publications (improvement literature for auditors)
- Inspections reporting
- The general amount of information provided (Information density) and regular press releases and announcements

# IMPORTANCE OF ENHANCING APAS ORGANIZATIONAL TRANSPARENCY

## KEY TAKE AWAYS

- A. Building trust and credibility among stakeholders
- B. Promoting accountability and ethical conduct
- C. Facilitating effective communication with the public, audit firms, and other stakeholders
- D. Alignment with international best practice Organisations' transparency standards and expectations



# RECOMMENDATIONS FOR IMPROVING APAS ORGANIZATIONAL TRANSPARENCY

## A. STRENGTHENING PUBLICATION PRACTICES

1. Increase the frequency and comprehensiveness of reports
2. Enhance transparency in inspection and sanction reporting
3. Provide more detailed information about enforcement actions and outcomes

## B. IMPROVING DISCLOSURES AND INFORMATION ACCESSIBILITY

1. Increase disclosure of APAS governance structure and decision-making processes
2. Enhance the accessibility of information on the APAS website
3. Enhance the clearness and user-friendliness of the platform for stakeholders to access relevant information

# RECOMMENDATIONS FOR IMPROVING APAS ORGANIZATIONAL TRANSPARENCY

## C. PROMOTING STAKEHOLDER ENGAGEMENT

1. Establish mechanisms for stakeholder input and feedback
2. Conduct regular public consultations on important regulatory matters
3. Foster collaboration with audit firms, professional organizations, and other oversight authorities

## D. ENHANCING COMMUNICATION PRACTICES

1. Improve transparency in communication channels and processes
2. Enhance frequency and openness in public statements and press releases, (they are very sporadic)
3. Foster proactive communication to address public concerns and misconceptions

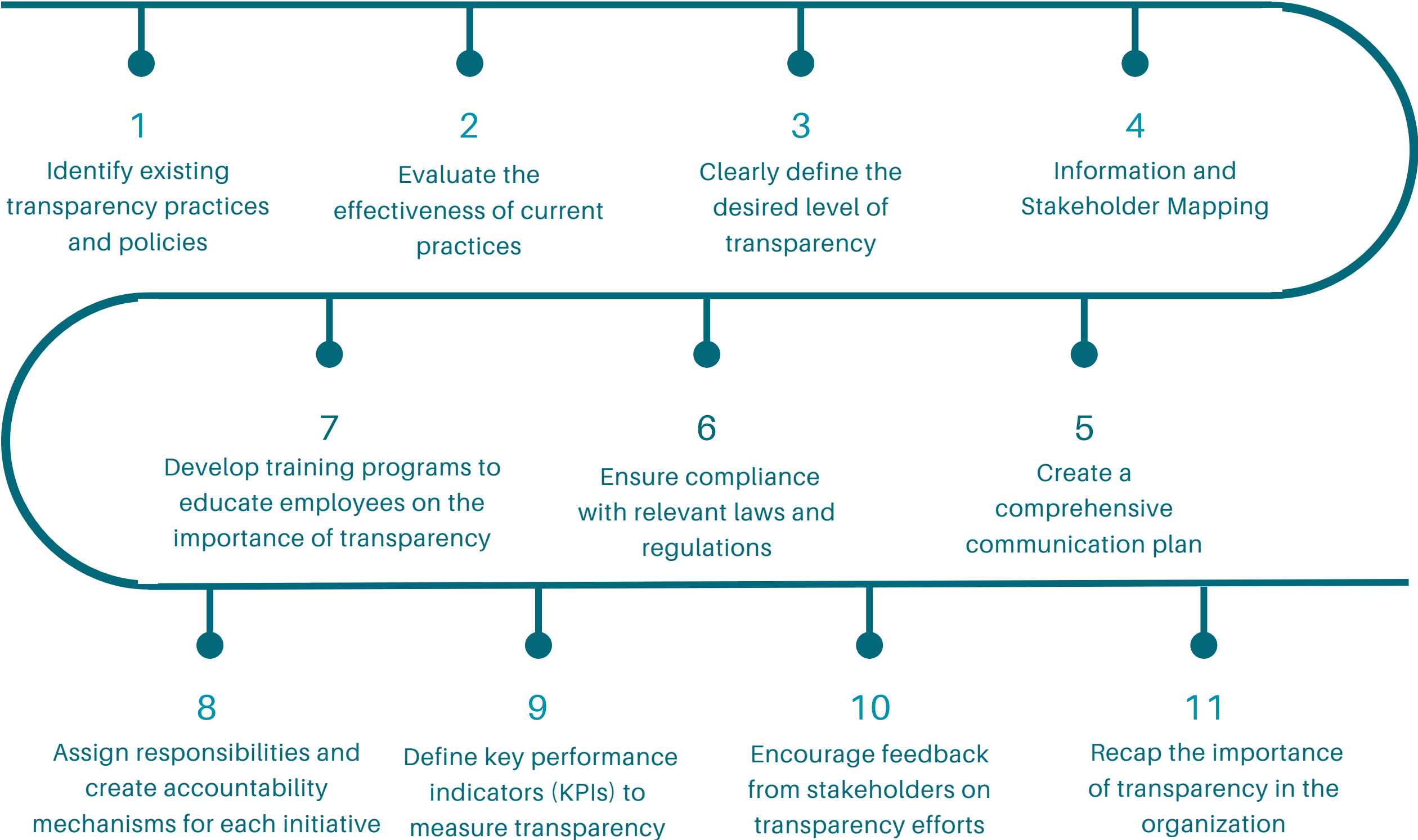
## E. STRENGTHENING INTERNAL OVERSIGHT AND ACCOUNTABILITY

1. Implement robust internal controls and review mechanisms
2. Enhance transparency in APAS decision-making and internal processes
3. Foster a culture of transparency and accountability within the organization



# RECOMMENDATIONS FOR IMPROVING APAS ORGANIZATIONAL TRANSPARENCY

## Implementation Plan for improved Organizational Transparency at APAS



- Requirements:
- IT Infrastructure
  - 2 employees for maintaining websites
  - 1 employee responsible in a management position
  - 1 legal advisor

# POSSIBLE IMPLEMENTATION CHALLENGES AND CONSIDERATIONS

- A. Resource allocation for transparency initiatives (Funding and staffing)
- B. Balancing transparency with confidentiality and privacy requirements (German privacy laws)
- C. Ensuring stakeholder trust and engagement in the process
- D. Monitoring and evaluating the effectiveness of transparency measures



# CONCLUSION

## Suitability

Since the Wirecard scandal, trust in the auditing supervisory organizations in Germany has been damaged. It is therefore important for Audit Oversight institutions to rebuild trust and credibility with stakeholders and the public. In addition, the trend in the auditing sector is toward an international harmonization of standards and auditing methods. One Suitable way to expand and foster the APAS international comparability and trust in its capabilities is to improve its Organizational transparency.

## Acceptability

Acceptable methods to enhance Organizational transparency would be to Strengthen Publication Practices, Improve Disclosures and Information Accessibility, Promote Stakeholder Engagement, and Enhance Communication Practices. The advised methods are considered uncomplicated, attainable, and adjustable to the desired level of transparency.

## Feasibility

Since the APAS is a public authority, it is assumed that the recommendations are feasible because the federal government has a sufficient amount of employees, financial resources, and know-how to implement the recommended transparency actions.

The End

Janik Brandt

00082274

for

