

A Comparison of Turkish and International Regulations Regarding Public Oversight about Independent Audit¹

Bağımsız Denetim Konusundaki Kamu Gözetimine İlişkin Türkiyedeki ve Uluslararası Düzenlemelerin bir Karşılaştırılması

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ABSTRACT

Key Words:

Public Oversight Board, International Public Oversight Regulations, Turkish Public Oversight Regulations

The authority of forming and publishing independent auditing standards is given to Public Oversight Accounting and Auditing Standards Authority by Turkish Commercial Code numbered 6102. Nonetheless, there is certain criticism proposing that overlooking function could not be performed properly due to ascribing too many duties to this organization. Looking international practices, it is observed that such authorities are not given to same institution. On the contrary, both formation on standards and function of oversight are gathered under one roof in Turkey. In this context, the aim of this study is making a comparison between regulations about public oversight in Turkey and of those International along with revealing differences. Most recent research is added to the study for reflecting the latest circumstances and for putting forward different approaches that handles public oversight in independent audit field.

ÖZ

Anahtar

Kelimeler: Kamu Gözetimi Kurumu, Uluslararası Kamu Gözetimi Düzenlemeleri, Türkiye Kamu Gözetimi Düzenlemeleri

Bağımsız denetim standartlarını düzenleme ve yayımlama yetkisi Türkiye’de Kamu Gözetimi Muhasebe Denetim Standartları Kurumuna 6102 sayılı Türk Ticaret Kanunu ile verilmiş durumdadır. Fakat, bu organizasyona çok fazla görev tahsis edilmesinin kamu gözetimi fonksiyonunun doğru bir şekilde gerçekleştirilemediğine sebep olduğu yönünde belirli eleştiriler vardır. Uluslararası örneklere bakıldığında bu derece yetkilerin tek bir kuruma yüklenmediği gözlenmektedir. Karşıt şekilde, hem standartları oluşturma hem de kamu gözetimi fonksiyonunu Türkiye’de tek çatı altında toplanmıştır. Bu kapsamda, çalışmanın amacı Türkiye’deki ve uluslararası örneklerdeki kamu gözetimine ilişkin düzenlemeleri karşılaştırmak ve farklılıkları ortaya koymaktır. Çalışmaya en güncel araştırmalar da dahil edilmiş, son koşulları yansıtop, bağımsız denetime ilişkin kamu gözetimine yönelik farklı yaklaşımlar ileri sürülmüştür.

1. INTRODUCTION

Accounting scandals experienced in US in the beginning of 2000s like Enron scandal, similar accounting frauds and audit violations brought about intensive regulations on accounting profession and the concept of public oversighting. Sarbanes-Oxley Act lead the way to these relevant regulations in advance. PCAOB (Public Companies Accounting and Oversighting Board) which is founded by enacting of this law, has taken the place of the approach of peer review that is executed within accounting field professional bodies. Afterwards adoption of this form in US, international organizations like EU Commission, IFAC and IOSCO implement a model like PCAOB. On this basis, it is subjected to discussion in for regulations in many countries.

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In Turkey supervision and oversighting of auditors is conducted by Public Oversight Accounting and Auditing Standards Authority. This organization was founded in November 2011 with delegated legislation numbered 660, and it has a number of dissimilarities apart from equivalents in other countries.

In this paper, after referring to the concept of public oversighting and its importance, public oversighting function will be discussed within the scope of independent auditing. Moreover, activities of public oversighting from the world will be assessed besides mentioning the same progresses in Turkey. Afterwards regulations pertains to public oversight in independent auditing will comparatively be indicated from Turkish and International samples.

2. PUBLIC COMPANY OVERSIGHTING IN INDEPENDENT AUDITING

Constituting the basis for capital markets, public companies or publicly traded companies are corporations that have ownership rights distributed amongst general public. These companies are type of organizations whose issued securities (e.g.: stocks, bonds, etc.). are freely traded in stock exchanges or over the counter markets.

To achieve orderly capital markets around world economies, organizations including public companies should provide relevant, reliable and timely information to their investors, creditors or other third parties. Auditing and accounting structures in public companies operate with formation of corporate governance and make composition of essential components in the flow of information to capital market participants (Imhoff, Jr., 2003: 3). Thus any failure in accounting or auditing system gives rise to significant breakdown in healthy order of capital markets operations. This phenomenon brings about regulation of audit and public companies oversight to capital markets

Financial statements are the most prominent tools that transform inter-company financial information to an intelligent business language for information users. Without accurate and reliable and accurate corporate disclosures provided by financial statements, competitive free market system in most economies could not function properly. Moreover, transparent, informative and accurate financial reporting could be deemed as the lifeblood of the capital markets, it is essential to decision taking and distribution of capital showing accounting and audit oversight's vital role (pcaob.org, 2015).

To get reasonable assurance in capital markets, by law, public companies' annual financial statements are audited each year by independent auditors who are professional accountants examine the data to compile with relevant accounting principle such as U.S. GAAP (Generally Accepted Accounting Principles) or IFRS (International Financial Reporting Standards). What is of interest to public companies oversight is the regulation and supervision of auditing activities along with accounting operations to eliminate any chance of wrongful act for organizing and guiding fluently processing capital markets.

Maintaining the effectiveness of financial reporting and auditing is the major interest of public company oversighting. The global financial crisis, failures, collapses of giant corporations along with accounting scandals in many countries raise significant questions about this effectiveness of financial reporting and auditing. Hence, professionals of auditing and audit firms are subjected to a foremost criticism. It is alleged that regulatory bodies lacks the role of ensuring confidence in auditing field. This crisis in confidence has created a shift from self-regulation towards giving main emphasis on independent regulation activities in auditing (Holm and Zaman, 2012: 52).

Although there has been numerous frauds noted in financial reporting before, the most significant ones arose in early 2000s including remarkable ones like Enron and WorldCom financial scandals. Due to fraud and abuse in financial reporting, these scandals caused hundreds of jobs losses in 2000s and billions for investors and their employees. To exemplify, bankruptcy of Enron Corporation generated a loss to its shareholders almost 67\$ billion, whereas collapse of WorldCom give an approximate damage of 180\$ to its shareholders. As a consequence of financial statement frauds and corruptions Public Company Accounting Oversight Board (also known as PCAOB) is created in pursuit of Sarbanes-Oxley Act enacted in July 2002.

The regulatory authority designed by this law is Public Company Accounting Oversight Board is a private sector nonprofit organization constructed to oversee accounting professionals who provide independent audit reports for publicly traded companies. The board is mainly responsible for registering public accounting firms and enforcing compliance with Sarbanes-Oxley Act. For public company audits, carrying out inspections, investigations, disciplinary proceedings of registered accounting firms; establishing and sustaining quality control in auditing, forming standards of ethics, independence and relating them to audit fields comprise main functions of PCAOB (SEC, 2015).

Main motivation behind the establishment of public company oversighting in independent auditing is to form an alternative solution for accounting field's collapsed self regulation inclination. After seeing the insufficiency of self regulation propensity, necessity of a framework emerged that could offer independent regulation by supervisory bodies. For that reason the motive of protecting interests of investors in addition to ensuring the preparation of informative, accurate and independent audit reports generate public company oversighting, related regulations and organizations (Abernathy and others, 2013: 33).

The mentioned purpose of Sarbanes-Oxley Act which is the main legal consideration while glancing on public company oversighting in independent audit, is stated as protecting investors by improving the accuracy and reliability of corporate disclosures. This stated aim produces the concept of auditing the auditors. On this basis main guidance that is generated by Sarbanes-Oxley legislation are forming and renovating audit standards; registering, investigating the activities of audit firms; employing sanctions or disciplinary penalties while in necessary conditions (Carmichael, 2014: 905).

In the following table it can be observed that how public company oversighting altered before and after Sarbanes-Oxley Act.

Table 1. Oversighting Regulation Before and After Sarbanes Oxley Act

Explanation	Before Sarbanes Oxley	After Sarbanes Oxley
Oversighting Regulation	Securities and Exchange Commission (SEC)	Securities and Exchange Commission (SEC)
Oversighting of Public Interest	Public Oversight Board (POB)	Public Company Accounting Oversight Board (PCOAB)
Professional Organizations and Related Regulations	American Institute of CPAs (AICPA)	.Auditing standards
-Auditing standards	Other professional organizations have responsibility	.Standards of auditors' ethic and independence
-Professional ethics		.Peer review
-Audit quality control standards	i.Auditing Standards Board (ASB)	.Investigation of irregularities
-Peer review in audit firms	ii.Ethics Committee	.Sanctions towards irregularities
	iii.SEC Practice Section	
Auditing Standards	Financial Accounting Standards Board (FASB)	Financial Accounting Standards Board (FASB)

(Giles and others, 2004: 38; Ulucan Özkul, 2012: 237).

As interpreted from the table above before Sarbanes Oxley, AICPA was responsible for determining standards about auditing, quality control, independence and ethics. POB was founded as a private organization by AICPA in order to fulfill auditing and reporting with SEC implementation division practices. Furthermore, SEC implementation division also audits systematic disorders with establishing quality control system for member countries and review claims of failure.

To get further into Sarbanes-Oxley Act, other issues that relate to independent auditing are preventing audit firms to serve any non-audit services for their enrolled audit clients, enhancements in independence and objectivity levels of audit professionals, upgraded transparency and accountability concurrently revealing out professional skepticism in audit profession. Concisely, these regulations assist in figuring out conflicts that may happen between auditors and audit clients. Specifically, seed of independent regulatory bodies in independent auditing is rooted via Sarbanes-Oxley Act.

3. PUBLIC COMPANY OVERSIGHTING ACTIVITIES IN WORLD

As it mentioned in previous part, general understanding pertains to oversighting of public companies in independent audit focuses on controlling whether independent audit activities is are performed abide by legal obligations or standards. At this point, particular revisions made on profession of auditing disperse on fields revolving around following (Sylph, 2005: 5):

- Reorganizing the comprehension about audit profession
- Upgrading performances of audit professionals
- Oversighting quality of audit processes
- Oversighting the self-inspection activity of professional accountability in the field.

Referring to Sarbanes-Oxley Act again, part about accounting oversighting of public companies brought about protection of investor right of common interest of general public in capital markets. Accordingly it leads to formation of regulatory and supervisory authorities in order to perform oversighting function about fair and accurate presentation of accounting audit reports in public companies. Therefore, within the context of these fact, establishment of Public Company Accounting Oversight Board realized respectively.

According to organization's self definition: "The PCAOB is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports. The PCAOB also oversees the audits of brokers and dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection."

For U.S. public companies enlisted in stock exchange, public company accounting oversight board required independent oversighting of audit reports as a procedure of external regulation for the first time after enactment of The Sarbanes-Oxley Act in 2002.

By taking regulation side to independent authorities, fundamental sample of that comprehension, PCAOB, had performed supervision in three main categories, these categories and relevant explanations on them are following (PCAOB, 2015):

- i. Requiring greater disclosure level in the auditor's report,
- ii. Enhancing auditor independence,
- iii. Fostering greater accountability.

For ensuring greater levels in audit reports, it is worthwhile to understand that the auditor's report rendering opportunity. Since these reports indicate their relevance to investors and the public in general, interlinkage between audit service or product is communicated to stakeholders with promoted importance on adding information on identified risks on audit procedures by the auditor.

In the parts of 101-109 of Sarbanes-Oxley Act, there are regulations determined about accounting oversighting of publicly traded companies. Depending on that legislation Public Companies Accounting Oversight Board is established in U.S. in order to fulfill oversighting function about whether accounting and auditing reports of companies traded in stock exchange are prepared fair and accurately (Beyazıtılı and İbiş, 2007: 58).

When we look at European Union within this scope, we would face with the Union's differentiating aim from becoming a single market to opening out to exterior new markets due to the widely known conventional effects of globalization. The reason for that alteration is merely commanding new economical resources. However this result in complicated financial reporting troubles. Also with brought influences Enron like scandal cases, European Union started to change independent audit regulations pioneered by modernization of 8th directive of European Commission. In 2006 this directive is changed into a form that will entail an effective public oversighting system which are not formed by accounting implementers. In this aspect, public oversighting authority is responsible for keeping track of disciplinary activities of accounting firms, continuous education to authorized auditors, registration and quality control of auditors or audit firms (Zaif, 2004; Acar and Senal, 2011: 37). To exemplify this mannerism, Germany's business auditors' trade body act could be given. Auditors of public entities and the profession of sworn-in public accountants should comply to this act which generates an audit approach of considering such entities as not only legal personalities but also natural entities. In this way, regulations about independent auditing and standards are up to determination of national economy ministry. As a similar organization to PCAOB, Germany has founded Auditor Oversight Board (AOB) with independent auditors oversight act in 2005, and all auditors or audit companies should be registered in WPK, countries' chamber of public accountants (Elgin, 2006: 25).

Accounting cases in Australia has also take important influences from audit business. To illustrate cases like Enron scandal, telecommunication firm One Tek, nationwide retailing entity Harris, and insurance company HIH faced simillar accounting frauds, irregularities and corruptions. These cases again brought issues about control of independent auditing and comprehensive assurance of audit companies. Lack of having independent audit committees from executive boards constitutes main problems in these cases. Consequently Australian government made parallel regulations to those occurred in U.S. Most significant of them are called Clerp 9, a reformer pack for auditing and financial reporting enacted in 2004. With Clerp 9 legislation, it become mendatory to reconstruct the previous accounting profession based auditing standard setter to create an independent statutory body responsible for setting auditing standards (Jubb and Houghton, 2007: 19).

In the far-east, Japanese structure of public oversighting is worth mentioning as well. We face with a fragmented structure in terms of controlling audit institutions in Japan. There are two differentiated authorities which are Financial Services Agency (FSA) and Certificated Public Accountants and Auditing Oversight Board (CPAAOB). CPAAOB was established in 2004 based on their CPA Law, and functioning as an independent institution established within Financial Services Agency. The board which is consisting of one chair person and one full-time, eight part time commissioners, exercises its statutory authority independently from FSA. It performs reviews of quality control and inspections, implementations of CPA Examinations, deliberation of disciplinary actions against certified public accountants and audit firms. On the other hand, FSA can put sanctions based on inspections and advisory of Certified Public Accountants and Auditing Oversight Board (fsa.go.jp, 2015).

Looking at Canadian context, a response to sarbanes oxley is given parallel to the anglo-saxon world. The Canadian Securities Administrators (CSA), lead an extensive consultation process that has commenced in 2003 with Ontario Securities Commission by publishing a series of instruments designated for covering major provisions of Sarbanes-Oxley Act and the progress after it. By making these regulations, Canadian authorities wished to avoid the confusion and uncertainty that has generated the U.S. experience. Following these progresses, the CSA introduced a set of national instruments and policies. The first set of instructions proposed by regulators in Canada necessitates CEO/CFO certification for annual reports. This also obligates companies to adopt disclosure controls and procedures with regard to financial reporting. The second set of rules generates new set of standards and an extended role for the audit committees. The third set of rules mostly pertains to internal controls. Entities are required to fulfill deliberate detail tests of all their internal accounting flow. Independent auditor should comply by examining these tests and remarks opinions on them (Gray, 2005: 8).

Inferring from these mentioned activities about public company oversighting in the world, it can be concluded that an integrated systematic design is aimed so that quality and adequacy of independent auditing maintained. While formation of auditing standards all risks from different aspects targeted to be covered within this integration putting reliability, transparency and accuracy in front.

4. PUBLIC COMPANY OVERSIGHTING IN TURKEY

Looking at historical development accounting and auditing standards, most important milestones sorted as the establishment of Turkey Union of Chambers of Certified Public Accountants and Sworn-In Certified Public Accountants (TURMOB), entering professional law numbered 3568 into force and publishing uniform chart of accounts respectively. Moreover, establishment of Turkey Board of Accounting and Auditing Standards (TMUDESK) and Turkey Board of Auditing Standards Board takes important roles.

Turkey Board of Accounting and Auditing Standards (TMUDESK) was founded with executive board decision of Turkey Union of Chambers of Certified Public Accountants and Sworn-In Certified Public Accountants (TURMOB), so as to control whether the presentation of audited financial statements are all purpose, true, accurate, reliable, comparable and understandable. It works for development of national accounting standards and widespread acknowledgement. Purposes to detect and publish national auditing standards in order to conform with international standards and operate within discipline. Afterwards, function of regulating Turkish Accounting Standards is transferred to Turkish Accounting Standards Board (TMSK) which is founded in 07.03.2002 by an additional clause to Capital Markets Board Law numbered 2499 (Yereli, 2014: 29). Furthermore, Turkey Auditing Standards Board was founded (TUDESK) in 22.02.2003 according to law number 3568 with the aim of determining and publishing national auditing standards for conducting audit activities effectively given with other laws (Tek, 2010: 61).

Both resulting from negotiations handled with European Union, and new regulations brought by Turkish Commercial Code number 6102 to independent audit field, Turkey Board of Accounting and Auditing Standards (TMUDESK) and Turkey Auditing Standards Board (TUDESK) was abolished in 02.11.2011 with delegated legislation numbered 660 about public oversight, accounting and auditing boards' right and responsibilities published in official journal. Their authorities and responsibilities transferred to Public Oversight Accounting and Auditing Standards Authority. The board starts its operations in 24.11.2011.

The aim of mentioned enactment number 660, is to define duties, rights and responsibilities of Public Oversight Authority which has the authorization of publishing Turkish Accounting Standards in accordance with international standards, providing incorporated implementations in independent auditing, supplying quality and reliability, defining auditing standards, authorizing independent auditors and audit firms, controlling their activities and performing oversight function in independent auditing (Delegated Legislation Number 660, Article 1).

This mentioned organization's rights and duties are as follows: (Delegated Legislation Number 660, Article 1; Yereli, 2014: 30-31).

- a) To supply that financial statements are all purpose, reliable, transparent, understandable, reliable, comparable and convenient, determining and publishing Turkish Accounting Standards.
- b) Providing secondary regulations, and necessary decisions for implementation of Turkish Accounting Standards. Giving approvals for regulations that other organizations made in related field.
- c) Considering public interest, including information systems, forming and publishing national auditing standards conformed to international standards in order to provide financial statements fair and accurate presentation reflecting financial position, performance and cash flows, whether these statements are all purpose, transparent, reliable, comparable and understandable.
- d) Determining the establishment conditions and operation essentials of independent audit companies. Listing and publishing the companies that have sufficient rights and registering them in official list, revealing to public via internet site.
- e) Oversighting and assuring the compliance between operations of independent auditors or independent audit companies with published standards and regulations.
- f) Abolishing or delaying the authorizations of independent auditors or independent audit companies that indicate irregularities in inquiries.
- g) Registering, authorizing, and conducting examinations of field professionals that would perform independent audits. Forming rules of professional ethics, standards for continuous education, quality control systems towards them and taking precautions for disorders in relevant areas.
- h) Collaborating with other countries' boards and official organizations in relevant fields. Listing, registering and revealing foreign independent audit companies that gains authorization.
- i) Making regulations to maintain independency and objectivity of auditing, taking precautions for upgrading audit quality.
- j) Conducting secondary regulations and taking relevant decisions in the fields of assurance and supervisory.
- k) Keeping track of development in assigned position, cooperating with International Accounting Standards Board, International Auditing and Assurance Standards Board and other relevant organizations in the field, having accreditation to them.

- l) Making publications to give assistance to generate public awareness about acknowledgement of accounting and auditing standards, conducting meetings, conferences, and similar activities.
- m) Determining main strategy of organization, performance criteria, service quality standards, human resources and labour policies. Making proposals on service divisions of organization and their specific duties.
- n) Deciding on prepared budgets consistent with main strategy and organizational targets.
- o) Approving reports that indicate organization's performance and financial position.
- p) Deciding on property sales, purchases and leases
- q) Assigning vice chairman and divisional chairmans, deciding on operational and consultational board members, performing other duties about legislations.

When we look at the structure of organization according to delegated legislation it has a public entity personality besides its administrative autonomy. Related with prime ministry, Public Oversight Accounting and Auditing Standards Authority has chairmanship plus board of members, its headquarters is located in capital city Ankara (Delegated Legislation Number 660, Article 3-4).

According to this legislation regulated in Turkey, it brings rules in three main areas about accounting profession, these are:

- Accounting Standards
- Auditing Standards
- Public Company Oversighting

This delegated legislation numbered 660 targets to establish an authorized, single and powerful authority organization. With this respect, delegated legislation caused an immense power to this newly founded board apart from equivalents in international samples (Sayar, 2013: 45).

Public Oversight Authority should employ adequate number of personnel in order to maintain oversighting mechanism on auditors and independent audit companies effectively. Personnel to be employed in this organization should have specialization in accounting and auditing practices. By providing effective operations of Public Oversight Authority a well audited commercial life could be sustained, underground economy could be figured out and significant influences can be brought to Turkish capital markets in terms of transparency, quality and effectiveness (Karasu, 2014: 103).

As interpreted from above explanations, Public Oversight Accounting and Auditing Standards Authority is the only organization that sets and publishes both accounting and auditing standards. Specifically on the purpose of forming a roof authority on independent auditing is done with the formation of this board and still it's operating with same functions actively.

5. COMPARISON OF REGULATIONS IN DOMESTIC AND INTERNATIONAL ASPECT

As a consequence of creation of too many authorities and organizations emergence in Turkey in public oversighting there has been different applications of auditing practices and hence different expectations. With this regard Public Oversight Accounting and Auditing Standards Authority is established.

In order to optimize, quality and reliability in auditing studies, first of all the organization that sets standards should be made independent from all interest groups in the field. For example, in England, within board of accounting structure, four units formed different from each other. These mentioned institutions are comprised of auditing standards board, review of financial statements board, analysis board and oversighting board. This oversighting board only serves for auditing of large companies traded in stock exchange, However small firms are oversighted by professional trade bodies. Such a formed oversighting structure is not available in Turkey (Yereli, 35).

In the following tables differences in oversighting of independent auditing are shown between Turkey and world implementations (Sayar, 2014: 18).

Table 2. Comparison of Domestic and International Regulations (Rights and Authorities)

FUNCTION/COUNTRY	Does public oversight board of the country have rights to prepare and publish accounting standards?	Does public oversight board of the country use its rights to prepare and publish auditing standards?	Does public oversight board of the country intervene in issues like auditors' authorization, internship or examinations?
TURKEY	YES	YES	YES
AUSTRALIA	NO	NO	NO

ENGLAND	NO	NO	NO
UNITED STATES	NO	NO	NO
JAPAN	NO	NO	NO
CANADA	NO	NO	NO
GERMANY	NO	NO	NO
THE NETHERLANDS	NO	NO	NO

Table 3. Comparison of Domestic and International Regulations (Consultation and Educations)

FUNCTION/COUNTRY	Does public oversight board collaborate with accounting professional organizations, does it get consultation?	Does public oversight board delegate authority to professional organizations in issues like certification, examination, internship or education?
TURKEY	NO	NO
AUSTRALIA	YES	YES
ENGLAND	YES	YES
UNITED STATES	YES	YES
JAPAN	YES	YES
CANADA	YES	YES
GERMANY	YES	YES
THE NETHERLANDS	YES	YES

Table 4. Comparison of Domestic and International Regulations (Collaborations)

FUNCTION/COUNTRY	Does public oversight board acknowledge independent auditing as a professional field of accounting discipline?	Does public oversight utilize accounting trade bodies sufficiently in overseeing independent audits?
TURKEY	?	NO
AUSTRALIA	YES	YES
ENGLAND	YES	YES
UNITED STATES	YES	YES
JAPAN	YES	YES
CANADA	YES	YES
GERMANY	YES	YES
THE NETHERLANDS	YES	YES

As it could be apparently indicated in the tables above, determination of accounting and auditing standards, revealing rules and essentials of independent auditing are not gathered in a single roof organization significantly different from the situation in Turkey. Accordingly, in these countries it is another fact that some rights and responsibilities are delegated into professional trade bodies. However, the circumstances like the structure in Turkey naturally bring conflicts of interest into question.

In addition to these inferences conducted about comparisons between international and domestic aspect, recent studies can be informative about comprehending the comparison specifically between European Union. A late research is performed serves to deepen this paper's comparison understanding. Including 23 European Union Countries (that are: Austria, Belgium, Bulgaria, Southern Cyprus, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, Luxembourg,

Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK) overseeing activities' extent and distribution of authorities are examined shown in following tables 5 and 6 (Sayar and Karataş, 2015; FEE Survey, 2015).

Table 5. Scope distribution of Oversighting

Scope	Performed by Public Oversight Authority	Performed by Professional Associations	Performed Jointly
Authorization of independent corporations and auditors	13 Countries	10 Countries	-
Formation of standards (professional ethic rules, audit standards, quality control st.)	9 Countries	14 Countries	-
Continuous auditor education	9 Countries	14 Countries	-
Quality control inquiries for public interest entities' (PIE) audits	11 Countries	9 Countries	3 Countries
Quality control inquiries for non-PIE audits	4 Countries	19 Countries	
Performing administrative sanctions and disciplinary auctions for PIE audits	11 Countries	6 Countries	6 Countries
Performing disciplinary penalties for non-PIE audits.	9 Countries	8 Countries	6 Countries

Table 6. Distribution of Authorities

Relevant Activity	Authority Transfer to Professional Associations for PIEs	Authority Transfer to Professional Associations for non-PIEs
Formation of standards	16 Countries	16 Countries
Final Approval of standards	9 Countries	9 Countries
Inquiries and audits of quality control	18 Countries	11 Countries
Disciplinary penalties and sanctions	14 Countries	13 Countries

As it can be understood from the relevant tables below distribution of overseeing bodies' authorities and performed functions' scope vary significantly in European Union countries. From these information aspects towards handling of independent audit activities from overseeing scope put side by side.

6. CONCLUSION

From the beginning of 2000s, financial scandals which has initiated in U.S. then spread around the world, ravage the reliability to both financial reporting and independent auditing. As a result of mentioned scandals there has been a need of regulations arisen for effective mechanisms in independent auditing and policies reinforcing corporate governance. Accordingly, starting from U.S., public oversight boards are began to be formed in European Union and other several countries so as to reveal the quality of auditing and its reliability.

Consequent to these agenda, an overseeing system is designed for independent auditing, Public Oversight Accounting and Auditing Standards Authority is established after passing delegated legislation number 660 in Turkey. With this legislation, there are several regulations brought in the profession of accounting like the fields of accounting and auditing standards, audit applications, and public oversight.

In Turkey, main reasons underlying the establishment of Public Oversight Authority can be cited as elimination of multi governing in audit field and improving quality and reliability in independent auditing. By formation of Public Oversight Authority, compliance with E.U. legal acquis about independent auditing is provided as well.

Public Oversight Authority has both the rights to determine accounting and auditing standards, preparing essentials, rules of independent auditing and has the functions of performing aerial overseeing. For example, Turmob Union of Chambers of

Certified Public Accountants of Turkey, has lost rights for granting authorization of any independent auditor or determining any accounting standard. However, these mentioned functions are being carried out by different supervisory organizations in other countries. To illustrate this view, in U.S., accounting standards are determined by FASB, auditing standards are determined by AICPA and oversighting of auditing implementations are performed by PCAOB.

As it can be apparently understood from these explanations, Public Oversight Authority's duties and functions in Turkey clearly differentiates from its equivalent in other countries. Public Oversight Authority's professional work in collaboration with trade bodies of accounting profession could render benefits for development of audit profession and more efficient more reliable auditing performances. It is recommended that a survey of the perspectives of field professionals reflecting their approaches could be done in future studies to determine approaches from their view.

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