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THE AUDIT AND AUDITORS ACT.

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14th March, 1964. x)

PART I: CONCERNING THE AUDIT OF CERTAIN ENTERPRISES

Section 1 (Businesses subject to audit)

The undermentioned are obliged to have one or more auditors, although see, however, Section 2:

1. Anyone required to keep books of account and returns according to provisions stipulated pursuant to statute, if such person trades in or manufactures goods, carries on a craft, is engaged in mining operations, or owns and operates ships.
2. Anyone who is licensed by a municipality to collect moneys due on behalf of creditors or to hold auctions.
3. Chemists.
4. Authorized estate agents, except when the business is operated by a bank.
5. Authorized contractors.
6. Stock brokers, except when the business is operated by a bank which engages in such business.
7. Hotel owners.

Section 2 (Exemptions from Section 1)

The requirements of Section 1 shall not apply to a Joint Stock Company, or a company where at least one of the members has undivided personal responsibility for the obligations of the company, or such other business as has been formed by separate statutory enactment. Nor shall it apply to any business which is operated by the Government or a Municipality, or jointly by several Municipalities.

In so far as Section 1 paragraph 1 applies, the Ministry may make provisions as to exemptions from the requirements of this Act.

Section 3 (Who shall perform the audit?)

The audit shall be performed by one or more "Statsautoriserete Revisor" (Norwegian Certified Public Accountants) or "Registrerte Revisor" (Registered Accountants - or Recognized Auditors).

The Ministry may order that certain companies must be audited by "Statsautoriserete Revisor". The Ministry may exempt a company from the requirements of paragraph one, and from those provisions made pursuant to paragraph two.

Section 4 (Companies of Accountants)

A Company of Accountants may be appointed as the auditor of a company. If the Company is a private company (with unlimited liability), it shall be regarded as a "Statsautorisert Revisor"

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when all the responsible members are "Statsautoriserete Revisorer". If the Company is not a private one (with unlimited liability), at least half the members of the board of directors must be "Statsautoriserete Revisorer", for the Company to be regarded as a "Statsautoriseret Revisor". The same requirements are applicable if a Company is to be regarded as a "Registreret Revisor".

The person performing the duties of a company's auditor on behalf of the Company of accountants shall comply with the conditions stipulated in Sections 3 and 5 and with conditions stipulated pursuant to Section 3.

If the Company of accountants is not a private company (with unlimited liability), at least one of the partners must assume personal liability for the audit besides the Company itself.

Section 5 (Disqualification)

A person who is wholly, or partially responsible for the entire undertaking of a company, may not be an auditor of that company, neither may a member of the committee of shareholder's representatives, nor a member of the board of directors, nor the general manager or his equivalent, nor any of their deputies.

No-one may be auditor who is in a subordinate position to, or married to, or related by blood or marriage in direct ascent or descent or in a collateral line as closely as brothers and sisters, and brothers-in-law and sisters-in-law to anyone mentioned in paragraph one, except to members of the committee of shareholder's representatives.

Any person who, wholly or in the main, occupies the position of salaried employee in a company, shall not be regarded as an auditor within the meaning of this Act even if he performs audit work. Thus no person shall be regarded as an auditor who is not free to undertake in addition other auditing assignments, or who is included in the pension scheme organized by the company without such inclusion having been approved by the Ministry.

The auditor must not have a loan from the company or be in the position of a surety or endorser for loans from the company.

Section 6 (Duties and Instructions)

The auditor shall carry out the duties of his office according to statutory provisions in force, and according to generally accepted auditing principles.

Any instructions or orders given to the auditor by the company regarding the audit must not be intended to restrict his rights or obligations under this Act or under other regulations given by statutory enactment of pursuant to statutory enactments.

Section 7 (The Auditor's Right to Information)

The officers and staff of the company shall be obliged to give the auditor such information concerning the enterprise as he may request. The auditor may demand access to all assets of the company, including the books of account and returns, minutes of proceedings, correspondence, and any other documents.

The auditor shall not certify that the accounts are correct unless his demands pursuant to this section have been complied with.

Section 8 (Endorsement on the Annual Accountants)

The auditor shall make an endorsement on the annual accounts to the effect that they have been audited. If he comes to the conclusion that the accounts ought not to be adopted, this should be apparent from his endorsement.

Every year, without unnecessary delay after the annual accounts have been prepared, the auditor shall make a report on the audit.

If the enterprise has several auditors, they shall all sign the auditors' report and the endorsement on the annual accounts. If the auditors are not in agreement among themselves, this shall be apparent from the report and the endorsement.

The auditor shall keep a record of audit points which shall be the property of the company.

Section 9 (Termination of appointment)

The appointment as auditor shall terminate when the auditor no longer complies with the conditions stipulated, both in Section 3, 4, and 5, and pursuant to the same Sections. If the appointment is terminated as a result of the above mentioned regulation, or the auditor is deceased, a new auditor shall be appointed without delay. Companies which do not have a special committee for the appointment of its auditor may, however, delay the appointment until the next ordinary general meeting.

In all other cases the auditor shall hold office until another auditor has been appointed in his place. If an auditor is removed against his will and for a reason which must be considered unfair, he shall be entitled to one year's remuneration, computed from the date of his retirement.

PART II: CONCERNING ACCOUNTANTS

Section 10 (Theoretical and Practical Education Requirements)

"Revisoreksamen" (Examination for the title of "Registrert Revisor"), and "Høyere Revisoreksamen" (Examination for the title of "Statsautorisert Revisor") shall be held at the times fixed by the Ministry.

To enter the "Revisoreksamen", a candidate must have passed the final examination of a "Handelsgymnasium" (equivalent to an English General Certificate of Education "A" level in business and economics. This qualifies as an entrance examination for a business administration University.) or he must have passed the "Examen artium" (G.C.E. "A" level) plus the final examination at a one year course in business and economics, either at a "Handelsgymnasium" or at a "Handelsskole" (College of Commerce), or he must have obtained an equivalent education. The Ministry may make exemptions from these requirements in exceptional cases when the candidate does not have the stipulated education, but has only attended a "Realskole" (G.C.E. "O" level), (Secondary School), plus one of the said commercial schools.

To enter a "Revisoreksamen", the candidate must have had, after his 20th birthday, two years of varied practical work as an auditor in Norway. Before entering a "Høyere Revisoreksamen", a candidate must have had five years of experience in the work mentioned above. Two of these years, however, may have been spent abroad. The Ministry may make exemptions from these conditions, if they are satisfied that the candidate has acquired sufficient practical experience in other ways.

After having passed the "Revisoreksamen", the candidate cannot enter the "Høyere Revisoreksamen" until at least three years have passed. The Ministry may make exemptions from this condition.

The Ministry shall lay down the Examination Regulations. These shall contain a list of the subjects to be covered and may further stipulate that candidates who have passed a University Examination shall be exempted from one or more of these subjects, which would otherwise have to be taken. They may also stipulate how many times a candidate may be allowed to present himself at each of the examinations.

Section 11 (The Register of Auditors)

The Ministry shall keep a Register of Auditors. To be included in the Register, a person shall:

1. Have his domicile within the kingdom of Norway.
2. Be a person of integrity and with an unblemished record.
3. Be financially responsible.
4. Show that he has not been declared incapable of managing his own affairs.
5. Have passed the "Revisoreksamen" described in Section 10.

The Ministry may stipulate more detailed provisions concerning registration.

When an accountant, whose name has been entered in the Register, has passed that "Høyere Revisoreksamen" which is described in Section 10, the Ministry may issue a special license authorizing him as a "Statsautorisert Revisor", if he still complies with the conditions stipulated in paragraph one.

When it is advisable to make an exemption from the conditions stipulated in paragraph one because of special circumstances, the Ministry may do so.

Section 12 (Distinguishing Title)

A person who is registered according to Section 11, may use the title "Registrert Revisor". No-one else may use this prefix or any other one which might create the impression that they have been entered in the Register.

A person who holds such license as is described in Section 11 paragraph three, may use the title "Statsautorisert Revisor". No-one else may use this title or use the word "autorisert" in connection with expression "revisor" and "revisjon".

Section 13 (Council for Accountants)

The Ministry shall appoint the 4 members of the "Revisorråd" (Council for Accountants). The Chairman must have the qualifications of a High Court judge. One of the members must be a "Statsautorisert Revisor", and another a practising "Registrert Revisor". The members of this "Revisorråd" shall be appointed every three years.

At the discretion of the Chairman, the representative for the "Registrerte Revisorer" may be excluded from discussions which only concern the "Statsautoriserte Revisorer". Likewise, the Chairman may rule that the representative for the "Statsautoriserte Revisorer" shall be excluded from discussions on matters referring solely to the "Registrerte Revisorer".

"Revisorrådet" shall administer the examinations described in Section 10. "Revisorrådet" shall advise the Ministry on its enforcement of this Act.

The Ministry shall stipulate the terms of reference of "Revisorrådet".

Section 14 (Loss of Rights)

The rights attached to registration or licensing as "Revisor" terminate if the person concerned ceases to be domiciled in Norway or is declared incapable of managing his own affairs, cf. Section 11. These rights shall be returned when the Ministry is satisfied that the reason, for their being terminated, no longer applies.

Those rights described in paragraph one, also cease when a person concerned is subject to bankruptcy or composition proceedings. If such proceedings are not due to circumstances which render the accountant unworthy of his position or which have a destructive influence on the mutual trust which is necessary for the profession, the Ministry may rule that the accountant be re-instated after having received an application to that effect. In other cases, the person concerned cannot regain his rights until he can demonstrate that he is financially responsible.

The Ministry may decide, after having heard the opinion of the "Revisorråd", that registration or licensing shall be revoked for ever, or for a limited period, if the person concerned has been found guilty of dishonest conduct or has dishonoured his duties as "Revisor" either wilfully or by gross negligence.

The person concerned shall have been given the opportunity to explain himself before any of the said decisions are taken.

Decisions taken according to paragraph three can be brought before the Courts by the "Revisor" concerned. The 30th Chapter of the Dispute Act shall apply to such suits. The Court may rule that the decision of the Ministry shall not be enforced until judgement has been pronounced, or until the final judgement has been delivered. A protest against the ruling cannot be lodged, but the ruling may be altered by a higher court in connection with proceedings for an appeal against the judgement.

Section 15 (Negligence of Duty, and Professional Secrecy)

The Ministry or the "Revisorråd" may demand an explanation from a "Registrert Revisor" or "Statsautorisert Revisor" when there is reason to believe that he has not complied with his duties during the execution of his professional services. An explanation may also be demanded from anyone in the service of the "Revisor".

Apart from such exemptions as are stipulated by statutory enactment, a "Registrert" or "Statsautorisert Revisor" and their assistants are under obligation to keep secret all matters which come to their knowledge during their professional work. This also applies to a member of the "Revisorråd" in regard to matters which come to his knowledge during his service as a member.

PART III: MISCELLANEOUS

Section 16 (Audit Rules)

The King in Council may stipulate further rules about the audit of companies which have one or more auditors, see Part I, and about the duties of "Registrerte" and "Statsautoriserte Revisorer" in relation to every appointment they take. The rules may, inter alia, contain provisions as to how far any audit may be carried out by assistants.

Section 17 (Penalties)

If the obligation to appoint one or more auditors is not met according to this Act or to provisions stipulated pursuant to this Act, the person responsible shall be punishable by fine.

Anyone who acts in contravention of the Order of professional secrecy, cf. Section 15, paragraph one, first sentence, shall be liable to a fine or, under particularly aggravating circumstances, to imprisonment for not more than three months provided the action is not one such as is subject to a more severe penal provision. Members of "Revisorrådet" are regarded as civil servants in relation to Section 121 of the Criminal Justice Act.

Infringement of the provisions of Section 7, paragraph two, Section 8, and Section 12, or of provisions stipulated pursuant to Section 16 of this Act, incurs liability to a fine.

Infringement also incurs penal liability, when due to negligence.

Section 18 (Provisions as to when this Act shall come into force and transitional provisions)

This Act shall come into force on the date stipulated by the King in Council, from which date the "Statsautoriserede Revisorers" Act of 22nd February 1929 shall be revoked. Licenses issued to "Statsautoriserede Revisorers" pursuant to the law hitherto applicable shall still be in force, but shall otherwise be subject to the provisions of this Act.

Companies which are obliged to employ one or more auditors pursuant to this Act, but which are not, at the time this Act comes into force, audited in the manner required by this Act, are obliged to be so within one year of the effective date. A person, who at the time this Act comes into force, is auditor of a company may, however, continue in that capacity provided he is not excluded by the provisions of Section 5, paragraph one and two.

A person who, at the time this Act comes into force, is mainly and independently engaged in audit work, may be registered as "Revisor" of companies obliged to employ one or more auditors, even if he does not meet the conditions of Section 11, paragraph one, point 5.

A person who has not passed the "Revisoreksamen", but who otherwise meets the conditions of Section 11, paragraph one, may have his name entered in the Register, up to 3 years after the date this Act comes into force, provided he is able to prove that he has:

1. Passed the final examination at a "Realskole", cf. Section 10, or an equivalent school.
2. Passed the final examination at a "Handelsgymnasium" or of such a one-year commercial course as is described in Section 10, or at an equivalent school.
3. After his 20th birthday had at least 3 years of varied experience in audit work in business enterprises in Norway.

The Ministry may stipulate further provisions about the transitional period pursuant to this Section, paragraphs five and six.

The Ministry may stipulate that a person may enter "Revisoreksamen" in conformity with the provisions hitherto applicable, even after the time this Act comes into force. A pass at this examination shall be regarded as a pass of "Høyere Revisoreksamen" pursuant to Section 10. (Up to now, the examination for appointment as "Statsautoriseret Revisor" (the single title used), has been termed "Revisoreksamen".)