

Is whistleblowing a game changer for the audit profession?

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Agenda

- 01** Welcome
- 02** Evolution of whistleblower protection
- 03** The role of the auditor
- 04** Challenges for the auditors
- 05** Conclusions

Evolution of the whistleblower protection

A "Lion's Mouth" postbox for anonymous denunciations at the Doge's Palace in Venice, Italy.



Text translation: "Secret denunciations against anyone who will conceal favors and services or will collude to hide the true revenue from them."

Source: https://fr.wikipedia.org/wiki/Fichier:Bouche_de_d%C3%A9nonciation_-_Palais_des_Doges.jpg

From Guja to Halet: the development of whistleblower protection before the Court of Strasbourg

European court reverses course to rule in favor of LuxLeaks whistleblower

The European Court of Human Rights ruled that the public interest in leaking the data showing how multinationals spirited profits to the tiny nation outweighed the detrimental effect.

By **Fergus Shiel**

Image: JEAN-CHRISTOPHE VERHAEGEN/AFP via Getty Images
February 15, 2023

Lux Leaks whistleblower and former PwC employee Raphael Halet.

Source: <https://www.icij.org/investigations/luxembourg-leaks/european-court-reverses-course-to-rule-in-favor-of-luxleaks-whistleblower/>

European Directive 2019/1937 on the protection of persons who reports breaches of Union law

Home > Global Whistleblowers

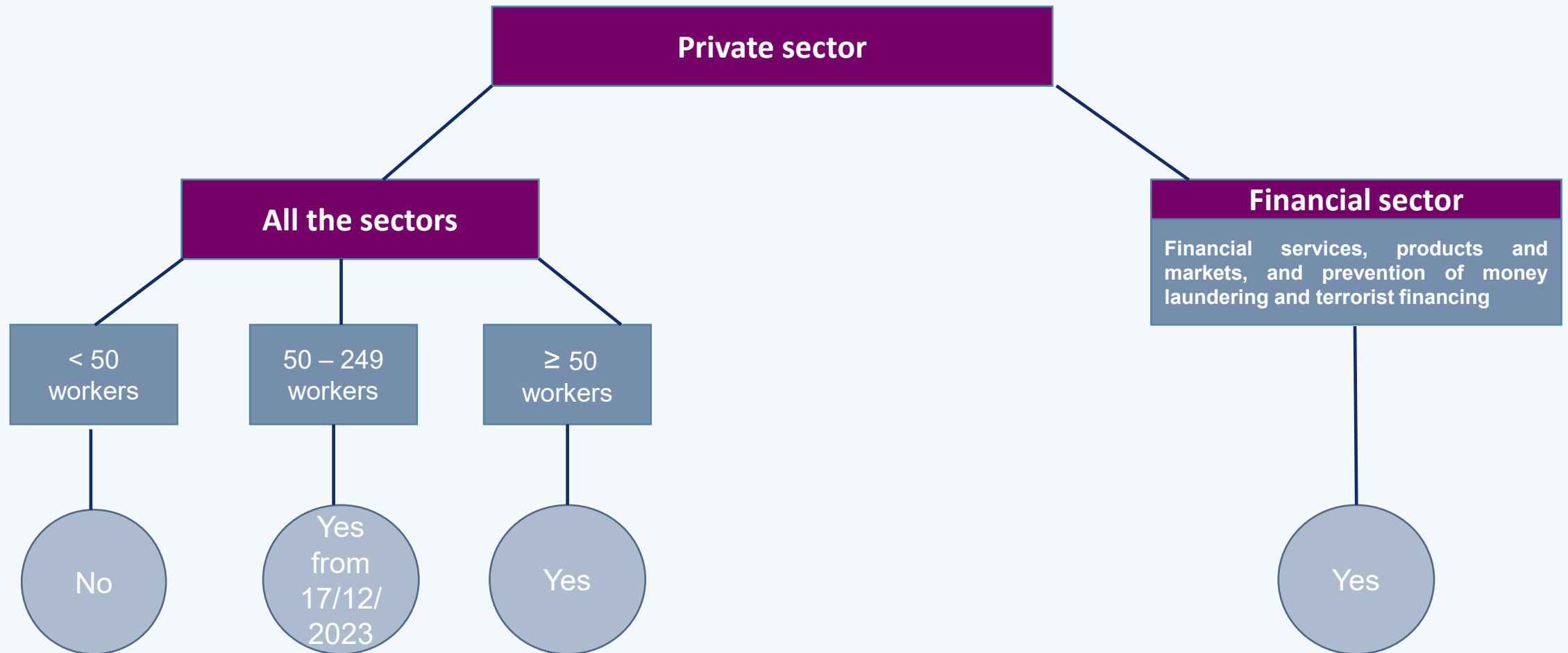
EU Refers 8 Member States to the Court of Justice Over Lack of Whistleblower Protections

by **Geoff Schweller** — February 17, 2023 in Global Whistleblowers Reading Time: 3 mins read

Source: <https://whistleblowersblog.org/global-whistleblowers/eu-refers-8-member-states-to-the-court-of-justice-over-lack-of-whistleblower-protections/>

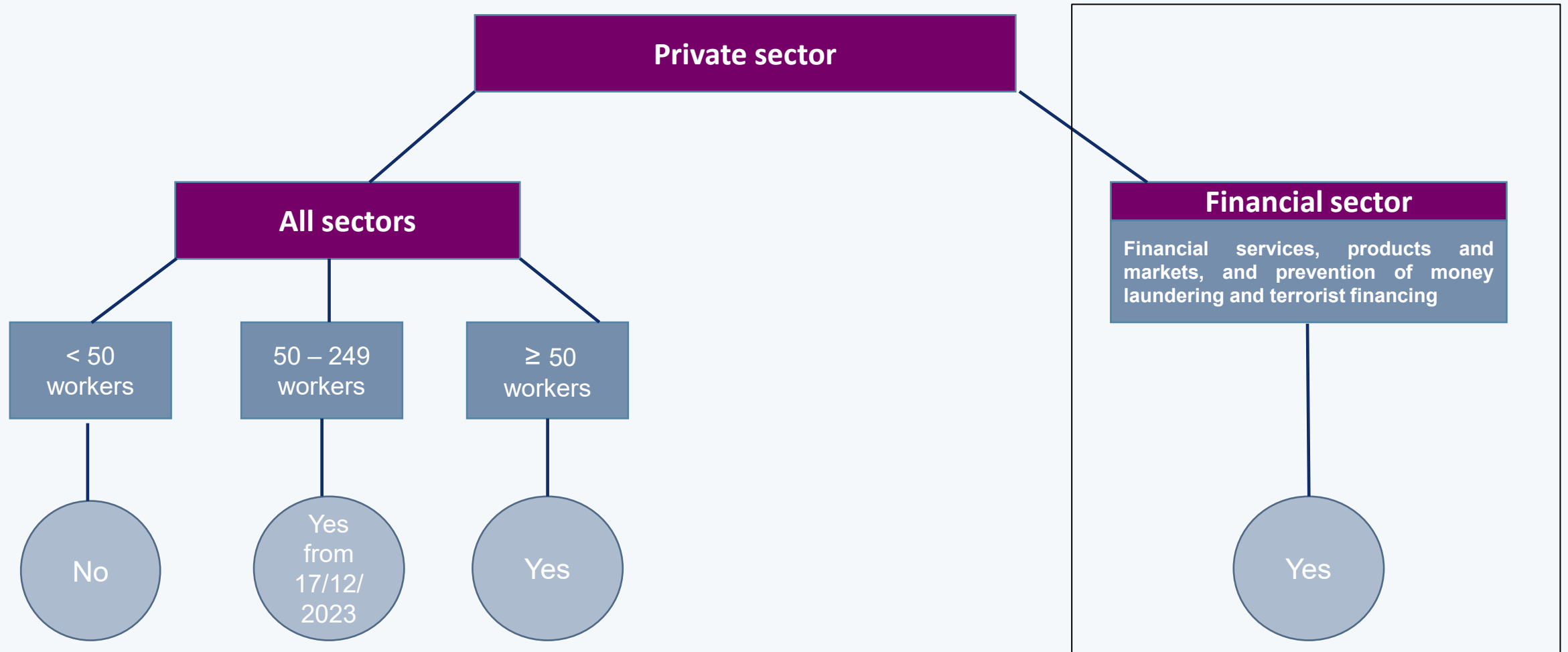
The role of the auditor in their own firm

Obligation to establish internal reporting channels



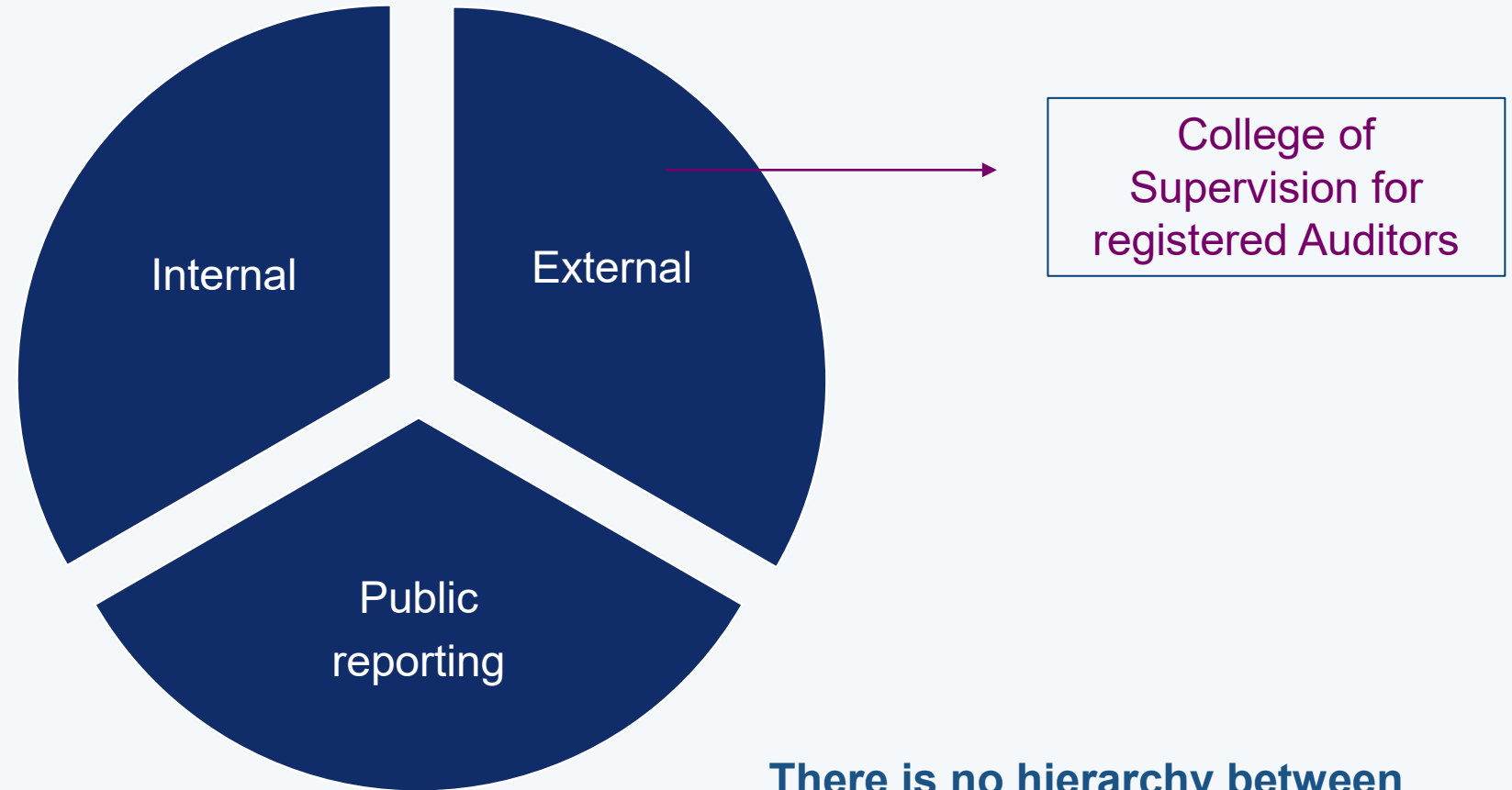
The role of the auditor in their own firm

Obligation to establish internal reporting channels



The role of the auditor in their own firm

Other reporting channels



There is no hierarchy between those channels!

The role of the auditor in their own firm

The procedure for internal whistleblowing



The role of the auditor in their own firm

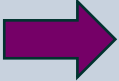
The auditor's professional secret VS the right to speak

- Auditors may report infringements of which they become aware of in the course of their work
- Professional secrecy does not prevent reporting
- No disciplinary, criminal or civil proceedings are possible for breach of professional secrecy
- If the report meets the conditions for the application of the law, the auditor enjoys the full protection of the law
- But what if the infringement takes place in the firm of the auditor's client?

The role of the auditor in their client's firm

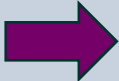
ISA 315

- The auditor has to identify and assess the risks of material misstatements in the financial statements
- “Control environment”

 The auditor has to control if whistleblowing procedures are in place

ISA 250

- The auditor has the responsibility to consider laws and regulations in an audit of financial statements
- Informed outside of procedure

 Use professional judgment to evaluate

Challenges for the auditors

