

CNDCEC

CONSIGLIO NAZIONALE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI

THE ITALIAN ACCOUNTANCY PROFESSION

OUTLINE

The regulation of the Italian accountancy profession has been completely reformed by legislative decree nr. 139 enacted on 28 June 2005 and published on the Italian Official Journal *Gazzetta Ufficiale* of 19 July 2005. The profession, which is subject to the general supervision of the Ministry of Justice, has been disciplined with regard to the following aspects:

- Scope of professional activity and incompatibilities
- Requirements to access the professional roll
- Disciplinary sanctions
- Governance and organizational structure of the professional body

According to the current law provisions, the new profession has been distinguished into two levels which differ for the scope and nature of professional activities. In detail, the two levels both require a university degree, although with different duration. This creates a strict connection between the academic path and the professional activities actually practiced by members. For the basic level - Section B, *Esperti Contabili* - applicants must achieve at least a three-year degree in economics and business administration, while for enrolling in Section A, *Dottori Commercialisti*, applicants must achieve at least a five-year degree in economics and business administration. Before being enrolled in the register, applicants are also required to gain practical experience, i.e. complete an 18 months training period with a registered professional or professional partnership, and pass a specific State examination.

The new professional body resulting from the reform is the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (CNDCEC), which is the competent authority and the only professional body of accountants in Italy, operating effectively since 2008.

PROFESSIONAL TITLES OF RECOGNISED AND REGULATED PROFESSIONS

Until 2007, the two professional titles, attributed to the regulated professions in the accountancy field, were:

- *Dottore Commercialista*
- *Ragioniere e Perito Commerciale* (accountant and commercial estimator)

From 2008, as mentioned, professionals can be registered as

- *Dottore Commercialista (Section A)** or
- *Esperto Contabile (Section B)**

* Professionals holding the title of *Ragioniere e Perito Commerciale* by the end of 2007 have been included in Section A of the register, with the title of *Ragioniere Commercialista*.

The use of the professional title for the provision of professional services is reserved to registered members. However, most of the professional activities are not strictly reserved to registered members. The title for audit activity is "revisore contabile" and can only be used by individuals registered in the ministerial roll, as explained in the dedicated paragraph.

TRAINING

After having achieved the academic degree, an 18 months training period in a professional firm is required to be admitted to the State examination. Those attending the five-year university course may start the training on the year four.

The training has to be performed under the supervision of a *Dottore Commercialista* or an *Esperto Contabile*, who has been registered for at least five years. The program shall provide all basic theoretical and practical knowledge and skills necessary for the future activity. Trainees are also subject to ethic rules.

STATE EXAMINATION

The State examination is different for the two sections, due to the level of difficulty, and the inclusion of specific subjects for section A. The examination is structured as follows: three written tests and an oral one.

Written tests include:

- Technical subjects: accounting, auditing, administration of manufacturing, business and financial sector, financial analysis and professional techniques, IT
- Legal subjects: civil law, corporate law, insolvency procedures, tax law, labor law, procedural civil law

PROFESSIONAL PRACTICE

The profession of *Dottore Commercialista* and *Esperto Contabile* in Italy is conceived as a global economic-juridical profession in which auditing is only one of the many professional activities, and where 97% of members are professionals in public practice.

The largest share of professional activities is addressed to SMEs, through the provision of a range of consultancy services to the client, where the interdisciplinary character of the assignment is a crucial element.

In the auditing field members are nominated as external statutory auditors or members of an audit committee (*Collegio sindacale*), which is an internal body in the governance structure of medium-large limited liability enterprises. Alternatively, high qualified members can be appointed in the Board of Directors of medium-large sized enterprises, but not as employees.

SCOPE OF ACTIVITIES

The law states that the profession has a recognized competency in the following areas:

- Business administration
- Company law
- Finance
- Taxation

thus it includes the following activities:

- Administration and winding up of companies and entrusted assets
- Expert witness
- Member of collegio sindacale
- Accounting services

- Tax filing
- Tax assurance services
- Audit of financial statements and related services
- Submission of formal documents via electronic signature

It is important to emphasize that only members registered in Section A may also provide the following services:

- Audit and assurance engagements for access to public or EU funds
- Business evaluations
- Assistance and representation in tax issues
- Insolvency engagements assigned by public or judicial authorities
- Financial analysis related to listed companies
- Capital adequacy evaluation
- Executive and judiciary sales
- Management consulting to public entities
- Business plan certification to access public funds
- Monitoring and tutorship related to public funds granted to enterprises
- Sustainability reports and EMAS verifier

AUDITORS

To practice as a statutory auditor (*revisore contabile*) there is need to enroll in a parallel register, whose supervision and management are up to the Ministry of Economics. A three-year graduate can register in the Auditor trainees' roll and become auditor after a three-year training period and after passing a specific examination, in compliance with the Audit Directive. The qualification of *Dottore Commercialista or Esperto Contabile* allows to be registered directly also as auditor. Accordingly, members registered as *Dottore Commercialista or Esperto Contabile* (and *Ragioniere e Perito commerciale* until 2008) can provide audit services in compliance with the EC Auditing Directive, but a formal registration (although automatic) in the ministerial roll is required.

INCOMPATIBILITIES

Incompatibilities are mainly related to some professions, such as notary public and journalist, and to entrepreneurial activity and financial intermediation.

DISCIPLINARY SANCTIONS

The disciplinary procedure is in line with the constitutional principles that guarantee to the accused two levels of justice. For what concerns the first level the competent authority is the local professional body, while the second level of justice falls within the competency of CNDCEC.

Against the decisions of CNDCEC, it is possible to appeal to the administrative court. The professional has always the right to be heard and defend himself.

THE GOVERNANCE STRUCTURE

The national body, *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*, represents its members, both at national and international level; it oversees and coordinates the activities of the local bodies (*Ordini*) and issues various regulations and recommendations, including the ethics code.

The 143 local bodies monitor, at local level, the behavior of accountants and have disciplinary powers over their members. Moreover, they provide continuing professional education and relevant assessment, in accordance with the CPE Regulation adopted by the National Council.