

## IFIAR 2021 Member Profile – AOA

<p><b>1. 1. Jurisdiction</b></p>	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Cayman Islands</p>
<p><b>2. 2. Member<sup>1</sup></b></p>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Auditors Oversight Authority</p> <hr/> <p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p>PO Box 133, Grand Cayman KY1-9000, Cayman Islands (Mailing address)  2<sup>nd</sup> Floor Bay Town House, 68 West Bay Road, George Town, Grand Cayman (Physical address)  Tel: +1(345) 946-4052  Website: <a href="https://www.aoa.ky">https://www.aoa.ky</a></p> <hr/> <p><b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b></p> <p>The Auditors Oversight Authority (AOA) commenced operations in 2012 and operates under the Auditors Oversight Law (AOL). The principal functions of the Authority are to (1) regulate and supervise auditors who audit the accounts of market traded companies or designated companies and to regulate auditors who audit the accounts of Authority specified companies and have voluntarily registered as a recognized auditor pursuant to section 18 of the AOL; and to (2) enter into arrangements to facilitate mutual assistance to overseas auditor oversight bodies in accordance with the AOL.</p>

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p><b>2.4 Have there been any major changes to the Member’s organization or to the governing legislation since completing last year’s Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including the ratio between Board members who are independent from the audit profession and those who are not<sup>2</sup>. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p>AOA is governed by a Board of five, all of whom are independent from the audit profession.</p> <hr/> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>Under the AOL, the Board comprises:</p> <ul style="list-style-type: none"> <li>• The AOA’s Managing Director (ex officio) (non-voting);</li> <li>• The Auditor General of the Cayman Islands;</li> <li>• The Financial Secretary of the Cayman Islands;</li> <li>• up to 3 other directors appointed by the Cayman Islands Government, one of whom is not resident in the Cayman Islands.</li> </ul> <p>All directors are to be fit and proper persons and shall have demonstrated to the satisfaction of the Cabinet of the Government of the Cayman Islands (which makes the appointments) substantial knowledge and experience relevant to the functions of the Authority.</p> <hr/> <p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p>

<sup>2</sup> An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, *as long as this individual is not employed* by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.

	<p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <hr/> <p><b>3.6 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p><u>Recusals:</u> Board policy requires a board member to recuse themselves from consideration of all matters (including but not limited to the timing and results of inspections, and the imposition of sanctions) related to the firm with which they were previously associated.</p> <p><u>Cooling off:</u> Pursuant to Subsection 6(2) of the AOL a former auditor must be retired from the practice of their profession for not less than a period of time determined by Cabinet, which is, by policy, a minimum of 3 years.</p>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (including in any inspections, committee or panel role)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes decisional or control authority:</b></p> <p>AOA has an agreement with the Institute of Chartered Accountants in England and Wales (ICAEW) under which the inspection unit of its professional standards division provides assistance to AOA in the conduct of inspections. The AOA retains full control of the inspections (timing,</p>

	<p>scoping, selection, reporting etc). The Managing Director (MD) leads the inspections and ICAEW personnel assist the MD. The ICAEW has no decisional or control authority.</p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>The government of the Cayman Islands provides the principal funding for AOA. In addition, AOA bills firms registered with AOA a nominal amount (KY\$1,000 each) and bills firms that have been inspected in the year with the direct costs of the inspection being ICAEW costs billed to AOA plus the direct costs of the involvement of the MD in the inspection.</p> <hr/> <p><b>4.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>As per above the bulk of the funding for AOA is derived from the Cayman Islands government. AOA sets the registration fees and inspection fees billed to firms; the bulk of the inspection fees billed to the firms are fees billed to AOA by ICAEW.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight:</b></p> <p>The AOA is directly responsible for the oversight of firms under its remit. The scope includes audits of entities which might be considered PIE's but the AOA's remit is not determined by a specific definition of PIE's.</p>

	<p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>All in-scope firms are inspected every three years or possibly more frequently at the AOA’s discretion.</p>
<p><b>6. Audit and Financial Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member’s oversight or mandate.</b></p> <p>Two firms and one PIE.</p> <p>The scope of the AOA’s remit is currently under review and may be expanded in future.</p>
	<p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</b></p> <p>Not known.</p>
<p><b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b></p>	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p><input checked="" type="checkbox"/> Registration/Licensing  <input type="checkbox"/> Audit and/or Ethics Standard Setting  <input type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input type="checkbox"/> Other: _____</p>
	<p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>AOA is responsible for the registration of audit firms which fall under its remit (as “public accountants” such firms are also required by law to be</p>

	<p>licensed and registered by the Cayman Islands Institute of Professional Accountants).</p> <p><b>7.3 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p><b>7.5 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The AOA is directly responsible for the enforcement of the Rules and Regulations applying to those firms and individuals under its remit. It does this primarily through the periodic inspection process, but it also has the power to launch investigations in certain circumstances. It has wide ranging powers to impose sanctions for breaches of those requirements.</p>
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	<p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <p>-</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p>No such responsibilities.</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p>The AOA continued its discussion with stakeholders, including, the audit profession, the Cayman Islands Government and the Cayman Islands Monetary Authority (the local financial services regulator) about the possibility of expanding the AOA's remit to include the audits of more entities under its oversight.</p>