

IFIAR 2021 Member Profile – PANA

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Poland
2. Member¹	2.1 Insert the name of the Member, both in the local language and in English: Polska Agencja Nadzoru Audytowego / Polish Agency for Audit Oversight
	2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: 1 Kolejowa St, 01-217 Warsaw, Poland Tel.: +48 22 428 24 95 E-mail: pana@pana.gov.pl Website: https://pana.gov.pl/
	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: The Polish Agency for Audit Oversight (Polish abbrev. “PANA”) was established in 2019 by virtue of the amended <i>Act of 11 May 2017 on statutory auditors, audit firms and public oversight</i> (“the Act”). PANA started operations as of 1 January 2020, replacing the Audit Oversight Commission (Polish abbrev. “KNA”) which ceased to exist on 31 December 2019 and assumed all the rights and obligations of the Commission. The PANA is an independent public oversight body and is composed of the President and the Council as decision-making bodies. The PANA performs public oversight of: <ul style="list-style-type: none"> • Statutory auditors; • Audit firms; • The Polish Chamber of Statutory Auditors (Polish abbrev. “PIBR”). Minor tasks related to the functioning of the public oversight system have been delegated to the professional body, the PIBR. It mainly concerns

¹ 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>registration of statutory auditors (while audit firms are registered by PANA as of 1 January 2020) and continuous professional education.</p> <p>The main tasks within the oversight system are executed by the PANA (these concerns both PIE and non-PIE audit firms):</p> <ul style="list-style-type: none"> • Registration of audit firms (as mentioned above); • Inspections of audit firms; • Investigations of audit firms. <hr/> <p>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?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>
<p>3. Governing Body Composition and members</p>	<p>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 not². The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p>As defined in the Act, the PANA is a separate and independent structure with two decision-making bodies:</p> <ul style="list-style-type: none"> • The President; and • The Council. <p>The President represents and manages the Agency. The President is assisted and substituted by the Vice-President.</p> <p>The Council is composed of the President, the Vice-President and eight other Members. The President, the Vice-President and Members of the Council are designated by the Minister of Finance for a four-year tenure. They may be dismissed only in cases specified in the Act.</p> <p>The Council consists of:</p> <ul style="list-style-type: none"> • The President; • The Vice-President;

² 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.

	<ul style="list-style-type: none"> • 2 representatives of the Minister of Finance; • 2 representatives of the Financial Supervision Authority; • 1 representative of the PIBR; • 1 representative of the Minister of Justice; • 1 representative of employers' organizations; • 1 representative of the Warsaw Stock Exchange. <p>In total 10 Members.</p> <p>The member of the Council who is a representative of the professional body was recommended by the professional body during the nomination procedure but appointed by the Minister of Finance. He/she is subject to the same legal independence requirements as the President, the Vice-President and other Council Members under the Act (as set out in para.2 in 3.2 below).</p> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>The President, the Vice-President and other Members of the Council are appointed by the Minister of Finance among persons who, inter alia:</p> <ul style="list-style-type: none"> • enjoy full civil rights; • have an impeccable opinion; • have not been sentenced by legally valid verdict for intentionally committed crime or fiscal crime; • completed higher education; • possess authority, knowledge and experience at a significant level in relation to audit which provide guarantee for proper execution of tasks. <p>As defined in the Act, the President, the Vice-President and other Members of the Council have to be independent from the profession at least 3 years before their appointment and throughout their term in office, i.e. they cannot:</p> <ul style="list-style-type: none"> • carry out audits and other assurance services; • be associated directly or indirectly with an audit firm; • be a member of decision-making bodies of the professional body, i.e. the PIBR. <p>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.</p>
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	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Under IFIAR’s definition, the Council member who is a representative of the professional body is not considered as independent.</p> <p>As defined in the Act, all the Members of the Council are appointed by the Minister of Finance and the PANA treats them as independent.</p>
	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>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?</p> <p>As defined in the Act, the President, the Vice-President and other Members of the Council have to be independent from the profession at least 3 years before their appointment and throughout their term in office, i.e. they cannot:</p> <ul style="list-style-type: none"> • carry out audits and other assurance services; • be associated directly or indirectly with an audit firm; • be a member of decision-making bodies of the professional body, i.e. the PIBR.
	<p>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?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Does this include a “cooling-off” period for former auditors?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>As defined in the Act, the President, the Vice-President and other Members of the Council cannot during their term in office and 3 years before:</p> <ul style="list-style-type: none"> • carry out audits and other assurance services; • be associated directly or indirectly with an audit firm; • be a member of decision-making bodies of the professional body, i.e. the PIBR. <p>The Code of Administrative Procedure is applied to the proceedings before the bodies of the PANA. The Code contains specific safeguards to</p>

	<p>guarantee impartiality of decisions, for example a person is disqualified from participation in the decision in a case, as for personal interest in the outcome.</p>
	<p>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)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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:</p>
<p>4. Funding Arrangements</p>	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>The PANA is directly funded from fees paid by audit firms. It may also be funded from the state budget, if needed.</p> <p>Each year audit firms pay a fee calculated in relation to revenues from audit and other assurance services.</p> <hr/> <p>4.2 Is the funding free from undue influence by the profession?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</p> <p>The obligation to pay a fee is defined by the provisions of general law and as such is not influenced by the professional body or audit firms.</p>
<p>5. Inspection System</p>	<p>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight</p> <p>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:</p>

	<p>As defined in the Act, the PANA directly oversees all audit firms, including PIE-audit firms and carries out inspections in the scope of statutory audit for PIEs and non-PIEs.</p> <p>The PANA has its own inspection department with full-time inspectors and with contracts of mandate</p> <p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>As defined in the Act, inspections of the PANA in audit firms will be carried on the basis of the risk analysis and:</p> <ul style="list-style-type: none"> • in the case of audit firms carrying out statutory audits of the big PIEs - at least every three years; and; • in other cases - at least every six years.
<p>6. Audit and Financial Market</p>	<p>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.</p> <ul style="list-style-type: none"> • 5.608 statutory auditors, including 2.963 practicing statutory auditors (as at 31 December 2019) • 1.419 audit firms, including 73 audit firms auditing PIEs (as at 31 December 2019) • 1.289 PIEs (as at 31 December 2019) <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <p>Market share of the Polish largest audit firms - revenues from audits and other assurance services in PIEs and non-PIEs (in calendar year 2019):</p> <ul style="list-style-type: none"> • E&Y – 13,72, % • PwC – 15,90 % • KPMG – 11,99 % • Deloitte – 10,53 %
<p>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</p>	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Registration/Licensing <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting <input checked="" type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement <input type="checkbox"/> Other: _____</p> <p>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or</p>

	<p>through oversight of Registration/Licensing conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input checked="" 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>The PANA is directly responsible for registration of audit firms. The professional body - the PIBR continues to be responsible for registration of statutory auditors, under the oversight of the PANA.</p> <p>The PANA decides on the registration/deregistration of audit firms in the administrative procedure and maintains the list of audit firms and a list of third-country audit entity.</p> <p>With respect to registration of statutory auditors, the PANA has the right of objection to decisions of the PIBR regarding registration. The PANA acts as an appellate body for appeals against decisions of the PIBR regarding registration/deregistration of statutory auditors.</p> <hr/> <p>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?</p> <p><input type="checkbox"/> Directly <input checked="" 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 procedures applied, as well as the role of the Member in these procedures.</p> <p>One of the PIBR's bodies, governed by the practicing auditors, is responsible for Audit and/or Ethics Standard Setting.</p> <p>The PANA has the right of approval of decisions of the PIBR regarding Audit and/or Ethics Standards.</p> <hr/> <p>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?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p>
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	<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 procedures applied, as well as the role of the Member in these procedures.</p> <p>One of the PIBR's bodies, governed by the practicing auditors, is responsible for Permanent Education of Auditors.</p> <p>The PANA has the right of approval of decisions of the PIBR regarding Permanent Education of Auditors.</p> <hr/> <p>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)?</p> <p><input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Referral</p> <p>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.</p> <p>The PANA is responsible for investigations against statutory auditors in disciplinary procedures in cases related to assurance and related services.</p> <p>The PANA is responsible for investigations against audit firms in administrative procedure in cases related to assurance and related services.</p> <p>Upon completion of the disciplinary procedure against a statutory auditor, the PANA has the right to file a motion for sanctions to a common plea court. The PANA acts as a prosecutor in the court.</p> <p>Upon completion of the administrative procedure against an audit firm, the PANA has the right to impose a sanction. The decision of the PANA may be appealed to an administrative court.</p> <hr/> <p>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:</p> <p style="text-align: center;">N/A</p>
<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>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:</p> <p style="text-align: center;">N/A</p>

9. Major Events and Activities	9.1 Describe any recent major events and activities: The PANA participated in professional conferences dedicated to auditing: 1) "The challenges of remote work in an audit firms", held online in June 2020. 2) "Audit of the correctness of electronically kept accounting books - selected issues", in September 2020. 3) XXI Annual Auditing Conference in October 2020 4) "How to strengthen the pillars of confidence in the markets?" Conference organized by "Rzeczpospolita" in December 2020. See the PANA website for the latest published information: www.pana.gov.pl
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