

IFIAR 2022 Member Profile – APOB

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Ukraine
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>State Institution «Audit Public Oversight Body Of Ukraine»</p> <p>Державна установа «Орган суспільного нагляду за аудиторською діяльністю»</p> <hr/> <p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>26 Otto Schmidt Street, Kyiv, 04107, Ukraine</p> <p><u>Postal address:</u> a/s 167, Kyiv, 01001 Ukraine <u>Tel.:</u> +380-(96)-805-02-97 or +380-(50)-385-14-17 <u>Website:</u> http://www.apob.org.ua/ <u>Email address:</u> info@apob.org.ua</p> <hr/> <p>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:</p> <p>The legal basis of public oversight is defined by the Law of Ukraine "On Audit of Financial Statements and Auditing" dated December 21, 2017, No. 2258-VIII (with changes).</p> <p>According to the Law, all the auditors and audit entities are subject to public oversight. The Audit Public Oversight Body is responsible for the implementation of the public oversight of the audit profession in Ukraine (Article 15 para 1 and 2 of the Law).</p> <p>To ensure supervision the Audit Public Oversight Body has the right to:</p> <p>1) obtain information on the auditor (audit entity) related to the execution by such an auditor (audit entity) of his professional duties;</p>

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>2) receive from the legal and natural persons, information on the auditor and audit entity related to the performance by the auditor (audit entity) of the professional duties, disclosure of the financial statements together with the audit report, and also on the implementation of the delegated authorities by the Audit Chamber Ukraine;</p> <p>3) conduct on-site inspections of auditors and audit entities in terms of performance of their professional duties;</p> <p>4) send materials about the identified violations to the law enforcement officers;</p> <p>5) involve inspectors and experts to carry out inspections and disciplinary proceedings;</p> <p>6) impose penalties on auditors and audit entities;</p> <p>7) receive reports from the Audit Chamber of Ukraine and conduct inspections of the Audit Chamber of Ukraine to ensure that the delegated authorities are carried out in accordance with the requirements of the audit public oversight body;</p> <p>8) review and revise decisions taken by the Audit Chamber of Ukraine within the areas of its performance of the delegated authorities;</p> <p>9) issue justified recommendations for actions, which are necessary to be taken by the Audit Chamber of Ukraine for the purpose of proper execution of the delegated authorities (Article 15 para 8 of the Law).</p> <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>
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3. Governing Body Composition and members	<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>The Audit Public Oversight Board consists of seven persons; one representative from each of the following institutions:</p> <ul style="list-style-type: none"> - the Central executive body in charge of development and implementation of the state policy in the area of accounting and audit (Ministry of Finance of Ukraine), - the National Securities and Stock Market Commission, - two persons from the National Bank of Ukraine, - three elected non-practitioners. <p>The composition of the Oversight Board is approved by the Ministry of Finance of Ukraine based on proposals from the relevant authorities and on the election results (Article 16 para 1 of the Law).</p> <p>The Charter of the Audit Public Oversight Body shall be approved by the Ministry of Finance of Ukraine (Article 15 para 14 of the Law).</p> <p>The state authorities and other entities do not have the right to interfere in the activities of the Audit Public Oversight Body in the process of carrying out its responsibilities defined by this Law. The decision of the Audit Public Oversight Body regarding their illegality may be appealed in court (Article 15 para 15 of the Law).</p>
	<p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>The general criteria for all the members of the Oversight Board include the requirement for experience in the field of accounting, auditing, law, and that they must be non-practitioners. Professionals without a "cooling-off period" cannot be approved as Oversight Board members.</p> <p>The candidates for election as members of the Oversight Board from the non-practitioners should have at least 10 years' work experience in the area of audit, accounting, law, and an impeccable reputation (Article 16, para 1 of the Law).</p>
	<p>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms,</p>

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.

	<p>professional accountancy bodies and bodies or entities associated with the audit profession.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <hr/> <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> <hr/> <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 style="text-align: center;">-</p> <hr/> <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>“Non-practitioner” means a natural person that for at least three years before the date of appointment does not conduct professional activity on providing statutory financial statement audit services, was not an official of the management body or employee of an audit firm, was not involved on a contractual basis in the audit services provision; is not associated with any audit entity on the basis of ownership or control relations (part 15 of para 1 of Article 1).</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>To ensure the financing of the Audit Public Oversight Body activities, the audit firms pay the following fees to the Audit Public Oversight Body for each PIE audit performed:</p> <p>1) fixed fee amounting to three times the minimum wage established by law as of January 1 of the reporting year, for each audit report prepared for the statutory audits firm of public interest entities;</p> <p>2) a fee as a percentage of the audit income (excluding value added tax) under contracts for the provision of audit services for statutory audit of public interest entities. The percentage is determined by the Cabinet of Ministers of Ukraine on the basis of the budget of the Audit Public Oversight Body but cannot exceed 2 percent of the amount of such audit fees. (Article 15 para 13 of the Law)</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 Oversight Board approves the budget of the Audit Public Oversight Body and the report on the execution of the budget (Article 16 part 17 of para 4 of the Law).</p> <p>The budget of the Audit Public Oversight Body is approved by the Cabinet of Ministers of Ukraine (Article 15 part 13 of the Law).</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> <ul style="list-style-type: none"> • If directly, kindly provide a brief description or summary of the responsibility, including the regulatory reporting process after inspections i.e. recommendations issued, follow-up, etc.). • 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>In accordance with the Law, the Quality Assurance Inspection APOB is authorized to carry out quality control audits of PIEs (Article 40 part 4 of the Law).</p>

	<p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>The statutory quality controls of audit services are carried out on:</p> <p>1) audit firms that provide statutory audits of financial statements of large enterprises, banks, professional stock market participants and issuers whose securities are admitted to trading on stock exchanges or concerning whose securities a public offer was made (i.e., PIE audits) - once every three years;</p> <p>2) audit firms that provide statutory audits of financial statements, other than auditors of PIEs (i.e., non-PIE audits) - once every six years (para 3 Article 40 of the Law).</p>																																				
<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> <p>According to information contained in the Register, the number of audit firms entitled to carry out statutory audits of financial statements as at 15 April 2021 is 220, and the number of audit firms entitled to carry out statutory audits of financial statements of PIEs is 78.</p> <p>The number of public interest audits (PIEs) – 1199.</p> <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</p> <table border="1" data-bbox="544 1290 1374 1774"> <thead> <tr> <th>Name</th> <th>Audit fees from PIEs</th> <th>Number of PIEs audits</th> </tr> </thead> <tbody> <tr> <td>PwC</td> <td>18%</td> <td>6%</td> </tr> <tr> <td>Ernst & Young</td> <td>17%</td> <td>4%</td> </tr> <tr> <td>Baker Tilly</td> <td>11%</td> <td>7%</td> </tr> <tr> <td>KPMG</td> <td>11%</td> <td>5%</td> </tr> <tr> <td>Deloitte</td> <td>10%</td> <td>4%</td> </tr> <tr> <td>BDO</td> <td>4%</td> <td>3%</td> </tr> <tr> <td>Kreston Ukraine</td> <td>2%</td> <td>5%</td> </tr> <tr> <td>Crowe Ukraine</td> <td>2%</td> <td>3%</td> </tr> <tr> <td>Grant Thornton</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>RSM Ukraine</td> <td>2%</td> <td>2%</td> </tr> <tr> <td>Total</td> <td>79%</td> <td>39%</td> </tr> </tbody> </table>	Name	Audit fees from PIEs	Number of PIEs audits	PwC	18%	6%	Ernst & Young	17%	4%	Baker Tilly	11%	7%	KPMG	11%	5%	Deloitte	10%	4%	BDO	4%	3%	Kreston Ukraine	2%	5%	Crowe Ukraine	2%	3%	Grant Thornton	2%	2%	RSM Ukraine	2%	2%	Total	79%	39%
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<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</p> <p><input type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input checked="" type="checkbox"/> Permanent Education of Auditors</p> <p><input checked="" type="checkbox"/> Enforcement</p>																																				

	<p><input checked="" type="checkbox"/> Other: Inspections non-PIE audits</p> <hr/> <p>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?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p> <ul style="list-style-type: none"> • 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>According to paras 5-6 of Article 15 of the Law 5, the Audit Chamber of Ukraine is delegated the following responsibilities provided that its organizational structure prevents conflicts of interest:</p> <p>1) Registration of auditors and audit entities.</p> <p>The auditors and audit firms included in the Register are required to be members of the Audit Chamber of Ukraine (Article 47 para 2 of the Law). The Audit Public Oversight Body in the manner prescribed by the Law supervises the implementation of the delegated authorities by the Audit Chamber of Ukraine.</p> <p>To ensure supervision, the Audit Public Oversight Body has the right to:</p> <p>1) receive reports from the Audit Chamber of Ukraine and inspect them to ensure that the delegated responsibilities are carried out in accordance with the requirements of the Audit Public Oversight Body.</p> <p>2) review and revise decisions taken by the Audit Chamber of Ukraine within the areas of its performance of the delegated responsibilities.</p> <p>3) issue justified recommendations for actions, which are necessary to be taken by the Audit Chamber of Ukraine for the purpose of proper execution of the delegated responsibilities (Article 15 para 8 of the Law).</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>
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	<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 checked="" type="checkbox"/> Through Referral</p> <ul style="list-style-type: none"> • If directly, kindly provide a brief description or summary of the enforcement responsibility, the procedure and process involved, including the regulatory reporting process that led to disciplinary action. • 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>The Audit Public Oversight Body is responsible for the oversight of:</p> <ol style="list-style-type: none"> 1) disciplinary proceedings against auditors and audit firms carrying out statutory audits of financial statements; 2) application of penalties (Article 15 para 4 of the Law). <p>The responsibilities of the Oversight Board include the following:</p> <ol style="list-style-type: none"> 1) making decisions to initiate disciplinary proceedings against all auditors and audit entities; 2) making decisions on the imposition of penalties against PIE auditors and audit entities (Article 16 para 4 of the Law). <p>According to paras 5-6 of Article 15 of the Law 5, the Audit Chamber of Ukraine is delegated the following responsibilities provided that its organizational structure prevents conflicts of interest:</p> <ol style="list-style-type: none"> 1) implementation of disciplinary proceedings against non-PIE audit firms <p>The Audit Public Oversight Body supervise the implementation of the delegated responsibilities of the Audit Chamber of Ukraine as described above.</p> <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>The Audit Public Oversight Body is responsible for the oversight of quality controls of audit firms carrying out non-PIE statutory audits.</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>The Audit Public Oversight Body reviews cases of failures to provide information to the Audit Public Oversight Body and for non-disclosure of</p>

	financial statements together with an audit report (Article 15 para 4 of the Law).
9. Major Events and Activities	<p>9.1 Describe any recent major events and activities:</p> <p>To enhance the image of APOB organized and co-organized professional events, including such as:</p> <ol style="list-style-type: none"> 1. International Conference "Public Oversight of Auditing in Ukraine: Experience and Prospects"; 2. Webinar "New international standards of quality management. Raising the bar in quality management"; 3. Round table on the topic: "Initiation of certification of auditors in accordance with the new legislation"; 4. Second meeting of the Steering Committee of the EU Project "Implementation of EU Practices in Accounting, Financial Reporting and Auditing in Ukraine" (EU-FAAR); 5. Third meeting of the Steering Committee of the EU Project "Implementation of EU Practices in Accounting, Financial Reporting and Auditing in Ukraine" (EU-FAAR). <p>Also APOB in order to avoid shortcomings in the activities of audit entities conducted explanatory work by posting informational messages on the official website of APOB.</p>