

## IFIAR 2023 Member Profile – AOA

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Cayman Islands
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  Auditors Oversight Authority (AOA)
<b>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</b>  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>	
<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>  The Auditors Oversight Authority (AOA) commenced operations in 2012 and operates under the Auditors Oversight Act (previously known as the Auditors Oversight Law (the “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.	
<b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b>  <input type="checkbox"/> <b>Licensing</b> <input checked="" type="checkbox"/> <b>Registration</b> <input type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b> <input type="checkbox"/> <b>Permanent Education / Continuous Training of Auditors</b> <input checked="" type="checkbox"/> <b>Inspection</b>	

<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.

	<input checked="" type="checkbox"/> <b>Enforcement</b> <input type="checkbox"/> <b>Other:</b> _____
<b>3. Governing Body Composition and members</b>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</b></p> <p>AOA is governed by a Board. See the AOA website for details:  <a href="http://aoa.ky/board-members-key-employees">http://aoa.ky/board-members-key-employees</a></p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.</b></p> <p>Legislation requires that 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 (non-voting);</li> <li>• The Financial Secretary of the Cayman Islands (non-voting);</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>
	<p><b>3.3 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"/> <b>Yes</b>                      <input type="checkbox"/> <b>No</b></p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> <b>Yes</b>                      <input type="checkbox"/> <b>No</b></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></p>

	<p>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>4. Independence safeguards</b></p>	<p><b>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</b></p> <p>See 3.3 above. Plus:</p> <p>The AOL requires a director to disclose a conflict of interest and be excluded from any meeting at which the matter is discussed, considered or voted on.</p> <p>The Public Authorities Act also requires (inter alia):</p> <ul style="list-style-type: none"> <li>• A person being consider for appointment to the Board to disclose to Cabinet any conflicts of interest prior to appointment;</li> <li>• An appointment may be terminated if a conflict comes to light after appointment.</li> </ul> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input type="checkbox"/> Same set of requirements    <input checked="" type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <p>There may be different legal requirements, but the principles apply equally to employees.</p> <hr/> <p><b>4.2 Are there any additional safeguards in place that provide for the Member’s overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe:</b></p> <p>AOA policy requires all Board members to file an annual declaration of interests and a certificate of compliance with the relevant ethical requirements.</p>
<p><b>5. Funding Arrangements</b></p>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</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> <p><b>5.2 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>6. Audit 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. Discussions with stakeholders are at an advanced stage and revisions to the AOA remit are expected to be formalized before the end of 2023.</p> <p><b>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</b></p> <p>Not known.</p>
<p><b>7. Inspection System</b></p>	<p><b>7.1 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> <p><b>7.2 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 directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11</b></p>

	<p><b>Enforcement, please reference that section for details on such measures).</b></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 by the Member:</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 PIEs but the AOA’s remit is not determined by a specific definition of PIEs.</p> <p><b>7.3 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>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</b></p> <p><input checked="" type="checkbox"/> <b>Employees of the Member</b>                      <input type="checkbox"/> <b>Professional body</b></p> <p><input checked="" type="checkbox"/> <b>Third Parties</b>                                      <input type="checkbox"/> <b>Other</b></p> <p><b>Please explain below:</b></p> <p>The AOA uses the Professional Standards division of the ICAEW to conduct inspections. The arrangement is the subject of a formal contract between the AOA and the ICAEW. However:</p> <ul style="list-style-type: none"> <li>a. the nature, scope and timing of inspections are determined solely by the AOA;</li> <li>b. inspections are led by the managing director of AOA;</li> <li>c. the AOA retains responsibility for all decisions on inspection “findings”;</li> <li>d. the AOA issues the report on an inspection to the subject firm; and</li> <li>e. the AOA has sole discretion as to any sanctions, follow up inspections or other actions resulting from the inspection.</li> </ul> <p>The AOA confirms the independence of the ICAEW team for all inspections by inquiry of the Professional Standards Group leader.</p>
<p><b>8. Licensing</b></p>	<p><b>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</b></p> <p><input type="checkbox"/> <b>Directly</b>                                      <input type="checkbox"/> <b>Through Oversight</b></p>

	<p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition. 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 style="text-align: center;">N/A</p>
<p><b>9. Registration</b></p>	<p><b>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration 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, including any changes, with an appropriate level of detail.</p> <p>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 licensed and registered by the Cayman Islands Institute of Professional Accountants).</p>
<p><b>10. Audits and/or Ethics Standard Setting</b></p>	<p><b>10.1 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>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>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 style="text-align: center;">N/A</p>
<p><b>11. Permanent Education / Continuous Training of Auditors</b></p>	<p><b>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</b></p>

	<p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>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 style="text-align: center;">N/A</p>
<p><b>12. Enforcement</b></p>	<p><b>12.1 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>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</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 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>
<p><b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b></p>	<p><b>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</b></p> <p style="text-align: center;">-</p>
<p><b>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</b></p>	<p><b>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</b></p> <p>No such responsibilities.</p>

<b>15. Member Update for public information (if any)</b>	<b>15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?</b>  <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  <b>If yes, please describe these changes with an appropriate level of detail:</b>  The current remit of the AOA is quite limited. Discussions with stakeholders (including Government, other interested regulators, and the profession) have been on-going for some time and a strategy for the role of the AOA, with an increased remit which best serves the Cayman Islands' public interest, is expected to be finalized in 2023.
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