

IFIAR 2023 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>Державна установа «Орган суспільного нагляду за аудиторською діяльністю» State Institution «Audit Public Oversight Body Of Ukraine» (APOB)</p> <hr/> <p>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:</p> <p>26 Otto Schmidt Street, Kyiv, 04107, Ukraine</p> <p>Postal address: a/s 167, Kyiv, 01001 Ukraine Tel.: +380-(96)-805-02-97 or +380-(50)-385-14-17 Website: http://www.apob.org.ua/ Email address: 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>The Audit Public Oversight Body ensures supervision and is responsible for supervision of:</p> <ol style="list-style-type: none"> 1) registration of auditors and audit firms; 2) implementation of international auditing standards;

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>3) control over the certification of auditors and continuous training of auditors;</p> <p>4) quality control of audit services of audit entities that conduct mandatory audits of financial statements, or that have notified the intention to conduct mandatory audits of financial statements;</p> <p>5) disciplinary proceedings against auditors and audit firms, which carry out mandatory audit of financial statements;</p> <p>6) the use of fines (Article 15 para 4 of the Law).</p> <hr/> <p>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <p><input checked="" type="checkbox"/> Licensing</p> <p><input checked="" type="checkbox"/> Registration</p> <p><input type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input checked="" type="checkbox"/> Permanent Education / Continuous Training of Auditors</p> <p><input checked="" type="checkbox"/> Inspection</p> <p><input checked="" type="checkbox"/> Enforcement</p> <p><input checked="" type="checkbox"/> Other: Inspections non-PIE audits</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, 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.</p> <p>The Audit Public Oversight Board consists of nine persons:</p> <ul style="list-style-type: none"> ○ two persons from 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): <ul style="list-style-type: none"> ➤ Lyudmila Gaponenko - Chairman of the Oversight Board, Director of the Accounting Methodology and Auditing Regulatory Support Department of the Ministry of Finance of Ukraine, ➤ the second candidacy will be submitted after the acquisition of changes in the legislation (September 2023); ○ the National Securities and Stock Market Commission, <ul style="list-style-type: none"> ➤ Yuriy Shapoval, Member of the National Securities and Stock Market Commission; ○ two persons from the National Bank of Ukraine: <ul style="list-style-type: none"> ➤ Kateryna Rozhkova, First Deputy Governor of the National Bank of Ukraine,

- Iryna Sirenko, Head of the Insurance Market Supervision Directorate of the Nonbank Financial Services Supervision Department of the National Bank of Ukraine;
- three elected non-practitioners:
 - Iryna Belousova, non-practitioner elected by open competition, member of the All-Ukrainian public organization "Ukrainian Federation of Professional Accountants and Auditors",
 - Valentyna Levchenko, non-practitioner elected by open competition, Member of the All-Ukrainian Professional Public Organization "Union of Auditors of Ukraine»,
 - the third candidacy will be submitted after the acquisition of changes in the legislation (September 2023);
- the Executive Director of the Quality Assurance Inspection is a member of the Supervisory Board,
 - Oleg Kantsurov, non-practitioner elected by open competition.

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).

The Charter of the Audit Public Oversight Body shall be approved by the Ministry of Finance of Ukraine (Article 15 para 15 of the Law).

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 . Appealing the decisions of the Audit Public Oversight Body on audit activity does not stop their actions (Article 15 para 16 of the Law).

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.

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.

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>The candidates for election as members of the Oversight Board from among non-practicing persons are offered by the Audit Chamber of Ukraine, professional organizations of auditors and accountants, as well as by self-nomination.</p> <p>Each professional organization of auditors and accountants, which has as full members at least 10 percent of the total number of auditors registered in the Register as of January 1 of the current year, may delegate no more than one representative. If the total number of delegated representatives is more than three, then representatives of only those three professional organizations of auditors and accountants, which have a larger number of auditors registered in the Register as of January 1 of the current year, are elected to the nomination committee.</p> <p>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?</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>4. Independence safeguards</p>	<p>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.</p> <p>The powers and independence of the Oversight Board are determined by the Law of Ukraine "On the Audit of Financial Statements and Audit Activity" and the Charter of the Audit Public Oversight Body within the limits of the powers defined by the legislation of Ukraine.</p> <p>In accordance with the Law, the Audit Public Oversight Body must be independent from the audit firms.</p>

	<p>The annual financial reporting of the Audit Public Oversight Body is subject to mandatory verification by an independent audit firm, whose selection is carried out in accordance with the Law of Ukraine "On Public Procurement". The Cabinet of Ministers of Ukraine determines the requirements for an independent audit entity.</p> <p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input checked="" type="checkbox"/> Same set of requirements <input type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p> <hr/> <p>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.</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe:</p> <p>To the Oversight Board are delegated five persons from the state bodies of Ukraine, three non-practicing persons and the Executive Director of the Quality Assurance Inspection, who is also a non-practicing person.</p>
<p>5. Funding Arrangements</p>	<p>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</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>0.3 of the minimum wage, established by law on January 1 of the reporting year, from each audit report prepared by the subject of audit activity based on the results of the provision of audit services from the mandatory audit of financial statements, except for the mandatory audit of financial statements of enterprises that constitute public interest;</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 14 of the Law)</p>

	<p>5.2 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>6. Audit 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 27 February 2023 is 215, and the number of audit firms entitled to carry out statutory audits of financial statements of PIEs is 79.</p> <p>The number of public interest audits (PIEs) ≈ 1200.</p> <p>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.</p> <p>The table shows the latest available data for 2020. Due to the war in Ukraine, more up-to-date information is not available.</p> <table border="1" data-bbox="544 1377 1374 1861"> <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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7. Inspection System	<p>7.1 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>
	<p>7.2 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 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 Enforcement, please reference that section for details on such measures).</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 by the Member:</p> <p>In accordance with the Law, the Quality Assurance Inspection APOB is authorized to carry out quality control audits of PIEs. The Audit services quality control committee of the Audit Chamber of Ukraine is authorized to carry out quality control audits of non-PIEs.</p> <p>(Article 40 part 4 of the Law).</p>
	<p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Audit firms, which have the right to conduct mandatory audits of financial statements of public interest entities, as well as associations of insurers, the mandatory creation of which is provided for by law, are required to undergo quality control of audit services at least once every three years.</p> <p>Audit firms, which have the right to conduct a mandatory audit of financial statements, except for those specified in the first paragraph of this part, are required to undergo quality control of audit services at least once every six years (para 3 Article 40 of the Law).</p>
	<p>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.</p> <p><input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body</p> <p><input type="checkbox"/> Third Parties <input type="checkbox"/> Other</p>

	<p>Please explain below:</p> <p>Inspectors of the Quality Assurance Inspection APOB perform inspections of PIE audit firms. The Audit services quality control committee of the Audit Chamber of Ukraine performs inspections of their member auditors that do not audit PIE entities.</p>
<p>8. Licensing</p>	<p>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?</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. 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>Auditors and audit firms may provide audit services only after registration in the Register of Auditors and Audit Firms.</p> <p>The holder and administrator of the Register is the Audit Public Oversight Body, which ensures the creation, operation and management of the Register, as well as performs its administration.</p> <p>One of the penalties for committing professional misconduct against an auditor and an audit firm may be the removal of the register information about the auditor or subject of audit activity from the Register and cancellation of its registration.</p>
<p>9. Registration</p>	<p>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?</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>The holder and administrator of the Register is the Audit Public Oversight Body, which ensures the creation, operation and management of the Register, as well as performs its administration.</p>
<p>10. Audits and/or Ethics Standard Setting</p>	<p>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?</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>The auditors and audit firms must carry out statutory audit activities in accordance with the International Standards on Auditing (Article 13 para 1 of the Law).</p> <p>The Audit Public Oversight Body is responsible for the oversight of the implementation of the International Standards on Auditing (Article 15 para 4 of the Law).</p>
<p>11. Permanent Education / Continuous Training of Auditors</p>	<p>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?</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>The Audit Public Oversight Body is responsible for the oversight of the attestation of auditors and continuous training of auditors (Article 15 para 4 of the Law).</p> <p>The Audit Public Oversight Body provides oversight and is responsible for overseeing the control of the continuing professional education of auditors. The authority to control the continuing professional education of auditors may be delegated to the Audit Chamber of Ukraine and/or professional organizations of auditors and accountants. The auditor must comply with the requirements for continuing professional education and</p>

	<p>annually submit information on its completion to the Audit Public Oversight Body.</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>12. Enforcement</p>	<p>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)?</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 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>

13. Other Responsibilities in Audit Oversight or Audit Regulation	<p>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:</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>
14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation	<p>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:</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 financial statements together with an audit report (Article 15 para 4 of the Law).</p>
15. Member Update for public information (if any)	<p>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?</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>