

## IFIAR 2023 Member Profile – UDVA

1. Jurisdiction	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Slovak Republic</p>
2. Member <sup>1</sup>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Úrad pre dohľad nad výkonom auditu (UDVA) Auditing Oversight Authority</p>
	<p><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></p> <p>Úrad pre dohľad nad výkonom auditu Slovanská 1, P.O. BOX 63 810 05 Bratislava 15</p> <p>Tel.: + 421 2 57 26 75 25   Fax: + 421 2 57 26 75 00 E-mail: <a href="mailto:udva@udva.sk">udva@udva.sk</a>   Website: <a href="http://www.udva.sk">www.udva.sk</a></p>
	<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>Established on January 1<sup>st</sup>, 2008 based on the Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended ("Act 540/2007 Coll.").</p> <p>Effective from June 17<sup>th</sup>, 2016 there is a new Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended ("Act 423/2015 Coll.") in the Slovak Republic.</p> <p>Based on the new Act 423/2015 Coll. UDVA has mandate/authority to perform oversight over statutory auditors, audit firms, the Slovak Chamber of Auditors and public interest entities (PIEs) and over big companies (not defined as PIEs but obliged to fulfil part of PIE requirements).</p>
	<p><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></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.

	<input checked="" type="checkbox"/> <b>Licensing</b> <input checked="" type="checkbox"/> <b>Registration</b> <input checked="" type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b> <input checked="" type="checkbox"/> <b>Permanent Education / Continuous Training of Auditors</b> <input checked="" type="checkbox"/> <b>Inspection</b> <input checked="" type="checkbox"/> <b>Enforcement</b> <input checked="" type="checkbox"/> <b>Other:</b> <u>Auditors' examination</u>
<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>The Board consists of the following members:  Tatiana Dubinova – Chairman of the Board (National Bank of Slovakia)  Katarina Kaszasova – General Director and Board Member  Aurel Dibak – Board Member (National Bank of Slovakia)  Daniela Kluckova – Vice-Chairman of the Board (Ministry of Finance of the Slovak Republic)</p> <p>All 4 members of the Board are non-practitioners; one seat is currently vacant.  <a href="https://udva.sk/sk/urad/organizacia-a-riadenie-uradu/rada">https://udva.sk/sk/urad/organizacia-a-riadenie-uradu/rada</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>All governing body members (i.e. all Board members, Supervisory Committee members, members of the Committee for Audit Quality Assurance and the Committee for Investigation and Sanctions) should be non-practitioners.</p> <p>Only a natural person with a second-level university degree and at least five years of practical experience in the field of accounting or statutory audit, of that at least two years of practical experience at a management, scientific or pedagogical position and who has full legal capacity and meets the good reputation condition may be appointed in the position of a member of the Board, except for the General Director, and a member of committees of the UDVA.</p> <p>The office of General Director requires a second-level university degree and five years of practical experience in a managerial position. A natural person that meets the good reputation condition may be appointed in the General Director office.</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"/> 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>According to the Article 55 par. 6 of the Act 423/2015 Coll.:  <i>“Members of the Authority’s management bodies shall be non-practitioners.”</i></p> <p>According to the Article 36 par. 4 of the Act 423/2015 Coll.:  <i>“For the purposes of this Act, a non-practitioner means any natural person who, during the period of at least three years before his or her appointment in the bodies of the Authority and during his or her involvement in the bodies of the Authority, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the statutory, management or supervisory body of an audit firm and has not been employed by, or otherwise closely associated with, an audit firm. A non-practitioner may be an employee of the Authority, a member of the Authority’s body, or a person who performs oversight on the basis of a contract with the Authority, has been authorized to perform oversight, and acts on behalf of the Authority. A non-practitioner shall have a second-level university degree and practical experience in the area of statutory audit.”</i></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>Members of the governing body shall be non-practitioners as described in question 3.3 above. Members of Authority’s bodies are obliged to act impartially and refrain from any actions by which they would prefer their personal interests or interests of an institution which nominated them in their office over the public interest.</p> <p>Membership in the Board is honorary and for no reward, except for the General Director.</p> <p>According to the Article 53 par. 4 of the Act 423/2015 Coll., the Authority shall perform oversight objectively and independently of state authorities, territorial self-administration authorities, other public authorities, and other legal entities or natural persons. State authorities, territorial self-</p>

	<p>administration authorities, other public authorities, or other persons may not influence the Authority within the performance of oversight.</p> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input checked="" type="checkbox"/> Same set of requirements    <input type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b> N/A</p>
	<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> As described in question 3.3. above, members of the Authority's management bodies shall be non-practitioners.</p> <p>According to the Article 36 par. 2 of the Act 423/2015 Coll., the Authority shall perform oversight by investigation, usually, through non-practitioners and experts with whom the Authority can conclude a contract for the meeting of particular tasks if necessary. Oversight shall be free from any undue influence by statutory auditors and audit firms.</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>UDVA financing is defined in the Act No. 423/2015 Coll.</p> <p>Incomes of the UDVA defined by the Act No. 423/2015 Coll. are:</p> <ul style="list-style-type: none"> <li>• Contribution from the state budget according to the Act on State Budget for the given year;</li> <li>• Annual contributions from: <ul style="list-style-type: none"> <li>- PIEs;</li> <li>- Big companies (not defined as PIEs but obliged to fulfil part of PIE requirements);</li> <li>- Audit firms;</li> </ul> </li> <li>• Annual registration fee: <ul style="list-style-type: none"> <li>- PIE-auditors and PIE-audit firms;</li> </ul> </li> <li>• Penalties;</li> <li>• Compensations for costs of proceedings;</li> <li>• Interest due on late payments;</li> <li>• Fees for examinations and re-examination;</li> <li>• Fees for the actions made by the Authority.</li> </ul>

	<p>The budget is set by the Board and approved by the Supervisory Committee.</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>Percentage structure of the sources in 2022:</p> <ul style="list-style-type: none"> <li>- approx. 19% - State budget</li> <li>- approx. 55% - Annual contributions from PIEs and big companies (not defined as PIEs but obliged to fulfil part of PIE requirements)</li> <li>- approx. 26% - annual contributions from audit firms and annual registration fees from PIE-auditors and PIE-audit firms</li> </ul>
<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>Information as of 31 December 2022:</p> <ul style="list-style-type: none"> <li>- 226 audit firms with active license, including 24 registered as PIE-audit firms for the calendar year 2023,</li> <li>- 681 statutory auditors with active license,</li> <li>- 179 public interest entities and 79 big companies (not defined as PIEs but obliged to fulfil part of PIE requirements) under UDVA's oversight</li> </ul> <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>The market share of 4 largest audit firms as the percentage (%) of the total number of PIE-audits in 2021 (approximately 222 audits carried out in 2021, including audits of the consolidated financial statements): KPMG – 27 %; PwC – 17 %; Deloitte – 6 %; E&amp;Y – 4 %</p> <p>We also have preliminary data for 2022 (based on registration of PIE audits) : KPMG – 26 %; PwC – 14 %; E&amp;Y – 5 % ; Deloitte – 4 %</p> <p>The market share of 4 largest audit firms as the percentage (%) of the total revenues from statutory audit of PIEs in 2021: KPMG – 28 %; PwC – 28 %; E&amp;Y – 20 %; Deloitte – 14 %</p> <p>Data of market share for the year 2022 are not available yet.</p>

<b>7. Inspection System</b>	<b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b>  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b>  <input checked="" type="checkbox"/> Directly <input type="checkbox"/> Through Oversight  <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>After the implementation of the new EU legislation (valid since June 17th, 2016) UDVA started to be directly responsible for performing audit quality assurance reviews ("AQA reviews") of the PIE-auditors and PIE-audit firms, which were previously delegated to the Slovak Chamber of Auditors. Inspections are performed by the Inspection Department under supervision of the Committee for Audit Quality Assurance. The findings together with the recommendations for the remedy are documented in the Inspection Report. The remediation period shall not exceed 12 months from the completion of the inspection. When the Committee for Audit Quality Assurance decides so, the finding is submitted to the Committee for Investigation and Sanctions for further proceeding.</p>
	<b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b>  <p>PIE auditors and PIE audit firms are subject of the <u>audit quality assurance reviews</u> ("AQA reviews") carried out <u>by the UDVA</u> in a 3-year cycle.</p> <p>Non-PIE auditors and non-PIE audit firms are subject of the <u>audit quality assurance reviews</u> ("AQA reviews") carried out <u>by the Slovak Chamber of Auditors</u> in 6-year cycle.</p> <p>UDVA is also responsible for performing other oversight activities over:</p> <ul style="list-style-type: none"> <li>• all statutory auditors and all audit firms directly,</li> <li>• the Slovak Chamber of Auditors,</li> <li>• PIEs and big companies (oversight is limited to functioning of their Audit Committees).</li> </ul>

	<p>There is no exact frequency defined for such other oversight activities over the statutory auditors and audit firms.</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 type="checkbox"/> <b>Third Parties</b> <input checked="" type="checkbox"/> <b>Other</b></p> <p><b>Please explain below:</b> In addition to own employees, our Authority engages also independent contractors for the conduct of inspections if necessary.</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 checked="" type="checkbox"/> <b>Directly</b> <input type="checkbox"/> <b>Through Oversight</b></p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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.</b></p> <p>The UDVA is directly responsible for:</p> <ul style="list-style-type: none"> <li>- organizing the auditors' examinations;</li> <li>- issuing certificates;</li> <li>- issuing / suspending / withdrawing licenses;</li> <li>- registering statutory auditors and audit firms in the relevant list;</li> <li>- keeping the list of statutory auditors and the list of audit firms.</li> </ul>
<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"/> <b>Directly</b> <input type="checkbox"/> <b>Through Oversight</b></p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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</b></p>

	<p><b>description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</b></p> <p>The UDVA is directly responsible for:</p> <ul style="list-style-type: none"> <li>- organizing the auditors' examinations;</li> <li>- issuing certificates;</li> <li>- issuing / suspending / withdrawing licenses;</li> <li>- registering statutory auditors and audit firms in the relevant list;</li> <li>- keeping the list of statutory auditors and the list of audit firms.</li> </ul>
<b>10. Audits and/or Ethics Standard Setting</b>	<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 checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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>According to the Act 423/2015 Coll. the UDVA participates in the creation, updating and adoption of international auditing standards and the Auditor's Code of Ethics through the competent authorities of the European Union.</p> <p>The UDVA has no special responsibility for Standard setting.</p> <p>International auditing standards issued by the IFAC (IAASB) are used/required in the Slovak Republic by law.</p> <p>The Code of Ethics issued by the Slovak Chamber of Auditors which is in compliance with the Code of Ethics issued by the IFAC (IESBA) is used/required in the Slovak Republic by law.</p> <p>UDVA shall provide for Audit/Ethics standards accessibility by users in the Slovak Republic in the Slovak language. The translation into the Slovak language is provided by the Slovak Chamber of Auditors.</p>
<b>11. Permanent Education / Continuous Training of Auditors</b>	<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 checked="" type="checkbox"/> Through Oversight</p>



	<p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>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>The Slovak Chamber of Auditors prepares the principles of permanent education of a statutory auditor, including the criteria and the method of assessment. The principles of permanent education of a statutory auditor are approved by the UDVA. Permanent education shall be provided for by the Slovak Chamber of Auditors or by statutory auditors, audit firms, European auditors, audit firms from other Member States, third-country auditors, or third-country audit firms.</p> <p>UDVA performs the oversight of permanent education as part of wider oversight over the Slovak Chamber of Auditors.</p>
<b>12. Enforcement</b>	<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"/> <b>Directly</b>                      <input checked="" type="checkbox"/> <b>Through Referral</b></p> <p><b>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</b></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>UDVA is responsible for enforcement in relation to the statutory audits performed by auditors of PIE and big companies (not defined as PIEs but obliged to fulfil part of PIE requirements). UDVA has a separate Enforcement Committee, members of which are appointed by the Board, based on proposal of the Ministry of Finance of the Slovak Republic and the National Bank of Slovakia. The Enforcement Committee has 7 non-practicing members where the chairman has to be a lawyer and other members must have either accounting/audit or legal background. All members have at least 5 years of practical experience including at least 2 years in either managerial or academic position.</p>

	<p>The rest is through oversight of the Slovak Chamber of Auditors. Enforcement is performed by the Disciplinary Committee that consists of 5 members (audit practitioners).</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>The UDVA's Examination Committee prepares and organizes the process of examination of professional competence.</p> <p>The Chairman and other members of the UDVA's Examination Committee are appointed and dismissed by the UDVA's Board. The UDVA's Examination Committee shall consist of statutory auditors and other experts in theory and practice nominated by the Slovak Chamber of Auditors, the UDVA, or the Ministry of Finance of the Slovak Republic.</p> <p>The examination rules are laid down by the Ministry of Finance of the Slovak Republic by means of a Measure. The Ministry shall promulgate the Measure by announcing its publication in the Collection of Laws of the Slovak Republic.</p> <p>The UDVA is a legal entity entrusted, in the area of public administration, with the performance of oversight and fulfilment of other tasks according to the Act 423/2015 Coll. on Statutory audit.</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 style="text-align: center;">N/A</p>
<p><b>15. Member Update for public information (if any)</b></p>	<p><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></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p> <p>At the beginning of 2022 the UDVA started using the inspection management system PENTANA, to achieve consistent performance and documentation of the inspections.</p> <p>In 2022 the UDVA organized three roundtables with the large audit firms (PIE auditors), the Slovak Chamber of Auditors and other stakeholders in</p>



	<p>order to stay in touch with the latest developments and challenges in audit profession.</p> <p>In 2022 the UDVA organized two webinars, one for audit committees and one for auditors of PIEs.</p>
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