

## IFIAR 2023 Member Profile – PAOB

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Czech Republic
<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>  Rada pro veřejný dohled nad auditem Public Audit Oversight Board (PAOB)
	<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>  Vodickova 38, Praha 1, 110 00 Tel. : +420 222 947 692 Website: <a href="http://www.rvda.cz">www.rvda.cz</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>  Act on Auditors No. 93/2009 as amended and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, specifically Title IV of this Regulation.
	<b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b>  <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 type="checkbox"/> <b>Other:</b> _____  We have an overall responsibility for the quality of audits, but the other activities are carried out through oversight of the activities of the Chamber of Auditors.

<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.

<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>There are three governing and/or specialised bodies, and the President, who acts in the capacity of the authorised representative body of the Public Audit Oversight Body, defined by the Act on Auditors in this way:</p> <ul style="list-style-type: none"> <li>• <a href="#">Presidium</a> – executive governing board, 6 members including the President, all independent from the audit profession</li> <li>• <a href="#">Inspections Committee</a> – 5 members including the Chair, all independent from the audit profession</li> <li>• <a href="#">Disciplinary Committee</a> – 5 members including the Chair, all independent from the audit profession.</li> </ul> <p><a href="#">Annual Reports   Public Audit Oversight Board (rvda.cz)</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><b>Presidium</b> – member of the Presidium can be a person that:</p> <ul style="list-style-type: none"> <li>• Is a Czech citizen</li> <li>• Has a clean criminal record</li> <li>• Is legally competent</li> <li>• Obtained knowledge or work experience in the area of accounting or audit or law or economy</li> <li>• Does not have and did not have during the past three years <ul style="list-style-type: none"> <li>○ Participation on the voting rights of an audit company</li> <li>○ Employment in the audit company</li> </ul> </li> <li>• Is not and was not during the past three years member of the steering or supervisory body or a manager or representative of and audit company</li> <li>• Is not a statutory auditor and did not carry out during the past three years statutory audit</li> <li>• Is not and was not during the previous three years before nomination bound by another contract with the auditor</li> <li>• Did not get any disciplinary measure from the Chamber of Auditors that is not effaced</li> </ul> <p><b>Inspections Committee</b> and <b>Disciplinary Committee</b>: member must not be a person that presently or in the course of the three previous years:</p> <p>(a) has carried out statutory audits;</p>

	<p>(b) held voting rights in an audit firm;</p> <p>(c) was member of the administrative, management or supervisory body of an audit firm;</p> <p>(d) was a partner, employee of, or otherwise contracted by, an audit firm.</p> <hr/> <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>There is a cooling-off period of three 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> <ul style="list-style-type: none"> <li>• Is not and was not during the past three years member of the steering or supervisory body or a manager or representative of and audit company</li> <li>• Is not a statutory auditor and did not carry out during the past three years statutory audit</li> <li>• Is not and was not during the previous three years before nomination bound by another contract with the auditor</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>The rules are the same with the exception of the cooling-off period of three years.</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <p>The cooling-off period of three years does not apply to the employees. The inspectors are not part of an inspection of the company they worked for until both the inspector and the company do not feel that there are no more dependence issues.</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 type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe:</b></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>PAOB is funded from the state budget. The budget is agreed annually with the Ministry of Finance.</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>No funding from the profession.</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>There were 39 auditors as of 31<sup>st</sup> December 2021 or audit companies we inspect directly. They audit in total 161 PIEs. We do not have complete up-to-date information about the other audits these auditors carry out, but we are responsible for inspecting those signed by the PIE statutory auditor (individual) as well.</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>According to the transparency reports, the situation is as follows:</p> <table border="1" data-bbox="544 1711 1426 1890"> <thead> <tr> <th>Firm</th> <th>Year end</th> <th>Number of PIEs</th> <th>Revenues</th> </tr> </thead> <tbody> <tr> <td>AUDIT ONE</td> <td>31 December 2021</td> <td>13</td> <td>Not available<sup>2</sup></td> </tr> <tr> <td>BDO</td> <td>30 September 2021</td> <td>5</td> <td>232,38 mil. CZK</td> </tr> </tbody> </table>	Firm	Year end	Number of PIEs	Revenues	AUDIT ONE	31 December 2021	13	Not available <sup>2</sup>	BDO	30 September 2021	5
Firm	Year end	Number of PIEs	Revenues									
AUDIT ONE	31 December 2021	13	Not available <sup>2</sup>									
BDO	30 September 2021	5	232,38 mil. CZK									

<sup>2</sup> New entity – first financial statements of 31st December 2022.

	EURO-TREND AUDIT	31 December 2021	7	9, 81 mil. CTK
	EY	31 December 2021	15	777,78 mil. CZK
	Deloitte	31 December 2021	18	775,8 mil. CZK
	KPMG	30 September 2021	39	723 mil. CZK
	PWC	30 June 2022	29	1 347,42 mil. CZK
	Note: Numbers of PIE relate to 2021 audits.			
<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  <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 Enforcement, please reference that section for details on such measures).</b>  <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>  PAOB has an Inspections Committee that consists of 5 members and is responsible for the inspections.			
	<b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b>  Every 3 years for auditors auditing big PIEs (according to the EU definition) and every 6 years for the others.			
	<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>  <input checked="" type="checkbox"/> Employees of the Member <input type="checkbox"/> Professional body			

	<p><input checked="" type="checkbox"/> <b>Third Parties</b> <span style="float: right;"><input type="checkbox"/> <b>Other</b></span></p> <p><b>Please explain below:</b></p> <p>The inspections themselves are carried out by an inspections team that currently consists of 6 members. In addition, experts mainly in the area of valuation and actuarial calculations are used on selected file reviews.</p>
<b>8. Licensing</b>	<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> <span style="float: right;"><input checked="" type="checkbox"/> <b>Through Oversight</b></span></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 registration and licensing is task of the Chamber of Auditors of the Czech Republic. The PAOB is responsible for an oversight of all related activities, mainly:</p> <ul style="list-style-type: none"> <li>• Carrying out of the initial training of the auditors and oversight over the entry exams;</li> <li>• Cooperation with the Chamber of the Auditors in unifying the requirements for training and professional practice.</li> </ul>
<b>9. Registration</b>	<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 type="checkbox"/> <b>Directly</b> <span style="float: right;"><input checked="" type="checkbox"/> <b>Through Oversight</b></span></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 procedure applied, as well as the role of the Member in these procedures.</b></p> <p>The registration and licensing is task of the Chamber of Auditors of the Czech Republic. The PAOB is responsible for an oversight of all related activities, mainly:</p> <ul style="list-style-type: none"> <li>• Carrying out of the initial training of the auditors and oversight over the entry exams;</li> </ul>

	<ul style="list-style-type: none"> <li>• Cooperation with the Chamber of the Auditors in unifying the requirements for training and professional practice.</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>PAOB is responsible for review and pre-approval of standards (both audit and ethics) adopted by the Chamber of Auditors that are then finally approved by the assembly of auditors. PAOB has a right of veto in respect of any standard.</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>PAOB is responsible for education of the inspectors of both the PAOB and the Chamber of Auditors.</p> <p>The Chamber of Auditors has the responsibility for education and training of auditors. The PAOB oversees this by participating on both educational and training courses and giving feedback to the Chamber.</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"/> 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>We are responsible for enforcement in relation to the statutory audits carried out by PIE auditors directly. Enforcement activities are responsibility of the Disciplinary Committee that also consists of 5 members.</p> <p>The rest is through oversight of or referral to the Chamber of Auditors.</p>
<b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b>	<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>Monitoring of the mark in line with the requirement of the Article 27 Monitoring market quality and competition of the regulation of the EU No. 537/2014.</p>
<b>14. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight or Audit Regulation</b>	<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>
<b>15. Member Update for public information (if any)</b>	<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 type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p>