

IFIAR 2023 Member Profile – CyPAOB

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Cyprus
2. Member¹	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Αρχή Δημόσιας Εποπτείας Ελεγκτικού Επαγγέλματος (ΑΔΕΕΛΕΠ) Cyprus Public Audit Oversight Board (CyPAOB)</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>56 Makariou Avenue & 1-3 Demofontos str, Lamda Tower, 2nd floor 1075 Nicosia, Cyprus</p> <p>Tel.: +357 22284800 +357 22284810, +357 22284806 Fax: +35722284898 Email: info@cypaob.gov.cy Website: www.cypaob.gov.cy</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 Cyprus Public Audit Oversight Board (the “CyPAOB”) has been established under the provisions of the new National Auditor Law of 2017 (L. 53 (I)/2017)” which was voted on 02 June 2017.</p> <p>The CyPAOB is directly responsible for the public oversight of audit firms and the audit profession in Cyprus. Specifically, it has the ultimate responsibility for the oversight of:</p> <p>(a) the approval and registration in the Register of the statutory auditors and of the statutory audit firms;</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>(b) the adoption of standards on professional ethics, internal quality control of statutory audit firms as well as auditing; and</p> <p>(c) continuing education, quality assurance and investigative and disciplinary systems.</p> <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 checked="" 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 type="checkbox"/> Other: _____</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>Board of the CyPAOB:</p> <ul style="list-style-type: none"> • Chairman: Resigned from 21/4/2023 • Vice Chairman: Mr Andreas Zachariades. General Manager of the Ministry of Labor, Welfare and Social Insurance • Member of the Board: Mr Nondas Cl. Metaxas – ex Director General CEO of the Cyprus Stock Exchange • Member of the Board: Mr Stelios Kountouris – Deputy Accountant General – Treasury of the Republic of Cyprus • Member of the Board: Mr Christos Karoulas- Tax Department of Cyprus Government • Member of the Board: Mr Costas Demetriou, Businessman • Member of the Board: Mrs Vicky Aristidou- Tax Department of Cyprus Government <p>All Board members are appointed from the Council of Ministers.</p> <p>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.</p> <p>As described in article 6 of the National Auditor’s Law L.53(I)/2017, the CYPAOB shall be independent from statutory auditors and audit firms and the Chairman and the members of the CyPAOB Board, shall comprise of persons of highest moral standards, of recognised standing and honesty,</p>

	<p>each of which is a non-practitioner with knowledge of issues related to statutory audit. So, it is evident from the above that our Auditors Law does not permit the appointment of audit practitioners on its Board.</p> <p>The term “non-practitioner” means a natural person who, for at least three years before his/her appointment as Chairman or member of the Public Audit Oversight Board, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the board of directors or of the management body of an audit firm and has not been employed by or otherwise associated with an audit firm.</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>A person has to have at least three years cooling off period before his/her appointment as a member of the Board. Specifically, he/she must not have carried out statutory audits, must not have held voting rights in an audit firm, must not have been a member of the board of directors or of the management body of an audit firm and must not have been employed by or otherwise associated with an audit firm.</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>In accordance with the National Auditors Law, CyPAOB shall be independent from statutory auditors and audit firms and its Board shall comprise of persons of highest moral standards, of recognised standing and honesty, each of whom is a non-practitioner with knowledge of issues related to statutory audit. The non-practitioner requirement safeguards the Boards Independence from statutory auditors and statutory audit firms. In addition, there is an independent Disciplinary Committee which comprises of 3 members and one of the members should have audit experience but in order to safeguard his/her independence this member must be again a non- practitioner with audit experience and training.</p>

	<p>Are employees of the Member covered by the same or separate set of independence requirements?</p> <p><input type="checkbox"/> Same set of requirements <input checked="" type="checkbox"/> Different set of requirements</p> <p>If there are separate independence requirements for employees, please describe:</p> <p>In regard to the selection of inspectors: the selection of inspectors by the CyPAOB shall be made applying an objective procedure aimed at avoiding any conflict of interests between the inspectors and the inspected statutory auditor or audit firm. For extra independence safeguards the National Auditors Law specifies that a person shall not be allowed to act as an inspector in an inspection of a statutory auditor or an audit firm until at least three years have elapsed since that person ceased to be a partner or an employee of, or otherwise associated with, that statutory auditor or audit firm and that inspectors shall declare that there are no conflicts of interest between them and the statutory auditor and the audit firm to be inspected.</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>Yes, specifically as mentioned above, the National Law provides that Board Members should be non-practitioner with knowledge of issues related to statutory audit in order to safeguard their independence.</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>The Auditor Law of 2017 provides that the CyPAOB is adequately funded by a government grant equal to 20% of the total budget of the year and the rest 80% will be funded by the professional bodies, audit firms and PIE auditor.</p> <p>CyPAOB's yearly budget is approved by the Council of Ministers and the Parliament of Cyprus.</p> <hr/> <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 funding fee as well as the pricing policy is provided in the law and can only be amended by a change in the legislation.</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>There are 16 PIE audit firms that are directly inspected by the CyPAOB. The number of PIES is approximately 116. The professional body is responsible for inspections of approximately 788 audit firms of non-public interest entities and is subject to CyPAOB oversight.</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 market shares according to the number of PIES audited are: KPMG 27%, PWC 22%, Deloitte 10%, EY 16% and 25% Others (18% Mid-tier network and 7% Small firms).</p>
<p>7. Inspection System</p>	<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>The CyPAOB is responsible, through its Audit Quality Review Team for inspecting auditors of public interest entities. A report on each firm is issued at the completion of the inspection. Letter reports on all audits reviewed are issued to the audit firm. Separate reports are issued for Firm Wide controls (ISQC1) and per audit file inspected. The findings are shared with the Audit Firm as to their factual accuracy and the firm’s comments are received. CyPAOB follows up in the next inspection cycle that the firm has implemented CyPAOB’s comments.</p>

	<p>CyPAOB's Audit Quality Review Team for PIES is under the direct supervision of CyPAOB and reports directly to the Board of Directors of CyPAOB. Audit Quality Review Inspectors are not full-time staff of CyPAOB but are appointed through the procedure of purchase of services based on the provisions of National Legislation for Public Procurement.</p> <p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Up to and including its 2016-2021 inspection cycle, Audit Quality Review has carried out full scope inspections of fourteen firms (Big Four Firms plus twelve other PIE auditors). Full scope inspections comprise a review of a sample of audits and firm-wide procedures are undertaken annually for the Big Four Firms. Twelve more PIE audit firms will be inspected once every three years.</p> <p>The independent inspection of 788 non-PIE audit firms is delegated to the Recognized Professional Body, the Institute of Certified Public Accountants of Cyprus, who undertake the primary review of the firm. This has been undertaken at least once every three years. Based on a Delegation agreement between CyPAOB and ICPAC (the professional body) there are provisions regarding the independence of inspections performed by the Audit Quality Review Inspectors of ICPAC. Based on the provisions of the Delegation agreement the non-PIE Inspections performed by the Inspectors of the Professional Body are under the supervision of CyPAOB and the reports prepared are send to CyPAOB for relevant action.</p> <p>In 2022, there was no reinspection of all 4 firms due to the implementation of the new International Standard for Quality Assurance at audit firm level ISQM1, which had a final implementation date of 15 December 2022. Only follow-up on the implementation of the action plan on the significant findings from the 2021 inspection will be carried out.</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 type="checkbox"/> Employees of the Member <input checked="" type="checkbox"/> Professional body </p> <p> <input checked="" type="checkbox"/> Third Parties <input type="checkbox"/> Other </p> <p>Please explain below:</p> <p>CyPAOB has entered into an agreement and signed contracts with two part-time Quality Assurance inspectors who carry out the inspections of</p>
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	<p>PIE auditors under CyPAOB direction. By virtue of the contractual provisions signed with CyPAOB, the QA inspectors are obliged to follow the confidentiality provisions as CyPAOB staff.</p> <p>As it concerns the inspection of Non-PIE Auditors CyPAOB has signed a delegation agreement with the ICPAC, the Accountancy professional body in Cyprus, who performs these inspections under the oversight of CyPAOB.</p>
8. Licensing	<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 type="checkbox"/> Directly <input checked="" 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>CyPAOB delegated via a delegation agreement the registration and licensing procedure of statutory auditors and statutory audit firms to the Recognized Professional Body, the Institute of Certified Public Accountants of Cyprus.</p> <p>The National Auditor Law of 2017 provides the eligibility criteria for registration and licensing of statutory auditors/statutory audit firms and the CyPAOB through its monitoring visits ensures the application/compliance of the legislation provisions by the professional body. CyPAOB has the power to reclaim the delegated competences on a case-by-case basis.</p>
9. Registration	<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 type="checkbox"/> Directly <input checked="" 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>CyPAOB delegated via a delegation agreement the registration and licensing procedure of statutory auditors and statutory audit firms to the Recognized Professional Body, the Institute of Certified Public Accountants of Cyprus.</p> <p>The National Auditor Law of 2017 provides the eligibility criteria for registration and licensing of statutory auditors/statutory audit firms and the CyPAOB through its monitoring visits ensures the application/compliance of the legislation provisions by the professional body. CyPAOB has the power to reclaim the delegated competences on a case-by-case basis.</p>
10. Audits and/or Ethics Standard Setting	<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 checked="" 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>CyPAOB delegated via a delegation agreement the Audit and Ethics standard setting to the Recognized Professional Body, the Institute of Certified Public Accountants of Cyprus.</p> <p>The National Auditor’s law provides the criteria and the CyPAOB through its monitoring visits ensures the application of those provisions by the professional body. CyPAOB has the power to reclaim the delegated competences on a case-by-case basis.</p>
11. Permanent Education / Continuous Training of Auditors	<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 type="checkbox"/> Directly <input checked="" 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</p>

	<p>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>CyPAOB delegated via a delegation agreement the Permanent Education of Auditors to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus.</p> <p>The National Auditors law provides the criteria and the CyPAOB through its monitoring visits ensures the application of those provisions by the professional body. CyPAOB has the power to reclaim the delegated competences on a case-by-case basis.</p>
12. Enforcement	<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>CyPAOB through its Independent Disciplinary Committee has the responsibility for the enforcement regarding PIE and non-PIE auditors. Please note that, the CyPAOB has recently reclaimed from the Recognised Professional Body, the Institute of Certified Public Accountants, the delegated task concerning the enforcement for Non-Pies auditors.</p> <p>The enforcement procedure and the sanctions are provided by the National Auditors law.</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 style="text-align: center;">N/A</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 style="text-align: center;">N/A</p>

15. Member Update for public information (if any)	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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please describe these changes with an appropriate level of detail:
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