

IFIAR 2025 Member Profile – SLAASMB

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Sri Lanka
2. Member¹	2.1 Insert the name of the Member, both in the local language and in English: Sri Lanka Ginum ha Viganana Pramithi Sameekshana Mandalaya Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB)
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: 3rd Floor, 293 Galle Road, Colombo 3, Sri Lanka Telephone: +94 11 2301210 Fax: +94 11 2301211 Email: slaasmb@slt.net.lk Website: www.slaasmb.gov.lk	
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: SLAASMB was established under Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 for the purpose of monitoring compliance with Accounting Standards and Auditing Standards in relation to public interest entities in Sri Lanka. The mission of SLAASMB is to ensure that financial statements are prepared by public interest entities to present a true and fair view by monitoring compliance with Accounting Standards and Auditing Standards. SLAASMB is responsible to ensure the auditors of public interest entities in Sri Lanka conduct audits in compliance with the 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>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</p> <p><input type="checkbox"/> Licensing</p> <p><input type="checkbox"/> Registration</p> <p><input type="checkbox"/> Audit and/or Ethics Standard Setting</p> <p><input 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: ___ To review compliance with Accounting Standards by Specified Business Enterprises (Public Interest Entities)___</p>
--	--

3. Governing Body Composition and members	
<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 Governing Board of the SLAASMB consists of 13 members of whom the Registrar of Companies, the Director General of Securities and Exchange Commission of Sri Lanka and the Commissioner General of Inland Revenue are ex-officio members. Other ten members of the Board, including the Chairman of the Board are appointed by the Minister of Finance in terms of Act no. 15 of 1995.</p> <p>The other ten members are ,</p> <ul style="list-style-type: none"> (i) An officer of the Central Bank of Sri Lanka (ii) 3 members of the Institute of Chartered Accountants of Sri Lanka (President, Vice President and past President. The Vice President and past President are practicing members) (iii) Nominee of the Sri Lanka Division of the Chartered Institute of Management Accountants of the United Kingdom (Company Director) (iv) A senior lawyer (v) Two Company Directors representing two Chambers of Commerce (vi) Banker (vii) Nominee from the University Grants Commission <p>The current Chairman is a Deputy Governor of the Central Bank of Sri Lanka. The number of practicing accountants in the Board are 2 out of 13.</p> <p>For further details about the members of the Governing Board please check http://slaasmb.gov.lk/members-of-the-board/</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>The Sri Lanka Accounting and Auditing Standards Act of 15 of 1995 requires the Governing Body to be represented as follows;</p> <ul style="list-style-type: none"> • To be the Registrar of Companies, the Director General of Securities and Exchange Commission of Sri Lanka and the Commissioner General of Inland Revenue (ex-officio members). • An officer of the Central Bank nominated by the Governor of the Central Bank of Sri Lanka • 3 members of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) being nominated by the CA Sri Lanka • A member of the Chartered Institute of Management Accountants of the United Kingdom being nominated by the Sri Lanka Division of CIMA • Senior lawyer nominated by the Bar Association of Sri Lanka • Member of the Ceylon Chamber of Commerce • Member of the Federation of Chambers of Commerce and Industry of Sri Lanka • Senior banker being nominated by the Sri Lanka Banks' Association • Nominee of the University Grants Commission representing the academic institutes. <hr/> <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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes to either of the above, please describe:</p> <p>When matters relating to such member (where such member is a Partner, Employee or a Director of a public interest entity or audit firm) are being discussed at the Board, all circulations and discussions relating to such entity or firm are excluded from the relevant Board Member.</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 Act specifies the composition of the organizations that nominates members to the Board. Thereby, the number of practicing members being</p>

	<p>appointed to the Board is limited as such nominations comes through the representation of CA Sri Lanka. In addition, there are three ex-officio members who are generally independent due to the nature of their organizational functions. Accordingly, the Board comprises of a majority of members who are not in practice and a recusal process to facilitate maintenance of independence is in place.</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe:</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 Board is presently funded entirely out of funds appropriated by the Parliament of Sri Lanka through the Government Budget. Act No. 15 of 1995 provides for the imposition of a compulsory cess on specified business enterprises, which has not been implemented yet.</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 is provided from the Government’s budgetary allocation to the Ministry of Finance. As there is no contribution from the profession, there is no undue influence by the profession.</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>88 audit firms that audit 1,708 Specified business enterprises are subject to SLAASMB’s audit reviews. Of this, 334 are public interest entities and 1,374 are private companies</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>Based on the entities falling under the regulatory mandate of SLAASMB, majority are audited by Ernst & Young (37%,) KPMG (23%) and Deloitte 10%. (PWC and Deloitte merged in 2023), Auditor General (5%).</p> <p>Each of the other firms audits less than 5% of these entities, with 64 firms auditing 1-3 entities each.</p>
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 12 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>SLAASMB inspects a sample of audits of the economically significant entities for compliance with Auditing Standards in the conduct of the audits. Subsequent to establishing the findings through discussions with the engagement partners and after seeking responses to tentative observations from the auditors, the final observations are communicated to the firms, or relevant enforcement action stated in the response to question 12 is taken with the approval of the Board based on the significance of the findings.</p>
	<p>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>SLAASMB receives a copy of all audited financial statements of public interest entities (PIEs). The technical Staff of SLAASMB reviews compliance with Accounting Standards of a sample of financial statements received.</p>

	<p>Sample of audits of these PIEs are selected for reviewing compliance with Auditing Standards based on a plan for the year which focus on a regular coverage of high-risk audits. The sample is decided in a manner that audits of high-risk entities, specially Banks, Finance Companies, Insurance Companies and Listed Companies are inspected annually while audits of entities audited by smaller firms conducting audits of less than 5 Specified Business Entities are selected on a random basis during a cycle of 8 years.</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>Inspection staff are recruited to the permanent cadre under two levels, namely as Directors and Assistant Directors. They report to the two Deputy Director Generals. Inspections of PIE audits are carried out by Directors with the assistant of Directors or Assistant Directors. Based on the necessity, two Deputy Director Generals' also engages in audit inspections.</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 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 style="text-align: center;">Not Applicable</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 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 style="text-align: center;">Not Applicable</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 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;">Not Applicable</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 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>No specific responsibility. Auditor education is the responsibility of the professional body. I.e., Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). However, at the inspection, the inspection staff advises audit staff of the findings and improvements and after the year end the findings in general, are circulated to all audit firms coming within the mandate of SLAASMB enabling them to improve on their performance. Similarly, the publication and circulation of the Thematic audit Inspection report (when Thematic inspections are conducted) also enables sharing of knowledge. Similarly, the SLAASMB conducted a session to CA Members on the findings of the year, in the form of a seminar organized by the CA Sri Lanka.</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>Based on the findings from audit inspections,</p> <ul style="list-style-type: none"> • If the noncompliance is material, a letter of Observation is issued to the auditor and a copy of the letter is referred to the Audit Committee Chair of the PIE. • If the noncompliance is significant but not serious enough to take action under the statute, a direction is issued to the entity to get the financial statements re audited , or a warning letter is issued to the auditor to take due care when performing future audits, or if the noncompliance relates to an ethical issue, the auditor is referred to the licensing authority. • When the non-compliance observed is significant and is serious enough to take action under the Act , legal action is taken. <p>If the financial statements are found to be misleading, legal action is taken against the entity and if the auditor is found to be responsible for the status of the financial statements, legal action is instigated against the auditor.</p>
<p>13. Other Responsibilities in Audit Oversight or Audit Regulation</p>	<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>Based on the plan on the Audits to be inspected, SLAASMB selects the entity for audit and reviews its audited financial statements to ascertain whether such financial statements have been prepared and presented according to Sri Lanka Financial Reporting Standards which are fully aligned with International Financial Reporting Standards (IFRSs). Where noncompliance from accounting standards is detected, action is instigated based on the materiality of the noncompliance. Where a cause for concern relating to material noncompliance with standards is not observed, such financial statements are considered as compliant with Sri Lanka Accounting Standards. When issues have been identified in financial statements which are material but do not require to use statutory</p>

	<p>provisions, such financial statements are considered as compliant with observations and are communicated to the respective entity in the form of a letter of assistance to improve compliance in the future. When deviations from standards materially alter the financial position and financial performance, an undertaking is sought from such SBE to make the required corrections in the next financial statements to be issued. In this process, when the noncompliance is of a recurrent nature with no foreseeable improvements, a Warning is issued to such SBE to improve the financial reporting in the future.</p> <p>When deviations contravene the provisions of the statute, but the contravention is not of a serious nature, a Direction is issued by the Board. However, where such deviation makes the financial statements misleading, legal action is instigated based on the statute.</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>SLAASMB has the responsibility to review compliance with Accounting Standards by Specified Business Enterprises (SBEs). SBEs are specified by the statute and include listed entities, other regulated entities such as banks, finance, insurance entities and also unlisted entities, exceeding specified thresholds.</p> <p>The Act No. 15 of 1995 has provided power to SLAASMB to review financial statements, inspect books of accounts of such entities, call up on or summon any Director or employee to ascertain information, and to take legal action for violation of standards.</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail: Act No. 15 of 1995 under which SLAASMB was established is in the process of being amended and a new act is to be enacted in place</p>