



## IFIAR 2019 Member Profile – KNA

1. Jurisdiction	<p>1.1 Insert the name of the jurisdiction in English:</p> <p>Poland</p>
2. Member <sup>1</sup>	<p>2.1 Insert the name of the Member, both in the local language and in English:</p> <p>Komisja Nadzoru Audytowego / Audit Oversight Commission</p>
	<p>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</p> <p>12 Świętokrzyska St, 00-916 Warsaw, Poland          Tel: +48 22 694 39 61          Fax: +48 22 694 32 60          E-mail: <a href="mailto:biuro.kna@mf.gov.pl">biuro.kna@mf.gov.pl</a>          Website: <a href="http://www.kna.gov.pl">www.kna.gov.pl</a></p>
	<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 Audit Oversight Commission (Polish abbrev. “KNA”) operates by virtue of <i>the Act of 11 May 2017 on statutory auditors, audit firms and public oversight</i> (“the Act”). The KNA is an independent body in the public oversight system which members are appointed for a 4-year term.</p> <p>The KNA performs public oversight of:</p> <ul style="list-style-type: none"> <li>• statutory auditors;</li> <li>• audit firms;</li> <li>• the Polish Chamber of Statutory Auditors (Polish abbrev. “PIBR”).</li> </ul> <p>Some tasks related to the functioning of the public oversight system have been delegated to the professional body – the PIBR. But the ultimate responsibility for the system falls upon the KNA.</p>
	<p>2.4 Have there been any major changes to the Member’s organization or to the governing legislation since completing last year’s Member Profile?</p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</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.



	<p>If yes, please describe these changes with an appropriate level of detail:</p> <ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including the ratio between Board members who are independent from the audit profession and those who are not<sup>2</sup>. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p>As defined in the Act the KNA is composed of 9 members. Current members are:</p> <ol style="list-style-type: none"> <li>1) Chairman: Mr Piotr Nowak, Undersecretary of State in the Ministry of Finance - a representative of the Minister of Finance,</li> <li>2) Vice-Chairman: Ms Ilona Pieczyńska-Czerny - representative of the Financial Supervision Authority,</li> <li>3) Ms Joanna Dadacz - representative of the Minister of Finance,</li> <li>4) Mr Jacek Gdański - representative of the PIBR,</li> <li>5) Mr Radosław Ignatowski - representative of the PIBR,</li> <li>6) Mr Jacek Fotek - representative of the Warsaw Stock Exchange,</li> <li>7) Mr Piotr Kamiński - representative of employers’ organizations,</li> <li>8) Mr Paweł Rudolf - representative of the Financial Supervision Authority,</li> <li>9) Mr Tomasz Janik - representative of the Minister of Justice.</li> </ol> <p>Currently, all members of the KNA are independent from the audit profession. Two members of the KNA are the representatives of the professional body of statutory auditors - the PIBR, but none of them is a member of the governing bodies of the PIBR or affiliated to it otherwise.</p> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>Members of the KNA are appointed by the Minister of Finance among persons who:</p> <ul style="list-style-type: none"> <li>• enjoy full civil rights;</li> <li>• have an impeccable opinion;</li> <li>• have not been sentenced by legally valid verdict for intentionally committed crime or fiscal crime;</li> <li>• completed higher education;</li> <li>• possess authority, knowledge and experience at a significant level in relation to audit which provide guarantee for proper execution of tasks.</li> </ul> <p>All members of the KNA are required by the law to be independent of the</p>

<sup>2</sup> An individual is independent of the profession even if he is a CPA, Chartered Accountant, or holder of another equivalent qualification, as long as this individual is not employed by or affiliated to a registered audit firm, nor employed by or affiliated to of a professional accountancy body, nor employed by or affiliated to bodies or entities associated with the audit profession.



	<p>profession.</p> <p><b>3.3. Is each member of the governing body independent from the audit profession? The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</b></p> <p><input type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>3.5 If the answer to question 3.3 is “No”, which safeguards are in place to provide for the Member’s overall independence from the audit profession?</b></p> <p><b>3.6 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 Act and the EU Regulation 537/2014 the members of the KNA cannot, for at least 3 years before being appointed as members of the KNA and during the term of their office:</p> <ul style="list-style-type: none"> <li>• carry out audits and other assurance services;</li> <li>• be associated directly or indirectly with an audit firm;</li> <li>• be a member of decision making bodies of the professional body, i.e. the PIBR.</li> </ul> <p>The Code of Administrative Procedure is applied to the proceedings before the KNA. The Code contains specific safeguards to guarantee impartiality of decisions, for example a person is disqualified from participation in the decision in a case, as for personal interest in the outcome.</p>
	<p><b>3.7 Other than the governing body, are members of the profession involved in the Member’s organization (including in any inspections, committee or panel role)?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail, including the ratio between those who are independent and those who are not in the relevant function and whether such role includes</b></p>



	<p><b>decisional or control authority:</b></p>
<p><b>4. Funding Arrangements</b></p>	<p><b>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</b></p> <p>All expenses of the KNA are financed directly from the state budget which is set and approved in accordance with a parliamentary procedure.</p> <p>Each year PIE-audit firms pay to the state budget a fee calculated in relation to revenues from audit and other assurance services.</p> <hr/> <p><b>4.2 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>PIE-audit firms pay a fee to the state budget. The obligation is defined by the provisions of general law and as such is not influenced by the professional body and audit firms.</p>
<p><b>5. Inspection System</b></p>	<p><b>5.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><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:</b></p> <p>According to the Act, the KNA directly oversees statutory audits of PIEs. The rest of the oversight tasks is delegated to professional body (under oversight of the KNA), i.e. non-PIE audits and all other assurance services in PIEs and non-PIEs.</p> <p>As it regards the KNA inspections, fieldwork is carried out by the KNA Staff (employees of the Ministry of Finance) but ultimate decisions are taken by the KNA.</p> <hr/> <p><b>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p>



	<p>As required by the law, inspections of PIE-audit firms are carried on the basis of the risk analysis and:</p> <ul style="list-style-type: none"> <li>• in the case of audit firms carrying out statutory audits of the so called big PIEs - at least every three years; and,</li> <li>• in other cases - at least every six years.</li> </ul>
<p><b>6. Audit and Financial 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> <ul style="list-style-type: none"> <li>• 6.680 statutory auditors, including 3.136 practicing statutory auditors (as at 31 December 2017)</li> <li>• 1.563 audit firms, including 80 audit firms auditing PIEs (as at 31 December 2017)</li> <li>• approx. 1.295 PIEs (as at 31 December 2017)</li> </ul> <p><b>6.2 What are the sizes and market shares of each of the largest audit firms in the Member’s jurisdiction?</b></p> <p>Market share of the Polish largest audit firms - revenues from audits and other assurance services in PIEs and non-PIEs (in calendar year 2017):</p> <ul style="list-style-type: none"> <li>• E&amp;Y - 15,0%</li> <li>• KPMG - 12,9%</li> <li>• PwC - 15,1%</li> <li>• Deloitte - 12,7%</li> <li>•</li> </ul>
<p><b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b></p>	<p><b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b></p> <p><input checked="" type="checkbox"/> Registration/Licensing  <input checked="" type="checkbox"/> Audit and/or Ethics Standard Setting  <input checked="" type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input type="checkbox"/> Other: _____</p> <p><b>7.2 If the Member has the responsibility for <u>Registration/Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration/Licensing conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility with an appropriate level of detail. 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>One of the PIBR's bodies, governed by the practicing auditors, is responsible for Registration/Licensing.                  The KNA has power to annul the decision of the PIBR regarding Registration/Deregistration.                  The KNA has the right of objection to decisions of the PIBR regarding Registration.                  The KNA acts as an appellate body for appeals against decisions of the PIBR.</p>
	<p><b>7.3 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 with an appropriate level of detail. 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>One of the PIBR's bodies, governed by the practicing auditors, is responsible for Audit and/or Ethics Standard Setting.                  The KNA has the right of approval of decisions of the PIBR regarding Audit and/or Ethics Standards.</p>
	<p><b>7.4 If the Member has the responsibility for <u>Permanent Education of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education 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 with an appropriate level of detail. 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>One of the PIBR's bodies, governed by the practicing auditors, is responsible for Permanent Education of Auditors.                  The KNA has the right of approval of decisions of the PIBR regarding Permanent Education of Auditors.</p>
	<p><b>7.5 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 checked="" type="checkbox"/> Through Referral</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>Enforcement activities could be undertaken by:</p> <ul style="list-style-type: none"> <li>• the KNA, or</li> <li>• the PIBR’s bodies, governed by the practicing auditors.</li> </ul> <p>The KNA carries out investigations against PIE-statutory auditors in disciplinary procedure in cases related to audits of PIEs.</p> <p>The KNA carries out investigations against PIE-audit firms in administrative procedure in cases related to audits of PIEs.</p> <p>In all other instances investigations are carried out by the PIBR’s bodies - in disciplinary procedure against statutory auditors or in administrative procedure against audit firms.</p> <p>Upon completion of the disciplinary procedure against a PIE-statutory auditor, the KNA may file a motion for sanctions to a common plea court. The KNA acts as a prosecutor in the court.</p> <p>Upon completion of the administrative procedure against a PIE-audit firm, the KNA may impose a sanction. The decision of the KNA may be appealed to an administrative court.</p> <p>In the disciplinary procedures carried out by the PIBR’s bodies regarding statutory auditors the KNA is entitled to act as a party and/or to appeal against a decision taken by a disciplinary court of the first instance (i.e. one of the PIBR’s bodies) to the court of second instance (i.e. a common plea court).</p> <p>The KNA acts as an appellate body for appeals against decisions of the PIBR regarding audit firms (in the administrative procedure).</p> <p><b>7.6 If the Member has the responsibility for other tasks within the area of Audit Oversight, please describe with an appropriate level of detail:</b></p> <p>n/a</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></p>	<p><b>8.1 Please describe with an appropriate level of detail whether the Member has responsibility for tasks outside the area of audit oversight such as Supervision of Financial Reporting or Securities Regulation:</b></p> <p>n/a</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p>2018, 11<sup>th</sup> October  AOC conference directed to market participants (audit firms, audit committees, management boards) dedicated to importance of reliable</p>



	<p>financial information</p> <p>2018, 22<sup>nd</sup> May publication of the most recent annual activity report of the KNA (available in English under the following link: <a href="http://www.kna.gov.pl">www.kna.gov.pl</a>)</p> <p>2017, 11<sup>th</sup> September start of the third term of office of the KNA</p> <p>2017, 21<sup>st</sup> June new national legislation implementing the EU Audit Reform came into force</p>
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