



IFIAR 2017 Member Profile – KNA

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Poland
2. Member¹	2.1 Insert the name of the Member, both in the local language and in English: Komisja Nadzoru Audytowego / Audit Oversight Commission
	2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: 12 Świętokrzyska St, 00-916 Warsaw, Poland Tel: +48 22 694 39 61 Fax: +48 22 694 32 60 E-mail: biuro.kna@mf.gov.pl Website: www.kna.gov.pl
	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>The Audit Oversight Commission (Polish abbrev. “KNA”) has been established by virtue of <i>the Act of 7 May 2009 on statutory auditors, their self-government organisation, entities authorized to audit financial statements and on public oversight</i>. 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"> • the profession of statutory auditors; • audit firms; • the National Chamber of Statutory Auditors (Polish abbrev. “KIBR”). <p>Some tasks related to the functioning of the public oversight system have been delegated to the professional body – the KIBR. But the ultimate responsibility for the system falls upon the KNA.</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>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> <p>If yes, please describe these changes with an appropriate level of detail:</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 the ratio between Board members who are independent from the audit profession and those who are not. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.²</p> <p>As defined in the Act the KNA is composed of 9 members. Current members are:</p> <ol style="list-style-type: none"> 1) Chairman: Mr Wiesław Janczyk, Secretary of State in the Ministry of Finance - a representative of the Minister of Finance, 2) Vice-Chairman: Mr Tomasz Piwowarski - representative of the Financial Supervision Authority, 3) Ms Joanna Dadacz - representative of the Minister of Finance, 4) Mr Jacek Gdański - representative of the KIBR, 5) Mr Radosław Ignatowski - representative of the KIBR, 6) Ms Agnieszka Janc - representative of the Warsaw Stock Exchange, 7) Mr Piotr Kamiński - representative of employers' organizations, 8) Ms Ilona Pieczyńska-Czerny - representative of the Financial Supervision Authority, 9) Mr Waldemar Szmidt - representative of the Minister of Justice. <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 KIBR, but none of them is a member of the governing bodies of the KIBR or affiliated to it otherwise.</p> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>Members of the KNA are appointed by the Minister of Finance among persons who:</p> <ul style="list-style-type: none"> • have Polish citizenship; • enjoy full civil rights; • completed higher education;

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	<ul style="list-style-type: none"> • have an impeccable opinion; • possess authority, knowledge and experience at a significant level in relation to the audit which provide guarantee for proper execution of tasks; • have not been sentenced by a legally valid verdict for intentionally committed crime or fiscal crime. <p>Only minority of the members of the KNA is allowed by the law to be practitioners.</p>
	<p>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.³</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>3.4 If the answer to question 3.3 is “No”, is the majority of the members of the governing body non-practitioner?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
	<p>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?</p>
	<p>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?</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>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>The majority of 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"> • carry out audits; • have a right to vote in an audit firm;

³ Ibid.



	<ul style="list-style-type: none"> • be a member of a management board or a supervisory board in an audit firm.
	<p>3.7 Other than the governing body, are members of the profession involved in the Member's organization (e.g., in a management or inspection function)?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail:</p>
4. Funding Arrangements	<p>4.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget and the fees, if any:</p> <p>All expenses of the AOC are financed directly from the state budget which is set and approved in accordance with a parliamentary procedure.</p> <p>Each year the KIBR pays to the state budget a part of the fees received from the audit firms as defined in the law.</p> <hr/> <p>4.2 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 professional body pays a part of the fees from audit firms to the state budget. The obligation is defined by the provisions of general law and as such is not influenced neither by the professional body nor audit firms.</p> <p>Expenses of the KNA are not matched with the level of payments made by the professional body to the state budget.</p>
5. Inspection System	<p>5.1 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> <hr/> <p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input checked="" type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</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:</p>



	<p>Current state until 2017</p> <p>One of the KIBR's bodies, governed by the practicing auditors, is tasked with inspections of audit firms.</p> <p>Inspections are carried out by inspectors who are not practitioners (in PIE audit firms) or peer-reviewers (in non-PIE audit firms) employed by the KIBR.</p> <p>The KNA holds indirect but ultimate responsibility for the system of inspections. To exercise its functions the KNA in relation to inspections of PIE audit firms, in particular: approves the annual inspection plan; approves inspection staff for each inspection; may delegate its observers to participate in inspections; may issue recommendations and instructions regarding the way inspections are carried out; approves each inspection report, with a prior right to access inspection documentation, request explanations and make amendments; and is provided with an annual report on the execution of the inspection plan.</p> <p>As from the date when the EU Regulation 537/2014 became applicable (17th June 2016) the KIBR inspectors have ceased to carry out inspections in PIE audit firms. But there are still carried out follow up actions as a result of inspections carried out in 2016 and in earlier years. The KNA oversees this process.</p> <p>Future state from 2017</p> <p>It is planned that new national law will come into force in 2017. According to new law the KNA will directly oversee statutory audits of PIEs. The rest of the oversight tasks will be delegated to professional body - the KIBR, i.e. non-PIE audits and all other assurance services in PIEs and non-PIEs.</p> <p>As it regards the KNA inspections, fieldwork will be carried out by the KNA Staff (employees of the Ministry of Finance) but decisions will be taken by the KNA.</p>
	<p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Current state until 2017</p> <p>The inspections were carried out in PIE audit firms at least every 3 years (so called Big 4 audit firms were inspected annually) and in non-PIE audit firms at least every 6 years.</p> <p>Future state from 2017</p> <p>As required by the EU Regulation 537/2014 inspections of PIE audit firms will be carried on the basis of the risk analysis and:</p> <ul style="list-style-type: none"> • in the case of audit firms carrying out statutory audits of so called big PIEs - at least every three years; and,



	<ul style="list-style-type: none"> • in other cases - at least every six years.
6. Audit and Financial Market	<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> <ul style="list-style-type: none"> • 7.086 statutory auditors, including 3.151 practicing statutory auditors (as at 31 December 2015) • 1.612 audit firms, including 97 audit firms auditing PIEs (as at 31 December 2015) • approx. 1.992 PIEs (as at 31 December 2015) • 23.648 statutory audits, including 2.375 statutory audits in PIEs (in calendar year 2015) <p>6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction?</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 2015):</p> <ul style="list-style-type: none"> • E&Y - 15,1% • KPMG - 14,1% • PwC - 14% • Deloitte - 12,3% <p>Market share of the Polish largest audit firms - market capitalization of Polish listed companies (as at 31 December 2014):</p> <ul style="list-style-type: none"> • KPMG - 29,9% • PwC - 25,1% • Deloitte - 23,9% • E&Y - 7,7%
7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	<p>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</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>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?</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 profession⁴ 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 KIBR's bodies, governed by the practicing auditors, is responsible for Registration/Licensing.</p> <p>The KNA has the right of submitting a complaint to administrative courts with respect to decisions of the KIBR regarding Registration/Licensing.</p> <p>The KNA has the right of objection to decisions of the KIBR regarding Registration.</p> <p>The KNA acts as an appellate body for appeals against decisions of the KIBR.</p>
	<p>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?</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 profession⁵ 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>One of the KIBR's bodies, governed by the practicing auditors, is responsible for Audit and/or Ethics Standard Setting.</p> <p>The KNA has the right of approval of decisions of the KIBR regarding Audit and/or Ethics Standards.</p>
	<p>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?</p> <p><input type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Oversight</p>

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⁵ Ibid.



	<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 profession⁶ 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>One of the KIBR's bodies, governed by the practicing auditors, is responsible for Permanent Education of Auditors.</p> <p>The KNA has the right of approval of decisions of the KIBR regarding Permanent Education of Auditors.</p>
	<p>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)?</p> <p><input checked="" type="checkbox"/> Directly <input checked="" type="checkbox"/> Through Referral</p> <p>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession⁷ 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>Enforcement activities could be undertaken by:</p> <ul style="list-style-type: none"> • the KIBR's bodies, governed by the practicing auditors, or • the AOC on an ad hoc basis <p>Following sanctions can be imposed as a result of enforcement activities against:</p> <ul style="list-style-type: none"> • audit firm (administrative procedure): <ul style="list-style-type: none"> – fine; – suspension; – deregistration; – public announcement of irregularities and sanctions imposed as an additional sanction; • statutory auditor (disciplinary procedure): <ul style="list-style-type: none"> – penalty of warning; – penalty of reprimand; – fine; – penalty of a prohibition to perform audit activities for the period from 1 year up to 3 years; – deregistration.

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⁷ Ibid.



	<p>The KNA acts as an appellate body for appeals against decisions of the KIBR regarding audit firms (in the administrative procedure).</p> <p>In the disciplinary proceedings regarding statutory auditors the KNA is entitled to act as a party and appeal against a decision taken by a disciplinary court of the first instance (i.e. one of the KIBR's bodies) to the court of second instance (i.e. a common plea court).</p> <p>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:</p> <p>n/a</p>
<p>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</p>	<p>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:</p> <p>n/a</p>
<p>9. Major Events and Activities</p>	<p>9.1 Describe any recent major events and activities:</p> <p>2013, 2nd July</p> <ul style="list-style-type: none"> • start of the second term of office of the KNA <p>2016, 1st January</p> <ul style="list-style-type: none"> • start of the third three-year inspection cycle in PIE audit firms <p>2016, 30th April</p> <ul style="list-style-type: none"> • publication of the most recent annual activity report of the KNA (available in English under the following link: www.kna.gov.pl) <p>2013, 10th January 2015, 16th January 2016, 22nd November</p> <ul style="list-style-type: none"> • conferences dedicated to the functions of audit committees - organised in partnership by the World Bank's Centre for Financial Reporting Reform and the KNA

