



## IFIAR 2017 Member Profile – UDVA

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Slovak 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>  “Úrad pre dohľad nad výkonom auditu” “Auditing Oversight Authority”
	<b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b>  Úrad pre dohľad nad výkonom auditu Slovanská 1, P.O. BOX 63 810 05 Bratislava 15  General Director: Ing. Juraj Kvetko, PhD. Mobile: + 421 902 444 408 Tel.: + 421 2 57 26 75 77 Fax: + 421 2 57 26 75 00 e-mail: <a href="mailto:udva@udva.sk">udva@udva.sk</a> ; <a href="mailto:kvetko@udva.sk">kvetko@udva.sk</a> website: <a href="http://www.udva.sk">www.udva.sk</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>  Established on January 1 <sup>st</sup> , 2008 based on the Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended (“Act 540/2007 Coll.”).

<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>Effective from June 17<sup>th</sup>, 2016 there is a new Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended ("Act 423/2015 Coll.") in the Slovak Republic.</p> <p>Based on the new Act 423/2015 Coll. UDVA has mandate/authority to perform oversight over statutory auditors, audit firms, the Slovak Chamber of Auditors and public interest entities (PIEs) and over big companies (not defined as PIEs).</p> <p><b>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?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p> <p>The new European Union legislation (Regulation 537/2014 and Directive 2014/56/EU) was implemented/started to be effective and the new Slovak Act (Act 423/2015 Coll.) started to be effective on June 17<sup>th</sup>, 2016.</p> <p>There were several changes relating to the new legislation, such as:</p> <ul style="list-style-type: none"> <li>• new definition of PIEs (reduction from app. 600 to app. 170)</li> <li>• bodies of the UDVA</li> <li>• members of the governing bodies of the UDVA</li> <li>• new competencies of the UDVA</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. The audit profession includes, for example: audit firms, professional accountancy bodies and bodies or entities associated with the audit profession.<sup>2</sup></b></p> <p>The Board consists of the following five members:          Peter Hrnčiar – Chairman of the Board          Juraj Kvetko – General Director and Board Member          Tatiana Dubinova – Board Member</p>

<sup>2</sup> For the purpose of this Member Profile, the audit profession does not include an individual who 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>Aurel Dibak – Board Member Jaroslav Mikla – Board Member</p> <p>All 5 members of the Board are non-practitioners.</p>
	<p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>All governing body members (i.e. all Board members, Supervisory Committee members, members of the Committee for Audit Quality Assurance and the Committee for Investigation and Sanctions) should be non-practitioners.</p> <p>Only a natural person with a second-level university degree and at least five years of practical experience in the field of accounting or statutory audit, of that at least two years of practical experience at a management, scientific or pedagogical position and who has full legal capacity and meets the good reputation condition may be appointed in the position of a member of the Board, except for the General Director, and a member of committees of the UDVA.</p> <p>The office of General Director requires a second-level university degree and five years of practical experience in a managerial position. A natural person that meets the good reputation condition may be appointed in the General Director office.</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.<sup>3</sup></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>

<sup>3</sup> Ibid.



	<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>During the period of at least three years before his or her appointment in the bodies of the UDVA and during his or her involvement in the bodies of the UDVA, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the statutory, management or supervisory body of an audit firm and has not been employed by, or otherwise closely associated with, an audit firm.</p>
	<p><b>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)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</b></p> <p>Practitioner could be the member of:</p> <ul style="list-style-type: none"> <li>• Committees of the UDVA without decision making powers: <ul style="list-style-type: none"> <li>○ Committee for International auditing standards and Ethics</li> <li>○ Committee for the International accounting standards</li> </ul> </li> <li>• Examination Committee</li> <li>• inspection team</li> </ul>
<b>4. Funding Arrangements</b>	
<b>4. Funding Arrangements</b>	<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>UDVA financing is defined in the Act No. 423/2015 Coll.</p> <p>Incomes of the UDVA defined by the Act No. 423/2015 Coll. are:</p> <ul style="list-style-type: none"> <li>• Contribution from the state budget according to the Act on State Budget for the given year;</li> <li>• Annual contributions from: <ul style="list-style-type: none"> <li>▪ PIEs;</li> <li>▪ Big companies (not PIEs);</li> <li>▪ Audit firms;</li> </ul> </li> <li>• Annual registration fee: <ul style="list-style-type: none"> <li>▪ PIE-auditors and PIE-audit firms;</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>• Penalties;</li> <li>• Compensations for costs of proceedings;</li> <li>• Interest due on late payments;</li> <li>• Fees for examinations and re-examination;</li> <li>• Fees for the actions made by the Authority.</li> </ul> <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>Percentage structure of the sources:</p> <ul style="list-style-type: none"> <li>- approx. 20% - State budget</li> <li>- approx. 55% - Annual contributions from PIEs and big companies (not defined as PIEs)</li> <li>- approx. 20% - annual contributions from audit firms and annual registration fees from PIE-auditors and PIE-audit firms</li> <li>- approx. 5% - other</li> </ul>
<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> <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>PIE auditors and PIE audit firms are subject of the <u>audit quality assurance reviews</u> ("AQA reviews") carried out <u>by the UDVA</u> in 3-year cycle.</p> <p>Non-PIE auditors and non-PIE audit firms are subject of the <u>audit quality assurance reviews</u> ("AQA reviews") carried out <u>by the Chamber of Auditors</u> in 6-year cycle.</p>



	UDVA is also responsible for performing oversight (not just the recurring AQA reviews) over all statutory auditors and all audit firms directly. There is no exact frequency defined for the oversight activities over the statutory auditors and audit firms.
<b>6. Audit and Financial Market</b>	<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>233 audit firms with active license in Slovakia (as of January 10<sup>th</sup>, 2017): of which: 32 are registered as PIE-audit firms for the calendar year 2017</p> <p>781 statutory auditors with active license in Slovakia (as of January 10<sup>th</sup>, 2017): of which: 7 are registered as the PIE-auditors for the calendar year 2017</p> <p>Approximately 600 public interest entities (definition until June 16<sup>th</sup>, 2016) Approximately 170 public interest entities (definition after June 17<sup>th</sup>, 2016)</p> <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>The market share of 4 largest audit firms as the percentage (%) of the total number of PIE-audits in 2015 (definition until June 16<sup>th</sup>, 2016 – approximately 600 PIEs): Deloitte – 10,84%; KPMG – 8,22%; E&amp;Y – 8,04%; PwC – 6,64%</p>
<b>7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight</b>	<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 type="checkbox"/> Audit and/or Ethics Standard Setting  <input checked="" type="checkbox"/> Permanent Education of Auditors  <input checked="" type="checkbox"/> Enforcement  <input checked="" type="checkbox"/> Other: <u>Auditors' examination</u> </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 checked="" type="checkbox"/> Directly                      <input 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</p>



	<p><b>organization and its composition (i.e. whether practitioners from the audit profession <sup>4</sup> 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 UDVA is directly responsible for:</p> <ul style="list-style-type: none"> <li>- organizing the auditors' examinations;</li> <li>- issuing certificates;</li> <li>- issuing / suspending / withdrawing licenses</li> <li>- registering statutory auditors and audit firms</li> <li>- keeping the Register of statutory auditors and Register of audit firms.</li> </ul> <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 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 <sup>5</sup> 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>According to the Act 423/2015 Coll. the UDVA participate in the creation, updating and adoption of international auditing standards and the Auditor's Code of Ethics through the competent authorities of the European Union.</p> <p>The UDVA has not special responsibility for the Standard setting.</p> <p>International auditing standards issued by the IFAC (IAASB) are used/required in the Slovak Republic.</p> <p>The Code of Ethics issued by the Slovak Chamber of Auditors which is in compliance with the Code of Ethics issued by the IFAC (IESBA) is used/required in the Slovak Republic.</p>
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<sup>5</sup> Ibid.





	<p>The UDVA shall provide (Audit/Ethics standards) for their accessibility by users in the Slovak Republic in the Slovak language. The translation into the Slovak language is provided by the Slovak Chamber of Auditors.</p> <hr/> <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<sup>6</sup> 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>The Slovak Chamber of Auditors prepares the principles of permanent education of a statutory auditor, including the criteria and the method of assessment. The principles of permanent education of a statutory auditor are approved by the UDVA. Permanent education shall be provided for by the Slovak Chamber of Auditors or by statutory auditors, audit firms, European auditors, audit firms from other Member States, third-country auditors, or third-country audit firms.</p> <p>The UDVA shall perform oversight of permanent education.</p> <hr/> <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 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<sup>7</sup> 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>
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<sup>6</sup> For the purpose of this Member Profile, the audit profession does not include an individual who 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.

<sup>7</sup> Ibid.





	<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>The UDVA's Examining Board prepares and organizes the process of auditors' examinations.</p> <p>The Chairman and other members of the UDVA's Examining Board are appointed and dismissed by the UDVA's Board. The UDVA's Examining Board shall consist of statutory auditors and other experts in theory and practice nominated by the Chamber, the UDVA, or the Ministry.</p> <p>All requirements, details, etc. relating to the auditors' examinations are laid down in the examination rules which are laid down by the Ministry of Finance of the Slovak Republic by means of a Measure.</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>The UDVA is a legal entity entrusted, in the area of public administration, with the performance of oversight and fulfilment of other tasks according to the Act 423/2015 Coll. on Statutory audit.</p>
<p><b>9. Major Events and Activities</b></p>	<p><b>9.1 Describe any recent major events and activities:</b></p> <p>After the implementation of the new EU legislation (June 17<sup>th</sup>, 2016) the UDVA started to be directly responsible for performing the audit quality assurance reviews ("AQA reviews") of the PIE-auditors and PIE-audit firms, which were previously delegated to the Slovak Chamber of Auditors.</p>

