



IFIAR 2017 Member Profile – AOA

1. Jurisdiction	1.1 Insert the name of the jurisdiction in English: Cayman Islands
2. Member¹	2.1 Insert the name of the Member, both in the local language and in English: Auditors Oversight Authority
	2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information: Auditors Oversight Authority 3 rd Floor, PO Box 133 Government Administration Building 133 Elgin Avenue Grand Cayman KY1-9000 Cayman Islands 1(345) 244 8651 https://aoa.ky
	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: The Auditors Oversight Authority (AOA) was created by law through the passage of the Auditors Oversight Law, 2011 (AOL). The AOL was amended in December 2016. The principal functions of the Authority are, subsequent to the amendment of the AOL, to (1) regulate and supervise auditors who audit the accounts of market traded companies or designated companies and to regulate auditors who audit the accounts of Authority specified companies and have voluntarily registered as a recognized auditor pursuant to section 18 of the AOL; and to (2) enter into

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>arrangements to facilitate mutual assistance to overseas auditor oversight bodies in accordance with the AOL.</p> <hr/> <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe these changes with an appropriate level of detail:</p> <p>The AOL was amended in December 2016. The principal changes were to expand the Authority's scope to (1) include two additional categories of audit (designated companies and Authority specified companies) subject to our oversight and (2) enter into arrangements to facilitate mutual assistance to overseas auditor oversight bodies.</p>
3. Governing Body Composition and members	<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>AOA is governed by a Board of six, all of whom are independent from the audit profession.</p> <hr/> <p>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</p> <p>As set out in subsection 6(2) of the AOL, directors are to be fit and proper persons and shall have demonstrated to the satisfaction of the Governor in Cabinet substantial knowledge and experience relevant to the functions of the Authority.</p> <hr/> <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>

² 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.

³ Ibid.



	<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 checked="" 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>Pursuant to Subsection 6(2) of the AOL a former auditor must be retired from the practice of their profession for not less than a period of time determined by the Governor in Cabinet.</p>
	<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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, please describe their role with an appropriate level of detail:</p> <p>AOA has entered into an agreement with the Institute of Chartered Accountants in England and Wales (ICAEW) under date of 14 June 2013 to provide assistance to AOA in the conduct of inspections. The Managing Director (MD) leads the inspections and ICAEW personnel assist the MD.</p>
<p>4. Funding Arrangements</p>	<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>The Government of the Cayman Islands provides the principal funding for AOA. In addition AOA bills firms registered with AOA a nominal amount</p>



	<p>(KY\$1,000 each) and bills firms that have been inspected in the year with the direct costs of the inspection being ICAEW costs billed to AOA plus the direct costs of the involvement of the MD in the inspection. The 2016 funding of AOA from the Government amounted to KY\$315,000, 2016 funding from firms registered with AOA amounted to \$4,000 and AOA billed the two firms inspected in 2016 KY\$54,159 in total. (Note \$1 KY = \$1.20 US.)</p> <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>As per above the bulk of the funding for AOA is derived from the Cayman Islands Government. AOA sets the registration fees and inspection fees billed to firms; the bulk of the inspection fees billed to the firms are fees billed to AOA by ICAEW.</p>
<p>5. Inspection System</p>	<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>
	<p>5.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</p> <p><input 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>The ICAEW, pursuant to an agreement between AOA and ICAEW. AOA, however, is responsible, in consultation with the ICAEW, for determining the frequency and timing of such inspections.</p>
	<p>5.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</p> <p>Every three years or possibly less. Our first inspection took place in 2015 and we conducted two inspections in 2016. We expect to inspect the fourth firm in 2017.</p>



6. Audit and Financial Market	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. Four firms and four PIEs.
	6.2 What are the sizes and market shares of each of the largest audit firms in the Member's jurisdiction? Not known.
7. Main Other Responsibilities of the Member <u>within</u> the area of Audit Oversight	7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight: <input type="checkbox"/> Registration/Licensing <input type="checkbox"/> Audit and/or Ethics Standard Setting <input type="checkbox"/> Permanent Education of Auditors <input checked="" type="checkbox"/> Enforcement <input type="checkbox"/> Other: _____
	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? <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight 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 ⁴ 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.
	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? <input type="checkbox"/> Directly <input type="checkbox"/> Through Oversight

⁴ 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>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 ⁵ 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>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 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 ⁶ 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>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 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>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>

⁵ Ibid.

⁶ 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.

⁷ Ibid.



8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight	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: No such responsibilities.
9. Major Events and Activities	9.1 Describe any recent major events and activities: Completed inspections of two firms in 2016; Completed application to be a signatory to IFIAR Multilateral Memorandum of Understanding; Responded to various IFIAR requests for comment to the extent germane to AOA; Attended at IFIAR 2016 Plenary meeting and Enforcement Workshop; and Maintained our good standing as a Statutory Authority within the Cayman Island Government by responding to various requests for information and completion of forms as necessary.

