



## IFIAR 2017 Member Profile – CyPAOB

1. Jurisdiction	<p><b>1.1 Insert the name of the jurisdiction in English:</b></p> <p>Cyprus</p>
2. Member <sup>1</sup>	<p><b>2.1 Insert the name of the Member, both in the local language and in English:</b></p> <p>Επιτροπή Δημόσιας Εποπτείας Ελεγκτικού Επαγγέλματος Cyprus Public Audit Oversight Board</p>
	<p><b>2.2 Include relevant contact information, including postal address, telephone numbers, a link to the website and other relevant information:</b></p> <p>Address: Michael Karaoli &amp; Grigori Afxentiou, 1441 Nicosia, Cyprus Telephone: +357 22602252 +357 22602279 Fax: +35722605047 Email: <a href="mailto:info@cypaob.gov.cy">info@cypaob.gov.cy</a> Website: <a href="http://www.cypaob.gov.cy">www.cypaob.gov.cy</a></p>
	<p><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></p> <p>The Cyprus Public Audit Oversight Board (the “CyPAOB”) has been established under the provisions of the Law providing for “Statutory Audits of Annual Accounts and Consolidated Accounts of Statutory Auditors and Statutory Audit Firms (L. 42(I)/2009)”.</p> <p>The CyPAOB is directly responsible for the public oversight of audit firms and the audit profession in Cyprus. Specifically, it has the ultimate responsibility for the oversight of:</p> <ul style="list-style-type: none"> <li>(a) the approval and registration in the Register of the statutory auditors and of the statutory audit firms;</li> <li>(b) the adoption of standards on professional ethics, internal quality control of statutory audit firms as well as auditing; and</li> <li>(c) continuing education, quality assurance and investigative and disciplinary systems.</li> </ul>



	<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 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>N/A</p>
<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>Board of the CyPOAB:</p> <p>President: Mrs Rea Georgiou - Accountant General  Vise President: Mr Andreas Zachariades- Deputy Accountant General  Member of the Board: Ms Demetra Kalogirou- President of the Cyprus Securities and Exchange Commission  Member of the Board: Mr Phideas Pilides- President of the Cyprus Chamber Of Commerce and Industry  Member of the Board: Mr Christos Karoulas- Senior Internal Audit Officer</p> <p>All member boards are independent from the audit profession.</p> <p><b>3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body?</b></p> <p>As described in the Law the President and the members of the CyPAOB, are, in majority, non-practitioners, of known standing and character and who are knowledgeable in the areas relevant to statutory audit.</p> <p>The term "non-practitioner" means a natural person who, for at least three years before his/her appointment as President or member of the Public Audit Oversight Board, has not carried out statutory audits, has not held voting rights in an audit firm, has not been a member of the board of</p>

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	<p>directors or of the management body of an audit firm and has not been employed by or otherwise associated with an audit firm.</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>N/A</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>N/A</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>A person has to have at least three years cooling off period before his/her appointment as a member of the Board. Specifically he/she must not carried out statutory audits, must not held voting rights in an audit firm, must not been a member of the board of directors or of the management body of an audit firm and must not been employed by or otherwise associated with an audit firm.</p>

<sup>3</sup> Ibid.



	<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 type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe their role with an appropriate level of detail:</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>At present, according to the current national law the CyPAOB is funded with a grant from the government budget which is approved by the Council of Ministers and the Parliament of Cyprus. However, the new law provides that the CyPAOB will be adequately funded by a government grant equal to 40% of the total budget of the year and the rest 60% will be funded by the professional bodies, audit firms and PIE auditor.</p> <p>CyPAOB's budget is approved by the Council of Ministers and the Parliament of Cyprus.</p> <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>The funding fee as well as the pricing policy it is provided in the law and can only be amended by a change of the law.</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> <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>The CyPAOB is responsible, through its Audit Quality Review Team for inspecting auditors of public interest entities.</p> <p>Up to and including its 2015-2016 inspection cycle, Audit Quality Review has carried out full scope inspections of six firms (Big Four Firms plus two other pie auditors). Full scope inspections comprise a review of a sample of audits and firm-wide procedures are undertaken annually for the Big Four Firms. Ten more pie audit firms will be inspected once every three years.</p> <p>A report on each firm is issued at the completion of the inspection. Letter reports on all audits reviewed are issued to the audit firm.</p> <p>There are approximately 500 non-pie audit firms where CyPAOB has to date delegated the independent inspection of the firm to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus, to undertake the primary review of the firm. This has been undertaken at least once every three years.</p>
<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> <p>As mentioned above, there are 16 pie firms that are directly inspected by the CyPAOB. The professional body is responsible for inspections of approximately 500 auditors of non public interest entities, subject to CyPAOB oversight.</p> <hr/> <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>N/A</p>



<b>7. Main Other Responsibilities of the Member within the area of Audit Oversight</b>	<b>7.1 Please indicate whether the Member has responsibility for tasks other than Inspections within the area of Audit Oversight:</b>  <input checked="" type="checkbox"/> <b>Registration/Licensing</b> <input checked="" type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b> <input checked="" type="checkbox"/> <b>Permanent Education of Auditors</b> <input checked="" type="checkbox"/> <b>Enforcement</b> <input type="checkbox"/> <b>Other:</b> _____
	<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>  <input type="checkbox"/> <b>Directly</b> <input checked="" type="checkbox"/> <b>Through Oversight</b>  <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<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.</p> <p>CyPAOB delegates via a delegation agreement the registration and licensing procedure of statutory auditors and statutory audit firms to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus.</p> <p>The national law provides the eligibility criteria for registration and licensing and the CyPAOB through monitoring visits ensures the application of those by the professional body. CyPAOB has the power to reclaim the delegated competences on a case by case basis.</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>  <input type="checkbox"/> <b>Directly</b> <input checked="" type="checkbox"/> <b>Through Oversight</b>  <p>If directly, please describe the responsibility with an appropriate level of detail. If through oversight, please indicate the name of the</p>

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	<p><b>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>CyPAOB delegates via a delegation agreement the Audit and Ethics standard setting to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus.</p> <p>The national law provides the criteria and the CyPAOB through monitoring visits ensures the application of those by the professional body. CyPAOB has the power to reclaim the delegated competences on a case by case basis.</p> <hr/> <p><b>7.4 If the Member has the responsibility for Permanent Education of Auditors, 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>CyPAOB delegates via a delegation agreement the Permanent Education of Auditors to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus.</p> <p>The national law provides the criteria and the CyPAOB through monitoring visits ensures the application of those by the professional body. CyPAOB has the power to reclaim the delegated competences on a case by case basis.</p>
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<sup>5</sup> Ibid.

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	<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<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> <p>CyPAOB through its independent disciplinary body has the responsibility for the enforcement regarding PIE auditors. Enforcement regarding non pie auditors is delegated to the Recognized Professional Body the Institute of Certified Public Accountants of Cyprus.</p> <p>The enforcement procedure and the sanctions are provided by the national law. The CyPAOB through monitoring visits ensures the application of the procedure and sanctions by the professional body. CyPAOB has the power to reclaim the delegated competences on a case by case basis.</p>
<p><b>8. Main Other Responsibilities of the Member <u>outside</u> the area of Audit Oversight</b></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>8.1 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>

<sup>7</sup> Ibid.



