Learning from the Experience of EU Member States

Fourth Regional Audit Quality Assurance Forum – Tirana, Albania

CYPRUS PUBLIC AUDIT OVERSIGHT BOARD

Panos Prodromides – Director General CyPAOB & Chair of CEAOB

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ΑΔΕΕΛΕπ
CyPAOB

Agenda

- Key Challenges in Establishing Audit Oversight

1. Appointment of board members
2. Staff appointment and retention
3. Staff remuneration
4. Inspection ratings
5. First-time inspection findings
6. Legal and regulatory processes

Key Challenges in Establishing Audit Oversight
1. Appointment of board members

- Profiles of CyPAOB Board Members:
    - Qualified ex-auditors from the government/civil sector (e.g., Ministry of Finance, Treasury & Tax Department)
    - Retired ex-auditors in regulatory positions
    - Former auditors working in industry (e.g., qualified accountants serving as CFOs)
    - Lawyers
    - Professionals with financial services experience (non-auditors)

Key Challenges in Establishing Audit Oversight
2. Staff appointment and retention

Real examples used in inspections:

- Peer reviews of each file by inspectors
- Inspection based on CAIM methodology
- Board approval of the work plan
- Sample-selection methodology of audit files

Key Challenges in Establishing Audit Oversight
3. Staff remuneration

- Two inspectors are employed on a contract basis, with pay higher than the civil servants’ pay scale
- Permanent employees in the civil service are supervised by the contract-based inspectors
- Receiving training through:
    - Training Task Force (under the CEAOB Inspection Subgroup)
    - ICPAC – local professional body
    - Qualified tutors on IFRSs

Key Challenges in Establishing Audit Oversight

4. Inspection ratings

Year 1-3
No inspection ratings were applied

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Year 4-5
Ratings introduced for internal use only

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Year 6-8
Ratings were communicated to the firms but not published

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Year 8- Current
Ratings were made public and included in the Annual Report

Key Challenges in Establishing Audit Oversight
5. First-time inspection findings

Inspection findings applied for remediation:

1. For first-time inspections, audit firms are given the opportunity to address findings through an agreed action plan
2. Inspectors then review the implementation of the action plan
3. The results of this review are considered when determining the scope and focus of future inspections

Key Challenges in Establishing Audit Oversight
6. Legal and regulatory processes

- Use of settlement processes
- Application of the summary procedure (tables)
- The full enforcement process is time-consuming and cumbersome
- Use of outsourced investigators who are not audit practitioners

Questions?

Thank you!