

UKRAINE

Audit Framework Reform



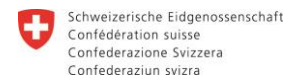
Ministry of Finance of Ukraine

Vienna, Austria, 26-27 April 2018

ADVANCING AUDIT QUALITY ASSURANCE SYSTEMS: TRENDS AND OPPORTUNITIES



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Law of Ukraine on Audits of Financial Statements and Auditing

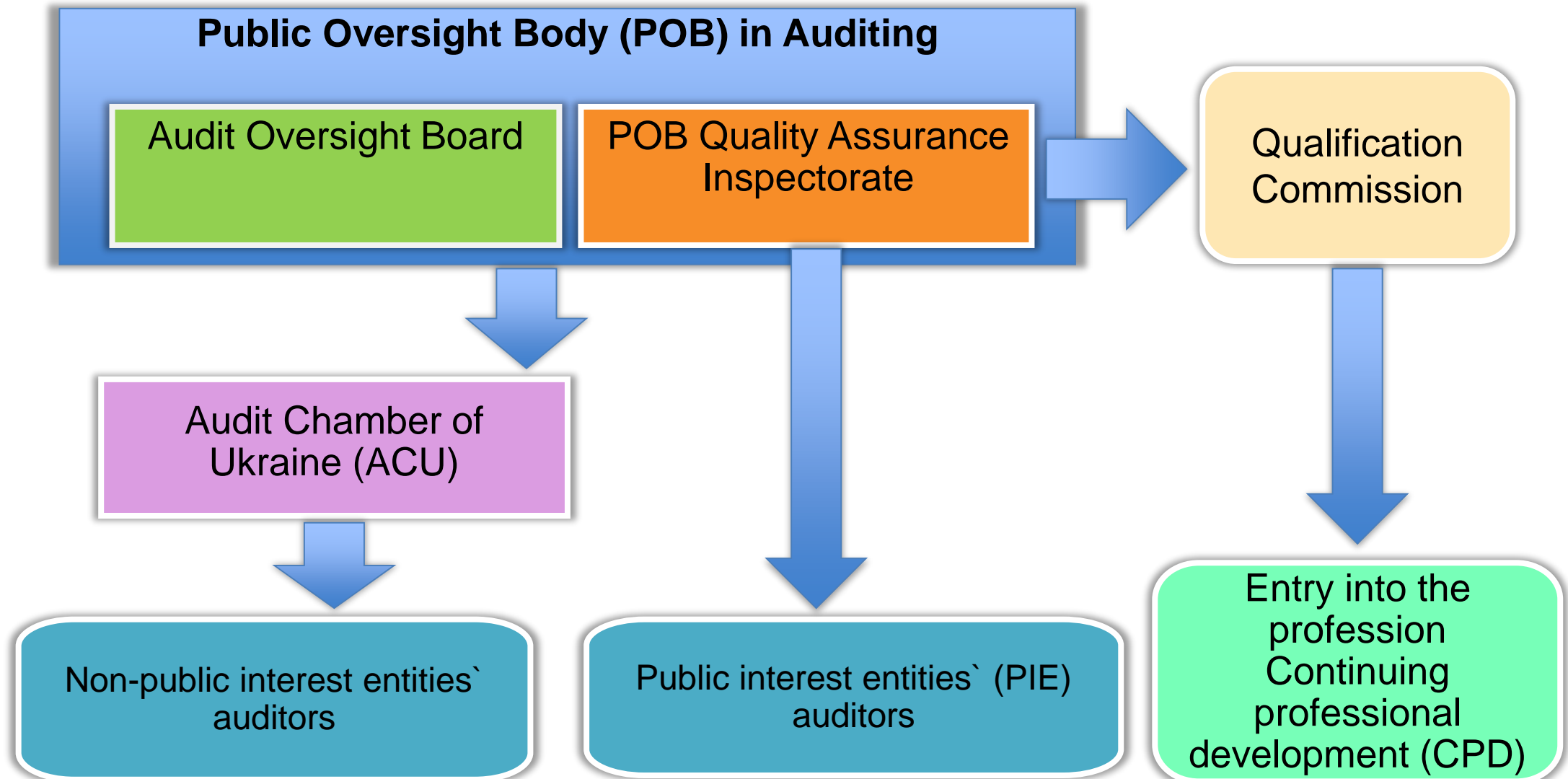
The Supreme Rada of Ukraine passed the Law of Ukraine on Audits of Financial Statements and Auditing on 21 December 2017, aimed to harmonise the domestic auditing legislation with the EU *acquis*, including Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts



What the Law provides for

- » Improving the audit regulatory framework in line with the international standards and best international practices
- » Introducing the best balanced model for public oversight and self-regulation of auditing
- » Improving the system of entry into the profession and continuing professional development in order to reduce the possibility of poor audit service provision

Model for Public Oversight and Self-Regulation of Auditing





Responsibilities of the Audit Oversight Board

- » Oversight over the Audit Chamber of Ukraine
- » Oversight over the POB Quality Assurance Inspectorate
- » Decision-making regarding initiation of disciplinary cases against auditors and audit entities
- » Decision-making regarding penalties in relation to auditors and audit entities
- » Approve the POB charter and draft regulations on audit
- » Approve the POB budget and budget execution report



Responsibilities of the Public Oversight Body Quality Assurance Inspectorate

- » Quality assurance inspections of audit entities
- » Enforcement based on decisions made by the Audit Oversight Board
- » Methodological support for professional qualification



Responsibilities of the Qualification Commission

- » Have qualification-related regulations drafted and submitted to the POB for approval
- » Approve examination programmes, organise examinations, approve examination outcomes, make decisions regarding examinations, and review appeals against examination outcomes
- » Accreditation of independent evaluation centres, centres for preparing examination assignments and appointment of examination papers reviewers
- » Formulate requirements to legal entities to engage in the continuing professional development of auditors
- » Decision-making regarding professional aptitude of persons to engage in audit



Powers of the Audit Chamber of Ukraine

- » Maintain the Registry of Auditors and Audit Entities
- » Exercise control over the continuing professional development of auditors (excluding the PIEs auditors)
- » Engage in the disciplinary proceedings against audit entities engaged in the statutory audit of financial statements (excluding the PIEs auditors)
- » Quality assurance of audit services provided by the audit entities engaged in the statutory audit of financial statements (excluding the PIEs auditors)
- » Quality assurance of audit services provided by the audit entities not engaged in the statutory audit of financial statements



What the Law will ensure

- » Enhanced investor confidence in the financial reporting by domestic businesses
- » Deregulation of audit
- » Audit market expansion
- » Possibility for the Ukrainian audit firms to enter European markets by means of recognition of the frameworks equivalency
- » Improved image of, and confidence in, the audit profession
- » Positive investment climate in Ukraine



Further implementation of EU Directive No. 2006/43/EC of 17 May 2006 on statutory audits of annual accounts and consolidated accounts

In the context of adoption of the Law of Ukraine on Audits of Financial Statements and Auditing, the Government of Ukraine approved the Plan for Drafting the Implementing Regulations for the Law



Implementing regulations for the Law to be drafted and approved (to be drafted and adopted by October 2018)

- » Charter of the public oversight body
- » Public oversight body's budgeting procedure
- » Procedure for maintaining the Registry of Auditors and Audit Entities
- » Regulation on the Qualification Commission
- » Quality assurance inspection procedure
- » Auditor continuing professional development procedure
- » Examination procedure
- » Internship procedure



Thank you