

UKRAINE

Current Progress with Audit Reform

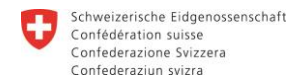
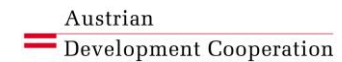


Vienna, 24-25 October 2017

Advancing in Accounting & Auditing Regulation: Improving Compliance through Better Enforcement and Adequate Requirements for Non-Financial Reporting



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Status of the legislation in the field of audit and public oversight

1. **Draft Law of Ukraine on Audit of Financial Statements and Auditing**

- Registered with the Parliament (No. 6016 of 3 February 2017)
- Is being finalized by the parliamentary Tax and Customs Policy Committee and is being prepared for submission to the parliament for repeated first reading in October 2017
- To be passed by 1 November 2017 pursuant to the EU-Ukraine Association Agreement

2. **Law of Ukraine on Amendments to the Law of Ukraine on Accounting and Financial Reporting was passed by the Parliament on 5 October 2017 and will take effect on 1 January 2018**

- Has introduced the concept of public interest entity
- Specifies criteria to classify undertakings as large, medium, small, or micro-undertakings pursuant to the Directive requirements
- Sets financial reporting disclosure requirements



Main three strengths of the recent audit reform

1. Legislation harmonized with the EU directives requirements and best international practices
2. Consolidated efforts of the profession to improve continuing professional development and admission to the profession programmes pursuant to the IFAC international education standards and EU Directive
3. Public debate on audit issues in Ukraine; regulators' focus on addressing them and reflecting them in the new legislation



Key obstacles that make it difficult to adopt improved legislation and enforce audit oversight principles

- » Complicated parliamentary procedure to pass a draft law which increases the risk of failure to pass it within the planned timeframe; ability of members of the parliament to introduce amendments which could affect efficiency of the reform
- » Auditors are insufficiently familiar with the rules and requirements of the European legislation on auditing regulation and provisions of the draft law which leads to the negative perception of the reform



Necessary support by the CFRR to promote the reform

- » Sharing experience with STAREP countries and review of leading European countries' experience related to specific audit reform issues
- » Expert support and assistance with the implementation of the new law following its adoption, especially with regard to the establishment of the public oversight body and drafting by-laws
- » Organizing special-purpose events for detailed examination of specific audit reform issues