



The role and responsibilities of the professional associations in regulating the accounting profession

Reform of audit regulation in EU - Polish SMPs perspective



Krzysztof Burnos,
Member of National Council of Statutory Auditors
Chairman SME/SMP Assurance Services Development Committee



Key factors of Polish audit market

Polish context:

- 38,3 M citizens
- 1,67 M active companies, 99.8% SMEs
- 430 listed companies (PIEs)
- statutory audit (BS=2,5 MEUR, TO=5 MEUR, EMPL=50)
- 7,2 T chartered auditors (50% in practice)
- 1,7 T audit firms (60% sole practitioners)
- National Standards on Auditing supplemented by ISAs

Observation:

- audit firms' structure is adapted to the structure of economy
- SMPs and SME's audits are dominant in the economy despite high audit thresholds
- assurance services models should address SMEs market



What is a SMP?

No definition of SMP, but:

- out of B4/medium-tier networks
- audit procedures performed mainly by practitioners
- operate mainly out of of PIEs market
- limited cross border activity
- sensitive to regulation changes

- no technical department
- no internal CPD trainings in house
- no separate professional organisation





EU Proposals in regards to statutory audits - SMP Polish perspective

1. Implementation of ISAs/ISQC1
 - perspective of big audits/auditors
 - proportionality approach (guidance)

2. Public Oversight Body
 - no representative of the profession
 - perspective of public market

3. Quality Inspections out of the Professional Body
 - administrative perspective of QA model
 - perspective of public market

4. Limitation of Professional Body activities
 - support for SMPs (training, guidance, etc.)
 - SMPs channels to communicate to the public
 - international integration/activity of profession





The role and responsibilities of the professional associations in regulating the accounting profession

- Reform of audit regulation in EU - Polish perspective

Summary:

1. SMEs dominate in the economy
2. SMPs are not the minority
3. The risk approach in the regulation of:
 - audit process (rotation, non audit service)
 - Public Oversight Body model,
 - inspection model,
 - governance of audit firm,
 - accounting (IFRS, accounting directive etc.)
 - etc.

Call for the proportionality....

