

ОСНАД



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ОРГАН СУСПІЛЬНОГО НАГЛЯДУ
ЗА АУДИТОРСЬКОЮ ДІЯЛЬНІСТЮ

**REPORT ON THE ACTIVITIES
OF THE
AUDIT PUBLIC OVERSIGHT BODY
FOR 2024**

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Audit Oversight System in Ukraine

Auditing is an independent professional activity conducted by auditors and audit entities (hereinafter — AEs) providing audit services. The cornerstone of this activity is the audit of financial statements, which serves the vital function of confirming the reliability and objectivity of information presented to users. This ensures a significant reduction in risks associated with managerial decision-making and enhances trust in business entities among investors, partners and society.

In Ukraine, since 2018, auditing and its regulation have been governed by the Law of Ukraine "On Audit of Financial Statements and Auditing Activity" (hereinafter — the Law). This Law implemented the requirements of European legislation and introduced the European model of public oversight in accordance with Directive 2006/43/EC on statutory audits and Regulation (EU) No 537/2014 on specific requirements for the statutory audit of public-interest entities.

The leading role in this model belongs to the Audit Public Oversight Body (hereinafter — APOB), the purpose of which is to exercise public oversight of auditing in Ukraine.

The mission of the APOB is to ensure a high level of assurance for owners, investors and other

users that the information disclosed in financial statements provides a reliable basis for effective decision-making.

The APOB provides oversight of auditing activity and is responsible for the oversight of:

- the registration of auditors and AEs;
- the implementation of International Standards on Auditing (ISAs);
- the certification of auditors and their continuous professional development;
- the quality control of audit services of AEs that perform statutory audits of financial statements, or those that have notified of their intent to perform statutory audits;
- disciplinary proceedings regarding auditors and AEs performing statutory audits;
- the application of sanctions.

The APOB is a public law legal entity operating as a non-profit organisation, consisting of the Oversight Board and the Quality Assurance Inspection (hereinafter — the Inspection).

The Oversight Board is the highest governing body of the APOB and consists of nine non-practitioners, including two representatives each from the Ministry of Finance of Ukraine and the National Bank of Ukraine, one representative from the National Securities and Stock Market Commission, and three other non-practitioners.

The Executive Director of the Inspection is an ex officio member of the Oversight Board.

During 2024, 11 meetings of the Oversight Board were held.

The Oversight Board's powers include:

- approval of the draft regulatory acts on the regulation of auditing and the APOB Statute;
- approval of APOB internal acts, the public performance report, the APOB budget, application forms for the Register of Auditors and AEs, and the forms and procedures for AEs to submit information on their performance results to the APOB;
- conduct of disciplinary proceedings in respect of auditors and AEs;
- oversight of the Inspection's activities;
- determining the procedure for delegating powers to the Audit Chamber of Ukraine (hereinafter referred to as the 'ACU') and professional bodies, as well as oversight of the performance of such powers;
- providing recommendations to public-interest entities (PIEs) regarding the operation of audit committees or designated bodies (units) assigned with the relevant functions;
- oversight of the activities of the Attestation Commission;
- other matters defined by the Law.

The role of the Inspection in the audit public oversight system is to:

- conduct quality control inspections of audit services provided by AEs;
 - investigate information containing signs of professional misconduct by auditors and AEs, and enforce sanctions;
 - provide methodological support for professional qualifications;
 - ensure the operation of the Register of Auditors and AEs in accordance with the requirements of the Law;
 - monitor the continuing professional development (CPD) of auditors, except for those whose monitoring is delegated to the ACU and/or professional organisations of auditors and accountants;
 - ensure international cooperation within the powers of the APOB as defined by the Law.
- During the reporting period, the APOB carried out its activities in accordance with the Activity Programme of the Audit Public Oversight Body for 2024 (Appendix 1), taking into account the challenges arising from the ongoing full-scale armed aggression of Russia against Ukraine, which began on 24 February 2022.

Regulatory Activity

The regulatory activity of the Audit Public Oversight Body (APOB) during the reporting period was carried out in accordance with the requirements of the Law in the following areas.

Regarding the provision of the regulatory and legal framework for auditing activity, the Oversight Board approved draft amendments to the Procedure for conducting quality control inspections of audit services.

To support the process of conducting quality control inspections of audit services and other inspections, amendments to the Recommendations on conducting quality control inspections of audit services and other inspections were approved.

In the area of auditor certification and continuing professional development (CPD), the following were approved: amendments to the Temporary Procedure for Sitting the Qualification Examination for auditor certification, the Programme for supporting talented youth in auditor certification, the Procedure for the use of funds to finance measures under the Programme for supporting talented youth in auditor certification, the Professional Standards “Auditor”, “Assistant Auditor”, “Key Audit Partner (Engagement Partner)”, and “Quality Assurance

Inspection Inspector”, and the Procedure for exercising oversight of the continuing professional development of auditors.

In order to ensure proper compliance by auditors and AEs with the requirements of Articles 23, 26, 29 and 38 of the Law, amendments to the Procedure for the submission of information on provided services by audit entities to the APOB were approved.

With regard to the regulatory support of the APOB's activities in exercising public oversight of auditing activity, amendments to the Regulation on the Attestation of Staff of the Quality Assurance Inspection of the APOB were approved; the following were also approved: amendments to the 2024 budget of the State Institution “APOB”, the 2025 budget of the State Institution “APOB”, application forms submitted by auditors and AEs to the Register of Auditors and Audit Entities (namely: on the suspension of an auditor’s right to practise auditing and on the reinstatement of an auditor’s right to practise auditing), amendments to the Application for Entry into the Register of Auditors and Audit Entities of Information (amendments thereto) on an audit entity authorised to perform statutory audits of financial statements and/or statutory audits of financial statements of public interest entities, as well as other statutory engagements (Form No. 3.1), the

Activity Programme of the APOB for 2025 and other documents.

Quality Control of Audit Services

The Schedule of quality control inspections for 2024 (as amended) provided for inspections of 25 AEs. Based on the results of the quality control inspections conducted during the year:

- two AEs passed the inspection;
- 15 AEs passed the inspection with mandatory recommendations;
- four AEs, as at the end of 2024, were in the process of agreeing the inspection results;
- two AEs lost the right to perform statutory audits of financial statements of public-interest entities;
- in respect of one AE, a report on the impossibility of conducting the inspection was drawn up in 2024;
- the inspection of one AE was postponed to 2025.

The share of AEs included in the 2024 inspection schedule and covered by control measures in the total value of statutory audit services provided for the latest reporting period reported by them to the APOB amounted to 21.0% (UAH 344.0 million). At the same time, the share of such AEs in the total number of statutory audit engagements completed during the period mentioned above amounted to 23.4% (1,349

engagements).

Compared with 2023, the average duration of on-site inspections did not change significantly and amounted to 14 working days (2023: 13 working days).

At the same time, the number of audit engagements selected for inspection remained unchanged and averaged three engagements (2023: 3 engagements).

77 statutory audit engagements were inspected, the audit reports for which were signed by 62 key audit partners (2023: 60 engagements and 55 key audit partners).

In some cases, specific aspects of the completed financial statement audit engagements were additionally selected.

Engagements for inspection were selected by the Inspection using a risk-based approach.

In 2024, the mandatory nature of quality control inspections was resumed, having been suspended in 2022 due to the full-scale aggression of the Russian Federation against Ukraine.

Detailed information on the results of the quality assurance system in 2024 is provided in Appendix 2.

Conduct of Disciplinary Proceedings

During the reporting period, upon instructions from the Oversight Board, the Inspection conducted a review of information regarding the actions of 11 AEs authorised to perform statutory audits of financial statements of public-interest entities. Following the review of information regarding the actions of three AEs, the Oversight Board adopted decisions to refuse the initiation of disciplinary proceedings. In respect of five AEs, the review of information regarding the presence of indications of professional misconduct was ongoing at the end of 2024.

The Oversight Board considered disciplinary proceedings initiated in 2023 in respect of four AEs authorised to perform statutory audits of financial statements of public-interest entities, and disciplinary proceedings initiated in 2024 in respect of three AEs.

Following the consideration of disciplinary proceedings by the Oversight Board during the reporting period:

- six AEs were held professionally liable for committing professional misconduct;
- in respect of one AE, a decision was adopted to close the disciplinary proceeding.

Register of Auditors and Audit Entities

In accordance with the requirements of the Law, from 01 January 2023, the Audit Public Oversight Body (APOB) has been the holder and administrator of the Register of Auditors and Audit Entities (hereinafter – the Register), ensuring the creation, functioning and maintenance of the Register, as well as its administration.

The Register was established taking into account the legislation on public electronic registers with the aim of connecting the Register to public electronic registers and the system of electronic interaction of electronic resources to ensure the exchange of information with other public electronic registers.

The Register is synchronised with the functioning of the auditor's and AE's online account. The entry of information (amendments thereto) into the Register and the deletion of registered information from the Register were carried out via the auditor's and AE's online account.

During the reporting period, 138,290 enquiries were made to the Register.

During the reporting period, the Inspection:

- processed 4,557 applications submitted

by auditors and AEs for their registration in the Register, for the entry of information (amendments thereto) into the Register and for the deletion of registered information from the Register, received by the APOB via the auditor's and AE's online account;

- prepared and issued 192 extracts from the Register following enquiries received by the APOB from auditors, AEs and other persons for the provision of registered information.

Users of registered information have the possibility to generate enquiries to obtain extracts from the Register after completing an authorisation procedure. During 2024, 1,371 extracts from the Register were obtained.

The Inspection conducted outreach work with auditors and AE representatives to ensure their compliance with the Law's requirements regarding the completeness, accuracy and timeliness of the submission of information to the Register by posting information notices on the official website of the APOB, as well as through correspondence and direct telephone communication.

Within the scope of exercising powers regarding the registration of auditors and audit entities, the Inspection identified instances of non-compliance by individual auditors with the Law's requirements regarding the completeness of the information they submit to the Register, in

particular data on the country of citizenship, the mandatory submission of which is required by point 1 of part two of Article 21 of the Law.

In order to ensure the remedy of violations of the said requirements of the Law, between 16 and 22 August 2024, the Inspection issued orders to 671 auditors regarding the need to remedy violations of the Law and the impermissibility of their recurrence.

Based on the results of the monitoring conducted on the completeness of submission by auditors of registered data on the completion of continuing professional development (CPD) for entry into the Register, and identified instances of auditors violating the requirements of the Law regarding the submission of information on the completion of CPD for automatic entry into the Register, orders were issued to 643 auditors between 15 and 22 October 2024 regarding the need to remedy violations of the Law and the impermissibility of their recurrence.

By decisions of the Oversight Board made upon the recommendation of the Inspection, the right to practise auditing was suspended for 14 auditors due to the failure to remedy the violation of the Law's requirements regarding the completeness of the information they submit to the Register within two months after the issuance of orders; of these, five auditors complied with the

requirements of the orders and had their right to practise auditing reinstated

Oversight of Delegated Powers

The Law provides for the possibility of delegating certain powers for ensuring public oversight of auditing activity to the Audit Chamber of Ukraine (ACU) and professional organisations of auditors and accountants.

The following powers are delegated to the ACU, provided that its organisational structure precludes the emergence of actual or potential conflicts of interest or interference by its governing bodies in the performance of delegated powers, which could affect the objectivity or impartiality of decisions, or the commission or omission of actions during the performance of the said power:

- quality control inspections of audit services of AEs performing statutory audits of financial statements, except for audits of financial statements of public interest entities (PIEs), and the conduct of other inspections provided for by the Law;
- conduct of disciplinary proceedings in respect of AEs performing statutory audits of financial statements, except for AEs performing audits of financial statements of PIEs, and auditors, except in cases specified by the Law.

Furthermore, the following powers may be delegated to the ACU and/or professional

organisations of auditors and accountants, provided that their organisational structure precludes the emergence of actual or potential conflicts of interest or interference by their governing bodies in the performance of delegated powers and that they meet the established requirements:

- quality control inspections of audit services of AEs that have notified of their intention to perform statutory audits of financial statements, and the conduct of other inspections provided for by the Law;
- oversight of the continuing professional development (CPD) of auditors.

Following the consideration of the ACU's application for recognition as meeting the conditions for performing delegated powers and its request for the delegation of the power to conduct quality control inspections of audit services of AEs that have notified of their intention to perform statutory audits of financial statements, and to conduct other inspections provided for by the Law, the Oversight Board, upon submission of the Inspection, adopted a decision to delegate such power to the ACU.

Oversight of the ACU's performance of delegated powers is exercised by the APOB, primarily through the participation of Oversight

Board members in the work of the governing bodies of the ACU.

Thus, within the scope of oversight over the performance of delegated powers, members of the Oversight Board participated in 11 meetings of the ACU Council. Within the framework of oversight of delegated powers, the APOB:

- received reports from the ACU on the performance of delegated powers, including reports on the execution of the ACU budget for 2023, for the first quarter, first half-year and nine months of 2024;
- provided recommendations regarding actions to be taken by the ACU for the proper performance of delegated powers;
- agreed on amendments to the Schedule of quality control inspections and other inspections conducted by the ACU for 2024;
- agreed on the Schedule of quality control inspections of audit services and other inspections for 2025;
- approved amendments to the ACU budget for 2024 in the part relating to delegated powers;
- approved the ACU budget for 2025 in the part relating to delegated powers.

Auditor Certification

In 2024, in accordance with the Procedure for Sitting Examinations for Auditor Certification and the Temporary Procedure for Sitting the Qualification Examination for Auditor Certification, measures were taken to organise and conduct examinations for auditor certification:

- theoretical examinations in “Audit”, “Taxation”, and “International Financial Reporting Standards” were organised for auditor certification, with a total of 126 candidates sitting the examinations. 67 candidates successfully passed, representing almost 53% of the total number of participants;

- two qualification examinations in auditor certification were held, with a total of 148 auditor candidates sitting the examinations. 45 candidates successfully passed, representing almost 30% of the total number of participants.

For 2025, the Attestation Commission has scheduled an examination session comprising nine theoretical examinations, as well as one “International Financial Reporting Standards” examination outside the examination session and two qualification examinations in accordance with the Temporary Procedure.

At the same time, educational and outreach activities regarding auditor certification were conducted, including the organisation of a series of round tables involving leading academics, practitioners, international and domestic experts, and the public, as well as open lectures for students.

For the purpose of high-quality regulation of qualification requirements within the profession, professional standardisation measures were carried out, and the development of professional standards was ensured for the following: “Auditor”, “Assistant Auditor”, “Quality Assurance Inspection Inspector”, and “Key Audit Partner (Engagement Partner)”. Following the consideration of the drafts of the said standards, the Oversight Board approved the professional standards “Auditor”, “Assistant Auditor”, “Key Audit Partner (Engagement Partner)”, and “Quality Assurance Inspection Inspector”. Furthermore, in accordance with the Law of Ukraine “On Education”, the APOB initiated the formation, jointly with the Ministry of Finance of Ukraine, of a Sectoral Council for the development of professional standards in the field of accounting and auditing to coordinate the development of standards and address staffing issues within the accounting and auditing services market.

During 2024, organisational, logistical, and

methodological support was provided for 12 meetings of the Attestation Commission, where matters regarding the organisation of examinations, approval of results, international cooperation, improvement of the regulatory framework, and the provision of continuing professional development (CPD) for auditors were addressed.

Up-to-date information on auditor certification and CPD is regularly published on the official website of the APOB

International Cooperation

The APOB, having been a full member of the International Forum of Independent Audit Regulators (IFIAR) since 2019, gaining its own experience in the public oversight of auditing, incorporates best European and global practices into the audit oversight system in its activities.

Furthermore, since 2023, the APOB has held observer status in the Committee of European Auditing Oversight Bodies (CEAOB). Observer status is granted for participation in CEOB plenary meetings. APOB representatives participated in the CEOB plenary meetings held on 12–13 March 2024 (online), on 18–19 June 2024 in Paris (France), and on 19–20 November 2024 in Brussels (Belgium).

To ensure the continuous exchange of experience and the implementation of best practices in the national audit sector, the APOB constantly participates in events organised by the CEOB, IFIAR, and the World Bank’s Centre for Financial Reporting Reform (CFRR). Effective communication was maintained with the EU-funded project “Implementation of EU practices in accounting, financial reporting and audit in Ukraine” (EU-FAAR), which contributed to the further development of the audit sector in line with best European practices and supported initial

steps in implementing sustainability reporting in Ukraine.

On 14 March 2024, APOB representatives participated in an ACCA representative event, where the key results of bilateral cooperation and the main directions for its continuation were presented, and future plans were outlined.

A memorandum was concluded between the APOB and the Institute of Financial Accountants (IFA, part of the IPA Group) for the purpose of exchanging experience in the field of auditor certification.

Furthermore, APOB representatives participated in the knowledge exchange event “Responding to New Requirements and Challenges in Corporate and Sustainability Reporting”, held on 28–29 May 2024 in Vienna (Austria), and the third Public Oversight Bodies Forum (POB Forum), held on 22–23 October 2024 in Bucharest (Romania) within the framework of the “Road to Europe” Program of Accounting Reform and Institutional Strengthening for small and medium-sized enterprises (REPARIS for SMEs) and the Program for Improving Accounting, Auditing and Sustainability Reporting (EAASURE) of the CFRR. During August–September, a series of working meetings were held with CFRR representatives regarding the implementation of EAASURE in Ukraine.

During the year, APOB representatives held working meetings with the German Audit Oversight Body (AOB), the Polish Agency for Audit Oversight (PANA), and the management of ACCA Poland, Ukraine and the Baltic states.

Information and Communication Activities

In compliance with the requirements of the Law of Ukraine “On Access to Public Information” and the Regulation on Data Sets Subject to Publication in the Form of Open Data, approved by Resolution of the Cabinet of Ministers of Ukraine dated 21 October 2015 No. 835 (as amended), the Inspection:

- published public information of the APOB in the form of open data under the section “All Information Controllers” of the said Resolution and information subject to publication as open data in accordance with the Law;
- conducted an information audit of the data held by the APOB. The Report on the 2024 Information Audit of the APOB was published on the official APOB website.

On 06 December 2024, the Inspection conducted a webinar on “Current Issues in Quality Control of Audit Services, Continuing Professional Development of Auditors, and the Conduct of Disciplinary Proceedings”.

On 23 December 2024, the Inspection conducted a webinar on “Current Issues in Quality Control of Audit Services and Continuing Professional Development of Auditors”.

Based on the analysis of the annual information of AEs on provided services and data from the Register, the Report on the State of Auditing Activity in Ukraine (from 01 July 2023 to 30 June 2024) was compiled and published on the official website of the APOB.

The activities of the Committee on Best Practices for the Organisation of the Quality Control System for Audit Services were ensured. This committee serves as an advisory body to the APOB on matters of improving policies and procedures and implementing best practices for the internal organisation of AEs authorised to perform statutory audits of financial statements of public interest entities (PIEs).

Resources of the Quality Assurance Inspection

As at 31 December 2024, the number of staff of the Inspection was 22 persons. During 2024, quality control inspections of audit services and support of the disciplinary proceeding process were carried out by the Quality Control Department consisting of five inspectors. No external experts were involved in the inspections.

In order to enhance the efficiency of the Inspection staff and accountability for the performance of official duties, a staff appraisal was conducted from 17 to 20 December 2024.

During 2024, in order to ensure the implementation of proposals based on the results of the 2023 internal corruption risk assessment of the APOB's activities:

- the Procedure for organising work with notifications of possible facts of corruption or corruption-related offences, and other violations of the Law of Ukraine "On Prevention of Corruption" within the APOB was approved;
- the functioning of anonymous communication channels within the APOB for reporting possible facts of corruption or corruption-related offences was ensured: an email address; a dedicated telephone line for the

prevention and detection of corruption; and a relevant page on the official APOB website;

- the APOB was connected to the Unified Whistleblower Reporting Portal.

In 2024, the APOB conducted an external assessment of corruption risks. The report on the results of the external assessment of corruption risks in the activities of the state institution "Audit Public Oversight Body" was processed by the Corruption Risk Assessment Commission and considered at a meeting of the Oversight Board.

In 2024, the APOB conducted an external corruption risk assessment. The Report on the results of the external corruption risk assessment of the State Institution "APOB" was processed by the Corruption Risk Assessment Commission and considered at a meeting of the Oversight Board.

Document management in the Inspection is implemented through the use of auditor's, AE's and auditor candidate's online accounts, known as the electronic cabinet, electronic correspondence, postal services, the "ASKOD" electronic document management system, the "ASKOD Online" service, and the "E-court" subsystem.

During 2024, the APOB received: 22 documents from judicial authorities (decisions, rulings, summonses, etc.), 78 appeals from ministries and departments, and 993 queries from

legal and natural persons. Systematic communication with international organisations was maintained via electronic correspondence.

The Inspection processed and provided a total of 1,099 responses, including the provision of requested information and correspondence on matters of quality control of audit services and registered information in the Register. These queries raised issues regarding the requirements and procedure for applying specific provisions of the Law, compliance with ISAs, quality control matters, and Registry data.

In 2024, the APOB budget was fully executed regarding receipts in the amount of UAH 53,144 thousand (excluding the opening balance), compared with the budgeted UAH 38,705 thousand. Expenditure amounted to UAH 33,507

thousand (excluding deferred expenses), compared with the budgeted UAH 41,183 thousand. Detailed information on the budget execution is attached (Appendix 3).

Annex 1. Report on the Implementation of the 2024 Activity Programme of the Audit Public Oversight Body

No.	Task	Deadline	Result
Ensuring transparency and publicity of the activities of the Audit Public Oversight Body			
1.	Preparation, approval and publication of the 2023 Annual Report on the activities of the Audit Public Oversight Body (APOB) and the results of the quality assurance system, including information on inspections conducted, recommendations provided, monitoring of their implementation, measures taken and sanctions imposed on auditors and audit entities (AEs), information on the implementation of the annual programme, key indicators of the APOB budget implementation, and resources involved in performing its functions.	II quarter of 2024	The 2023 Annual Report on the Activities of the APOB was approved by the Oversight Board (Minutes of the meeting dated 05 April 2024 No. 3/68) and published on the official website of the APOB.
2.	Preparation, approval and publication of the annual		

	information on the state of auditing activity in Ukraine:		
2.1.	in 2023	I quarter of 2024	The Report on the State of Auditing Activity in Ukraine for the period from 01 January 2022 to 30 June 2023 was approved and published on the official website of the APOB in December 2023.
2.2.	in 2024	IV quarter of 2024	The Report on the State of Auditing Activity in Ukraine for the period from 01 July 2023 to 30 June 2024 was published on the official website of the APOB.
3.	Preparation, approval and publication of the APOB Activity Programme for 2025.	IV quarter of 2024	The 2025 Activity Programme of the APOB was approved by decision of the Oversight Board dated 29 November 2024 No. 10/75 and published on the official website of the APOB.
4.	Preparation and approval of the APOB budget for 2025.	IV quarter of 2024	The 2025 budget of the APOB was approved by decision of the Oversight Board dated 29 November 2024 No. 8/10/75 and published on the official website of the APOB.
5.	Formation, approval and publication of the 2025 schedule for quality control inspections of audit services and other inspections.	IV quarter of 2024	The 2025 Schedule of quality control inspections of audit services and other inspections was approved by Order dated 02 December 2024 No. 77-кя and published on the official website of the APOB.
6.	Formation, approval and publication of the 2025 schedule for monitoring the implementation of recommendations issued following quality control	IV quarter of 2024	The 2025 Schedule for Monitoring the Implementation of Recommendations issued following quality control inspections of audit services and other inspections was approved by Order dated 02 December 2024 No. 78-кя and published on the official website of the APOB.

	inspections of audit services and other inspections.		
Implementation of measures aimed at supporting auditing activity during the period of martial law and post-war economic recovery			
7.	Monitoring the risks to the public oversight and auditing activity system caused by the military aggression against Ukraine and prompt response to minimise negative consequences.	Throughout the period of martial law	Monitoring of risks to the public oversight and auditing activity system caused by military aggression against Ukraine is carried out on an ongoing basis through the analysis of the audit services market, research into the business activity of auditors and AEs, and the review of information from open sources, etc.
8.	Formulating proposals for state authorities regarding the broad involvement of independent auditors in post-war economic recovery measures.	Throughout the year	APOB participated in the deliberations of the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy regarding the draft Law of Ukraine "On Amendments to the Tax Code of Ukraine and other laws of Ukraine regarding the improvement of online communication with taxpayers and clarification of certain provisions of legislation", specifically regarding amendments to the Law of Ukraine "On Audit of Financial Statements and Auditing Activity".
9.	Conducting events to highlight current issues of auditing activity during the period of martial law.	Throughout the period of martial law	During the reporting period, no events were held to address issues of auditing activity during the period of martial law.
Ensuring European integration within the powers of the APOB			
10.	Formulating proposals to ensure the integration of the APOB into the European	Throughout the year	Representatives of the APOB participated in the plenary meetings of the Committee of European Auditing Oversight Bodies (CEAOB),

	Union (EU) public oversight system for auditing activity, facilitating the implementation of EU legislation on statutory audit into national law, and creating conditions for the formation of a single market for audit services between Ukraine and the EU, including:		which took place on 12–13 March 2024 (online), 18–19 June 2024 in Paris (France) and 19–20 November 2024 in Brussels (Belgium). The status of CEAOB observer provides the APOB with the right to participate in discussions among CEAOB members during plenary meetings, the opportunity to deepen cooperation with the CEAOB, and to establish relations with the public oversight bodies of EU Member States for the purpose of exchanging experience and studying best practices.
10.1.	ensuring bilateral cooperation with the Committee of European Auditing Oversight Bodies (CEAOB) and the public oversight bodies for auditing of EU Member States, as well as the Eastern Partnership countries;	On an ongoing basis	In July 2024, during an online meeting between representatives of the APOB and the Polish Agency for Audit Oversight (PANA), the possibility of signing a bilateral Memorandum of Understanding (MoU) was discussed. In September 2024, during an in-person meeting, representatives of the APOB and PANA discussed the draft MoU and agreed on its conclusion. The main areas of the MoU were presented to CEAOB members during the plenary meeting held on 19 November 2024.
10.2.	supporting the process of evaluating the equivalence and adequacy of the systems of public oversight, quality assurance, investigations and sanctions in Ukraine to the requirements of Articles 29, 30 and 32 of Directive 2006/43/EC.	Throughout the year	From 07 to 15 September 2024, representatives of the APOB held working meetings with the German Auditor Oversight Body (AOB) in Berlin (Germany) and with PANA in Warsaw (Poland).

11.	Formulating proposals for the implementation of European legislation on the regulation of corporate sustainability reporting, regarding the provision of assurance on such reporting, including:		Proposals for amendments to the Law of Ukraine "On Audit of Financial Statements and Auditing Activity" were developed based on the analysis of EU legislation on sustainability, in particular the provisions of the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD), which entered into force on 05 January 2023 and amended Regulation (EU) No 537/2014, Directive 2006/43/EC and Directive 2013/34/EU.
11.1.	analysis of European legislation, specifically Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022;	I quarter of 2024	The APOB participated in the preparation by the Ministry of Finance of Ukraine of the draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the Strategy for the introduction of sustainability reporting by enterprises".
11.2.	aggregating the experience of implementing Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 in EU Member States;	II quarter of 2024	The APOB obtained access to research conducted by international organisations on topics related to corporate sustainability and financial reporting, and the experience of implementing Directive (EU) 2022/2464 in EU Member States at the CEAOB plenary meetings, as well as within the framework of the Enhancing Accounting, Auditing and Sustainability Reporting (EAASURE) Programme of the World Bank's Centre for Financial Reporting Reform (CFRR) and the EU-funded project "Implementation of EU practices in accounting, financial reporting and audit in Ukraine" (EU-FAAR).
11.3.	development and initiation of legislative changes regarding the implementation of the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 regarding the regulation of assurance on	III quarter of 2024	

	corporate sustainability reporting.		
Ensuring the exercise of powers in the field of auditing activity regulation			
12.	Formulating and submitting proposals to state authorities regarding the formation and implementation of state policy in the field of auditing activity, including:		<p>In order to implement the amendments to the Law of Ukraine "On Audit of Financial Statements and Auditing Activity", which entered into force on 16 March 2024, regarding the improvement of regulatory legal acts on auditing activity regulation, quality control inspections of audit services, and the registration of auditors and audit entities (AEs), the Quality Assurance Inspection developed, and by decisions of the Oversight Board:</p> <ul style="list-style-type: none"> • proposals were approved for amendments to the Procedure for maintaining the Register of Auditors and Audit Entities, which were sent to the Ministry of Finance of Ukraine for approval in the manner prescribed by legislation. Amendments to the Procedure for maintaining the Register of Auditors and Audit Entities were approved by Order of the Ministry of Finance of Ukraine dated 16 May 2024 No. 237; • application forms to be submitted to the Register were approved, namely: on the suspension of an auditor's right to practise auditing and on the restoration of an auditor's right to practise auditing; • amendments were made to the Recommendations on conducting quality control inspections of audit services and other
12.1.	preparation of proposals for the improvement of regulatory legal acts on auditing activity regulation, quality control inspections, registration of auditors and AEs, and auditor certification;	On an ongoing basis	
12.2.	participation in the expert review of draft laws and regulatory legal acts on auditing activity.	On an ongoing basis	

			<p>inspections and to the Procedure for the submission of information on services provided by audit entities to the Audit Public Oversight Body;</p> <ul style="list-style-type: none">• amendments to the Procedure for the submission of information on services provided by audit entities to the Audit Public Oversight Body were approved;• amendments were made to the Application for entry into the Register of Auditors and Audit Entities of information (amendments thereto) on an audit entity authorised to perform statutory audits of financial statements and/or statutory audits of financial statements of public-interest entities, as well as other statutory engagements (Form No. 3.1). <p>For the purpose of establishing legislative grounds for the disclosure of, in particular, banking secrecy to audit entities — upon their requests while providing audit services to a bank — and to the Audit Public Oversight Body, the Quality Assurance Inspection developed draft amendments to the Laws of Ukraine "On Banks and Banking", "On Insurance", "On Financial Services and Financial Companies", "On Capital Markets and Organised Commodity Markets" and "On the National Bank of Ukraine".</p> <p>During the reporting period, the Quality Assurance Inspection conducted expert reviews</p>
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		<p>of draft laws and secondary legislation on auditing issues, in particular:</p> <ul style="list-style-type: none"> • the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine regarding reporting within the framework of attracting international assistance", reg. No. 10339 dated 13 December 2023; • the draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine regarding the functioning of public electronic registers", reg. No. 10340 dated 13 December 2023; • the draft Order of the Cabinet of Ministers of Ukraine "On connecting public electronic registers to the system of electronic interaction of electronic resources and entering public electronic registers into the Register of Public Electronic Registers"; • the draft Resolution of the Cabinet of Ministers of Ukraine "Certain issues of providing and using cloud services and/or data centre services"; • the draft Resolution of the Cabinet of Ministers of Ukraine "On amendments to the Resolutions of the Cabinet of Ministers of Ukraine dated 21 October 2015 No. 835 and dated 30 November 2016 No. 867"; • the draft Resolution of the National Bank of Ukraine "On approval of the Regulation on requirements for the additional report of an audit entity regarding an insurer and the
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			procedure for its submission and amendments to the Resolution of the Board of the National Bank of Ukraine dated 29 December 2023 No. 199".
13.	Initiating changes to the Law of Ukraine "On Audit of Financial Statements and Auditing Activity" (hereinafter – the Law) with the aim of restoring mandatory quality control inspections of audit services and reporting by auditors and AEs.	I quarter of 2024	Initiated amendments to the Law of Ukraine "On Audit of Financial Statements and Auditing Activity", introduced by the Law of Ukraine "On Amendments to the Tax Code of Ukraine and other laws of Ukraine regarding the improvement of online communication with taxpayers and clarification of certain legislative provisions" No. 3603-IX dated 23 February 2024 (entered into force on 16 March 2024). According to the introduced amendments, in particular, the obligation for audit entities to undergo quality control inspections of audit services, as well as reporting by auditors and audit entities, has been restored.
14.	Ensuring the quality of audit services, including:		
14.1.	conducting quality control inspections of audit services and other inspections of AEs authorised to perform statutory audits of financial statements of public interest entities (PIEs);	Throughout the year, according to the approved schedule	The 2024 Schedule of quality control inspections (as amended) provided for inspections of 25 audit entities (AEs), of which: 2 – underwent inspection; 15 – underwent inspection with mandatory recommendations (including 6 AEs with temporary suspension of the right to perform statutory audits of financial statements of public-interest entities until the implementation of the issued recommendations);
14.2.	monitoring the implementation of mandatory recommendations issued to	Throughout the year	

	AEs following quality control inspections and the results of their implementation;		<p>4 – as at the year-end were in the process of agreeing the results;</p> <p>1 – a report on the impossibility of conducting the inspection was drawn up;</p> <p>2 – AEs lost the right to perform statutory audits of financial statements of public-interest entities;</p> <p>1 – the inspection was rescheduled to 2025. Monitoring of the implementation of mandatory recommendations was ensured in respect of 23 AEs.</p>
14.3.	conducting (organising), where possible, two events to disseminate best practice on the organisation of internal quality control systems;	Throughout the year	<p>Conducted by the Quality Assurance Inspection:</p> <ul style="list-style-type: none"> • 06 December 2024: a webinar on the topic "Current issues of quality control of audit services and continuing professional development of auditors, as well as the conduct of disciplinary proceedings". • 23 December 2024: a webinar on the topic "Current issues of quality control of audit services and oversight of the continuing professional development of auditors".
14.4.	conducting disciplinary proceedings against AEs authorised to perform statutory audits of financial statements of PIEs, and auditors practising within such AEs, and applying sanctions for professional misconduct;	On an ongoing basis	<p>During the reporting period:</p> <ul style="list-style-type: none"> • the Quality Assurance Inspection, as instructed by the Oversight Board, conducted a review of information regarding the presence of indications of professional misconduct in the actions of 11 audit entities (AEs) authorised to perform audits of financial statements of public-interest entities (PIEs);

14.5.	supporting the process of preparing disciplinary proceeding materials for consideration and the implementation of sanctions.	On an ongoing basis	<ul style="list-style-type: none"> • following the review of such information, the Oversight Board made decisions in respect of three AEs to refuse the initiation of disciplinary cases, and in respect of three AEs, decisions were made to initiate disciplinary cases; • the review of information regarding the presence of indications of professional misconduct in the actions of five AEs authorised to perform audits of financial statements of public-interest entities was ongoing at the end of 2024. <p>During the reporting period, the Oversight Board considered disciplinary cases initiated in 2023 in respect of four AEs authorised to perform audits of financial statements of public-interest entities and disciplinary cases initiated in 2024 in respect of three such AEs, the results of which were as follows:</p> <ul style="list-style-type: none"> • six AEs were held professionally liable for professional misconduct, and sanctions in the form of a warning were imposed (Oversight Board decisions dated 05 April 2024 No. 8.2/3/68, No. 8.3/3/68, No. 8.4/3/68, dated 21 June 2024 No. 1/5/70; dated 26 July 2024 No. 1/7/72 and dated 29 November 2024 No. 3/10/75); • in respect of one AE, a decision was made to close the disciplinary case.
15.	Ensuring the functioning of the Register of Auditors and		During the reporting period, the Quality Assurance Inspection ensured the registration

	Audit Entities (hereinafter – the Register) in accordance with the Law, including:		of auditors and AEs in the Register in accordance with the requirements of the Law. During the reporting period, 138,290 enquiries were made to the Register.
15.1.	maintaining and administering the Register;	On an ongoing basis	During the reporting period, the Quality Assurance Inspection:
15.2.	monitoring the completeness, accuracy and timeliness of the submission of information on the auditor and AEs to be included in the Register;	On an ongoing basis	<ul style="list-style-type: none"> processed 4,557 applications submitted by auditors and AEs for their registration in the Register, for the entry of information (amendments thereto) into the Register and for the deletion of registered information from the Register, received by the Audit Public Oversight Body via the auditor’s and AE’s online account;
15.3.	taking measures to remedy violations of the Law's requirements regarding the completeness, accuracy and timeliness of the submission of information on auditors or audit entities (AEs) for entry into the Register.	On an ongoing basis	<ul style="list-style-type: none"> prepared and issued 192 certificates from the Register following enquiries received by the Audit Public Oversight Body from auditors, AEs and other persons for the provision of registered information from the Register. <p>Users of registered information have the possibility to generate enquiries to obtain extracts from the Register by completing an authorisation procedure when generating an enquiry from the Register. During 2024, 1,371 extracts from the Register were obtained.</p> <p>The Quality Assurance Inspection conducted outreach work with auditors and AEs representatives to ensure their compliance with the Law's requirements regarding the completeness, accuracy and timeliness of the submission of information to the Register by posting information notices on the official</p>

			<p>website of the Audit Public Oversight Body, as well as through correspondence and direct telephone communication.</p> <p>Within the scope of exercising powers regarding the registration of auditors and audit entities, the Quality Assurance Inspection identified instances of individual auditors violating the Law's requirements regarding the completeness of the information they submit to the Register, in particular data on the country of citizenship, the mandatory submission of which is required by Clause 1 of Part Two of Article 21 of the Law.</p> <p>In order to ensure the remedy of violations of the said requirements of the Law, the Quality Assurance Inspection issued orders to 671 auditors between 16 August 2024 and 22 August 2024 regarding the need to remedy violations of the Law's requirements and the impermissibility of their recurrence.</p> <p>Following the monitoring of the timeliness of the submission of information on the completion of continuing professional development, instances of individual auditors violating the Law's requirements regarding the need to submit said information for automatic entry into the Register, the mandatory submission of which is required by the second paragraph of Part Sixteen of Article 19 of the Law, were identified.</p> <p>In order to ensure the remedy of violations of the said requirements of the Law, the Quality</p>
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			<p>Assurance Inspection issued orders to 643 auditors between 15 October 2024 and 22 October 2024 regarding the need to remedy violations of the Law's requirements and the impermissibility of their recurrence.</p> <p>By decisions of the Oversight Board made upon the recommendation of the Quality Assurance Inspection, the right to practise auditing was suspended for 14 auditors due to the auditors' failure to remedy violations of the Law's requirements regarding the completeness of the submission of information to the Register within two months after the issuance of orders; of these, five auditors complied with the requirements of the orders and had their right to practise auditing restored.</p>
16.	Ensuring oversight of the continuing professional development of auditors, including:		<p>As at 01 July 2024, reporting information on the completion of continuing professional development for 2022 was submitted by 1,893 auditors, and for 2023 – by 1,640 auditors. At the same time, as at 01 July 2024, there were 2,747 auditors in the Register.</p> <p>Following the outreach work conducted, it was possible to significantly increase the level of submission of information by auditors on the completion of continuing professional development and, accordingly, to remedy potential violations of the Law's requirements.</p> <p>In addition, 643 relevant orders were issued by the Quality Assurance Inspection, of which 45 were complied with during the year.</p>
16.1.	monitoring the timeliness of submission of information on the completion of continuing professional development;	On an ongoing basis	
16.2.	establishing the regulatory framework for exercising oversight of the continuing professional development of auditors regarding the completeness and accuracy	I-II quarters of 2024	

	of the submitted information on the completion of continuing professional development by auditors;		Thus, as at 01 January 2025, reporting information on the completion of continuing professional development for 2022 was submitted by 2,143 auditors, and for 2023 – by 2,121 auditors.
16.3.	exercising oversight of the continuing professional development of auditors, except for those whose oversight is delegated to the Audit Chamber of Ukraine and/or professional organisations of auditors and accountants;	III–IV quarters of 2024	A draft Procedure for exercising oversight of the continuing professional development of auditors was prepared, which was approved by the Oversight Board decision dated 13 December 2024 No. 3/11/76.
16.4.	taking measures to remedy violations of the Law's requirements regarding the completion of continuing professional development by auditors.	On an ongoing basis	
17.	Exercising oversight of the implementation of International Standards on Auditing, ensuring the financing of their translation into the state language, expert review and editing.	Throughout the year	During the reporting period, the Quality Assurance Inspection ensured the translation of the International Standard on Auditing for Audits of Financial Statements of Less Complex Entities (December 2023), the International Code of Ethics for Professional Accountants (including International Independence Standards) (2023 edition), the texts of the Revisions to the Code Addressing Non-Assurance Services, the Revisions to the Code Addressing Fees, and the International

			Standards on Quality Control, Auditing, Review, Other Assurance and Related Services, 2021 edition (December 2022).
18.	Methodological support for the professional qualification of auditors, including:		<p>The Attestation Commission ensured the scheduling in 2024 of an examination session and two qualification examinations, as well as separate theoretical examinations outside the examination session. The adoption of all necessary decisions for the preparation, organisation, conduct and approval of examination results for the certification of auditors planned for 2024 was ensured.</p> <p>From 01 to 05 July, for the first time under martial law, an examination session took place, within which the theoretical examinations "Audit", "Taxation", "Commercial, Civil and Corporate Law", and "International Financial Reporting Standards" were organised. In total, 61 candidates sat the examinations. 36 candidates successfully passed the examinations, averaging almost 60% of the total number of participants. Meanwhile, the "Commercial, Civil and Corporate Law" examination did not take place due to a lack of registrations.</p> <p>Also, on 30 and 31 October, theoretical examinations in "Taxation" and "International Financial Reporting Standards" organised outside the examination session took place. A total of 65 auditor candidates sat the</p>
18.1.	organising the qualification examination;	III-IV quarters of 2024	
18.2.	organising the theoretical examination "International Financial Reporting Standards";	I-II quarters of 2024	
18.3	organising the theoretical examination "Audit";	I-II quarters of 2024	
18.4	organising the theoretical examination "Taxation";	III-IV quarters of 2024	
18.5	organising the theoretical examination "Commercial, Civil and Corporate Law";	III-IV quarters of 2024	
18.6.	conducting (organising), where possible, two events to discuss current issues of auditor certification, the acquisition of practical auditing experience by candidates, and the provision of continuing	Throughout the year	

	professional development for auditors;		examinations. 31 auditor candidates successfully passed the examinations, averaging almost 48% of the total number of participants.
18.7.	implementation of the Concept for the harmonisation of auditor certification processes and higher education attainment;	Throughout the year	Furthermore, on 05 July and 01 November, qualification examinations for the certification of auditors, scheduled by the Attestation Commission in accordance with the Temporary Procedure, took place. A total of 148 auditor candidates sat the qualification examinations in the cities of Kyiv and Lviv. 45 auditor candidates successfully passed the examination, representing 30% of the total number of participants.
18.8.	organising the development and approval of professional standards: “Auditor”, “Assistant Auditor”, “Key Audit Partner (Engagement Partner)”, “Quality Assurance Inspection Inspector”, “Chief Accountant of a public interest entity”.	Throughout the year	To stimulate the attraction of students to the profession, the Attestation Commission endorsed and the Oversight Board approved the Programme for Supporting Talented Youth in Auditor Certification (decision dated 05 April 2024 No. 5.1/3/68) and the Procedure for the Use of Funds to Finance Activities under the Programme (decision dated 05 April 2024 No. 5.2/3/68). Financing of support measures for talented youth in 2024 was not carried out due to the lack of auditor candidates meeting the criteria established by the Programme. A working meeting was held with representatives of leading higher education institutions regarding the possibilities of implementing the tasks of the Concept for the Harmonisation of Auditor Certification

		<p>Processes and Higher Education Attainment within the CFRR.</p> <p>To ensure high-quality regulation of qualification requirements in the profession, professional standardisation measures were carried out, and the development of professional standards "Auditor", "Assistant Auditor", "Quality Control Inspector", and "Key Audit Partner (Engagement Partner)" was ensured. Following the consideration of the drafts of the said professional standards, the Oversight Board approved the professional standards "Auditor", "Assistant Auditor", "Key Audit Partner (Engagement Partner)", and "Quality Control Inspector". On 26 December, these standards were registered in the Register of Qualifications.</p> <p>Working groups were established to develop the professional standards "Chief Accountant of a Public-Interest Entity", "Chartered Accountant", and "Accountant"; a list of job functions under these professional standards was prepared, and a survey regarding their importance was initiated. The organisation and conduct of the meeting of the Sectoral Council on the Development of Professional Standards in Accounting and Auditing were ensured.</p> <p>On 06 December, within the framework of the webinar "Current Issues in Quality Control of Audit Services and Continuing Professional Development of Auditors, as well as the Conduct of Disciplinary Proceedings", an</p>
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			<p>overview of the results of monitoring the timeliness of submission of information on the completion of continuing professional development was presented, and potential risks of auditors making errors during the submission of the relevant information were pointed out.</p> <p>Furthermore, on 23 December, within the framework of the webinar "Current Issues in Quality Control of Audit Services and Oversight of the Continuing Professional Development of Auditors", the Procedure for exercising oversight of the continuing professional development of auditors was presented.</p>
19.	Ensuring international cooperation within the power of the Audit Public Oversight Body, including:		<p>To ensure the continuous exchange of experience and the implementation of best practices in the national audit sphere, the Audit Public Oversight Body constantly participates in events organised by the Committee of European Auditing Oversight Bodies (CEAOB), the International Forum of Independent Audit Regulators (IFIAR), and the World Bank's Centre for Financial Reporting Reform (CFRR), and ensures cooperation with the EU-funded project "Implementation of EU practices in accounting, financial reporting and audit in Ukraine" (EU-FAAR), and the Association of Chartered Certified Accountants (ACCA).</p> <p>A memorandum was concluded between the Audit Public Oversight Body and the Institute of Financial Accountants (IFA, part of the IPA</p>
19.1.	organising the process of information exchange and participation in the activities of IFIAR working bodies;	Throughout the year	
19.2.	ensuring cooperation with international professional organisations of auditors and accountants.	Throughout the year	

			<p>Group) for the purpose of exchanging experience in the field of auditor certification.</p> <p>Representatives of the Audit Public Oversight Body participated in an ACCA representative event, where the key results of bilateral cooperation and the main directions for its continuation were presented, and future plans were outlined.</p> <p>Representatives of the Audit Public Oversight Body held a working meeting with the management of ACCA Poland, Ukraine and the Baltic states.</p> <p>Furthermore, representatives of the Audit Public Oversight Body, within the framework of the Road to Europe Program of Accounting Reform and Institutional Strengthening for small and medium-sized enterprises (REPARIS for SMEs) and the EAASURE CFRR, participated in the knowledge-sharing event "Responding to New Requirements and Challenges in Corporate and Sustainability Reporting", held on 28–29 May 2024 in Vienna (Austria), and the third Public Oversight Bodies Forum (POB Forum), held on 22–23 October 2024 in Bucharest (Romania). During August–September, a series of working meetings were held with CFRR representatives.</p>
20.	Ensuring reporting by audit entities, and the aggregation and analysis of reported information.	III–IV quarters of 2024	As at 31 December 2024, reporting information of an audit entity on services provided for the period from 01 July 2023 to 30 June 2024 was submitted by 673 AEs, while 110 AEs failed to

			submit it, representing almost 16% of the total number of AEs registered in the Register as at that date. Information on such AEs is included exclusively in Section II of the Register, and they do not have the right to perform statutory audits of financial statements.
21.	Ensuring the functioning of the information and analytical system of the Audit Public Oversight Body and the information and communication system "Register of Auditors and Audit Entities" for the purpose of exercising public oversight of auditing activities, including:		<p>Functionality of the online account has been developed and implemented for reporting by audit entities, included in the list of entities authorised to conduct educational activities, on educational activities conducted for their staff.</p> <p>Enhancement of the online account regarding auditor certification has been ensured in connection with the latest changes to the relevant legislation.</p> <p>Restriction of access to the Register from the territory of the aggressor state has been ensured.</p>
21.1.	creating a comprehensive information protection system and upgrading the Register software;	Throughout the year	<p>Functionality has been developed in the online account and the Register regarding the suspension and restoration of auditors' activities.</p>
21.2.	developing the electronic communication system with auditors, audit entities and other natural and legal persons through the auditor candidate's online accounts, known as the electronic cabinet;	Throughout the year	<p>The upgrading of functionality for the aggregation and analysis of reporting information of an audit entity on services provided was ensured.</p>
21.3.	improving and expanding the functionality of the	Throughout the year	

	electronic system for ensuring the auditor certification process.		
22.	Delegating powers for quality control of audit services of audit entities that have notified of their intention to perform statutory audits of financial statements, or powers for oversight of the continuing professional development of auditors.	Throughout the year, in the event of receipt of applications from the Audit Chamber of Ukraine or professional organisations of auditors and accountants	No applications were received from the Audit Chamber of Ukraine or professional organisations of auditors and accountants regarding the delegation of relevant powers during the reporting period.
	Ensuring the exercise of oversight powers over the implementation of delegated and other powers		
23.	Systematic review of reporting information on the activities of the Quality Assurance Inspection and providing recommendations for improving its performance.	On an ongoing basis	<p>Reports on the activities of the Quality Assurance Inspection for I quarter, I half-year, 9 and 11 months of 2024 and Reports on the implementation of the Activity Programme of the Audit Public Oversight Body for I quarter, I half-year, 9 and 11 months of 2024 were considered by the Oversight Board.</p> <p>The Oversight Board considered the complaints of TYMLAR-AUDIT AUDIT FIRM LIMITED LIABILITY COMPANY (Register number 1747) dated 25 March 2024 No. 10/24 and dated 27 March 2024 No. 11/24 against</p>

			the decisions and actions of the Quality Assurance Inspection, which were dismissed, and the decision of the Quality Assurance Inspection, made in the form of an order dated 22 March 2024 No. 18-ky "On the results of monitoring the implementation of mandatory recommendations", remained unchanged (Oversight Board decision dated 26 April 2024 No. 8/4/69)
24.	Exercising oversight of the performance of delegated powers by the Audit Chamber of Ukraine and professional organisations of auditors and accountants, including:		<p>Within the scope of oversight of the performance of delegated powers, members of the Oversight Board participated in 11 meetings of the Council of the Audit Chamber of Ukraine.</p> <p>In accordance with the requirements of the Procedure for exercising oversight of the performance of delegated powers by the Audit Chamber of Ukraine and professional organisations of auditors and accountants, the Audit Chamber of Ukraine submitted, and the Oversight Board considered, the Annual Report on the Performance of Delegated Powers for 2023 and reports on the performance of delegated powers for I quarter, I half-year and 9 months of 2024.</p> <p>During the reporting period, the Oversight Board considered and agreed upon the draft amendments to the Schedule of quality control inspections and other inspections for 2024, developed by the Quality Control Committee of the Audit Chamber of Ukraine (minutes of the</p>
24.1.	systematic review of reporting information from the Audit Chamber of Ukraine and professional organisations of auditors and accountants on their performance of delegated powers; initiating inspections regarding the performance of delegated powers by the Audit Chamber of Ukraine and professional organisations of auditors and accountants; conducting,	On an ongoing basis	

	as instructed by the Oversight Board, inspections regarding the performance of delegated powers by the Audit Chamber of Ukraine and professional organisations of auditors and accountants; providing recommendations for remedying identified deficiencies or revoking delegated powers;		Oversight Board meetings dated 26 April 2024 No. 4/69 and dated 26 July 2024 No. 7/72). At its meeting on 26 April 2024 (minutes of the Oversight Board meeting dated 26 April 2024 No. 4/69), the Oversight Board approved amendments to the budget of the Audit Chamber of Ukraine for 2024 in terms of delegated powers. By a decision of the Oversight Board, the Schedule of quality control inspections and other inspections for 2025, developed by the Quality Control Committee of the Audit Chamber of Ukraine, was agreed (minutes of the Oversight Board meeting dated 29 November 2024 No. 10/75). By a decision of the Oversight Board, the budget of the ACU for 2025 was approved in terms of financing delegated powers (minutes of the Oversight Board meeting dated 13 December 2023 No. 11/76).
24.2.	participation of the Oversight Board members in the work of the governing bodies of the Audit Chamber of Ukraine and professional organisations of auditors and accountants within the scope of such oversight;	On an ongoing basis	
24.3.	review of decisions made by the Audit Chamber of Ukraine and professional organisations of auditors and accountants within the scope of performance of delegated powers, full or partial annulment of unlawful decisions of the	On an ongoing basis	

	Audit Chamber of Ukraine and professional organisations of auditors and accountants;		
24.4.	approval of schedules for quality control inspections of audit services and other inspections to be conducted by the Audit Chamber of Ukraine and professional organisations of auditors and accountants for 2025;	IV quarter of 2024	
24.5.	approval of the budget of the Audit Chamber of Ukraine for 2025 in terms of financing the performance of its delegated powers.	IV quarter of 2024	
25.	Exercising oversight of the performance of powers defined by the Law by the Attestation Commission, including:		Reports on the activities of the Attestation Commission for I quarter, I half-year, 9 months and 11 months of 2024 were prepared. No complaints against unlawful decisions of the Attestation Commission were received during the 11 months of 2024.
25.1.	systematic review of reporting information on the activities of the Attestation Commission;	On an ongoing basis	
25.2.	consideration of applications (complaints) against unlawful decisions of the Attestation	On an ongoing basis	

	Commission and review of its decisions.		
26.	consideration of applications (complaints) against unlawful decisions of the Attestation Commission and review of its decisions:		Monitoring of information on audit committees established by public-interest entities, or bodies (units) designated by them that are assigned relevant functions, is carried out on an ongoing basis.
26.1.	monitoring information on audit committees established by public-interest entities or bodies (units) designated by them, which are assigned relevant functions;	On an ongoing basis	
26.2.	providing recommendations to public-interest entities regarding ensuring the activities of audit committees or designated bodies (units) assigned relevant functions, in accordance with the requirements of the Law.	On an ongoing basis	
Support for the activities of the Inspection			
27.	Improvement of the management and staffing system of the Audit Public Oversight Body, including:		In order to increase the efficiency of the Inspection's staff and their accountability for the performance of official duties, a staff appraisal was conducted from 17 to 20 December 2024.
27.1.	ensuring the implementation of	I-II quarters of 2024	

	proposals based on the results of the internal corruption risk assessment conducted in the activities of the Audit Public Oversight Body;		In order to ensure the implementation of proposals based on the results of the internal corruption risk assessment of the Audit Public Oversight Body's activities for the previous year: <ul style="list-style-type: none"> the Procedure for organising work with notifications of possible facts of corruption or corruption-related offences, and other violations of the Law of Ukraine "On Prevention of Corruption" in the Audit Public Oversight Body was approved (Order dated 03 May 2024 No. 12-od); the functioning within the Audit Public Oversight Body of anonymous communication channels for reporting possible facts of corruption or corruption-related offences, and other violations of the Law was ensured: an e-mail address; a dedicated telephone line for the prevention and detection of corruption in the Audit Public Oversight Body; and a relevant page on the official website of the Audit Public Oversight Body (Order dated 03 May 2024 No. 12-od); outreach work was conducted among the Inspection's staff regarding the possibility of submitting notifications of possible facts of corruption or corruption-related offences, and other violations of the Law of Ukraine "On Prevention of Corruption" through anonymous communication channels;
27.2.	implementation within the Audit Public Oversight Body of best international practices for the organisation and operation of public oversight bodies for audit activity;	On an ongoing basis	
27.3.	ensuring continuing professional development for the staff of the Inspection.	On an ongoing basis	

		<ul style="list-style-type: none"> • the Audit Public Oversight Body was connected to the Unified Whistleblower Reporting Portal. <p>Between 02 and 30 October 2024, an external corruption risk assessment was conducted. The Report on the results of the external corruption risk assessment of the state institution "Audit Public Oversight Body" was processed by the Corruption Risk Assessment Commission (minutes dated 15 November 2024 No. 1/4) and considered at the meeting of the Oversight Board on 29 November 2024.</p> <p>To improve qualifications, the Inspection's staff participated in:</p> <ul style="list-style-type: none"> • the seminar-training "Key Novelties of the Law on Administrative Procedure", organised with the support of EU4PAR under the programme "Continued Support for Comprehensive Public Administration Reform in Ukraine"; • the educational event: "Practical aspects of the creation and functioning of a quality management system to ensure high-quality performance of tasks"; <p>Participation in IFIAR webinars was also taken regarding:</p> <ul style="list-style-type: none"> • setting up oversight of sustainability reporting assurance with the French H2A and Spanish ICAC;
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			<ul style="list-style-type: none"> potential advantages and disadvantages of independent service providers for sustainability assurance. <p>In order to ensure the functioning of the occupational health and safety system and to create safe working conditions for the Inspection's staff, a Commission for Testing Knowledge on Occupational Health and Safety was established within the Audit Public Oversight Body.</p> <p>From 25 to 28 November 2024, a joint event for the professional development of the Inspection's inspectors and the Quality Control Committee of the Audit Chamber of Ukraine was held.</p>
28.	Ensuring the disclosure of information specified by the Law in the form of open data.	Throughout the year	<p>In compliance with the requirements of the Law of Ukraine "On Access to Public Information" and the Regulation on Data Sets Subject to Publication in the Form of Open Data, approved by Resolution of the Cabinet of Ministers of Ukraine dated 21 October 2015 No. 835 (as amended), the Quality Assurance Inspection:</p> <ul style="list-style-type: none"> published public information of the Audit Public Oversight Body in the form of open data under the "All information administrators" section of Resolution of the Cabinet of Ministers of Ukraine No. 835 and information subject to disclosure in the form of open data in accordance with the said Law of Ukraine; conducted an information audit of the

			information held by the Audit Public Oversight Body. The Report on the 2024 information audit of the Audit Public Oversight Body was published on the official website of the Audit Public Oversight Body.
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Appendix 2. Quality Control of Audit Services

General information on inspections conducted and their results

Quality Assurance of Audit Services of audit entities (AEs) authorised to perform statutory audits of financial statements of public-interest entities is performed by the Quality Assurance Inspection and involves testing of internal procedures, review of working papers, audit reports and other reports, audit engagement contracts, and internal administrative acts of AEs defining policies and procedures to be applied in the provision of audit services, with regard to:

- compliance with the applicable ISAs, independence requirements and other requirements of the Law, including ensuring the reliability of information submitted for inclusion in the Register;
- the quantity and quality of resources used, including compliance with requirements for the continuing professional development of auditors;
- compliance with requirements regarding audit fees, where such requirements are established;
- the effectiveness of the internal quality control system (quality management

system) of the AE;

- the reliability of information in the transparency report, where its publication is required by the Law.

In accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", public-interest entities are issuers of securities admitted to trading on stock exchanges or in respect of which a public offer has been made, banks, insurers, non-state pension funds, other financial institutions (except for other financial institutions and non-state pension funds classified as micro-entities and small entities) and entities classified as large entities.

The requirements of the Law regarding the specific features of the organisation and conduct of audits and the provision of other audit and non-audit services established for public-interest entities also apply to political parties receiving funding from the state budget, state-owned enterprises (except those meeting the criteria of small entities and micro-entities), the National Bank of Ukraine, banking groups and non-banking financial groups.

Quality control inspections of audit services (hereinafter – inspections) are conducted by the Inspection's Control

Department in accordance with the inspection schedule pursuant to the Law, the Procedure for conducting quality control inspections of audit services and other inspections approved by Order of the Ministry of Finance of Ukraine dated 17 May 2023 No. 253 (hereinafter – the Procedure), and the Recommendations on conducting quality control inspections of audit services and other inspections approved by decision of the Oversight Board of the Audit Public Oversight Body dated 27 October 2023 No. 3/9/63 (as amended) (hereinafter – the Recommendations).

The Procedure defines the mechanism for organising, conducting and documenting the results of quality control inspections and other inspections.

The Recommendations define:

- methods and approaches to planning and organising quality control inspections and other inspections, including the application of a risk-based approach in the preparation of annual inspection schedules;
- the performance of quality assurance inspection and other inspection procedures;
- assessment criteria and criteria for the materiality of breaches;
- the procedure for documentation and reporting of the results of quality control

inspections and other inspections;

- monitoring the implementation of mandatory recommendations issued to AEs and the results of their implementation;
- the mechanism and approaches to organising the collection and exchange of information regarding quality control inspections and other inspections and their results between the Quality Control Committee of the ACU / Quality Control Committees of professional organisations of auditors and accountants and the Quality Assurance Inspection.

The 2024 Inspection Schedule, approved by Order of the Audit Public Oversight Body dated 22 November 2023 No. 58-кя (as amended by Order of the Audit Public Oversight Body dated 06 May 2024 No. 31- кя), provided for inspections of 25 AEs authorised to perform statutory audits of financial statements of public-interest entities.

In implementation of the said schedule, the Quality Assurance Inspection conducted inspections, the results of which were as follows:

- 2 AEs were recognised as having passed the quality assurance inspection of audit services;
- 19 AEs were recognised as having passed the quality assurance inspection with

mandatory recommendations (including 6 AEs that passed the quality assurance inspection with mandatory recommendations and a temporary suspension of the right to perform statutory audits of financial statements of public-interest entities until the implementation of the issued recommendations);

- 2 AEs lost the right to perform statutory audits of public-interest entities;
- in respect of 1 AE, a report on the

impossibility of conducting the inspection was drawn up;

- in respect of 1 AE, the inspection was postponed to the following year.

In addition, in 2024, inspections of 2 AEs included in the inspection schedule of the previous year, whose reports were in the process of agreement as at 01 January 2024, were completed.

Table 1 presents the results of inspection activities in 2024.

Table 1. Results of inspection activities in 2024

INSPECTION RESULTS	2024		2023	
	Number of AEs	%	Number of AEs	%
Passed inspection without mandatory recommendations	2	7,4%	-	-
Mandatory recommendations <i>including those with temporary suspension of the right to perform statutory audits of financial statements of PIEs</i>	21	77,8%	18	60,0%
	6	22,2%	-	-
Loss by the AE of the right to perform statutory audits of PIEs	2	7,4%	2	6,7%
Inspection postponed to the following year	1	3,7%	-	-
Impossibility of conducting the inspection	1	3,7%	1	3,3%
Consent to conduct the inspection not provided	not applicable	-	5	16,7%
In the process of agreeing the inspection results	-	-	2	6,7%
Inspection commenced in the current year and continued in the following year	-	-	2	6,7%
Total	27	100%	30	100%

Figure 1 presents the results of inspection activities in 2024 compared with the previous year 2023.

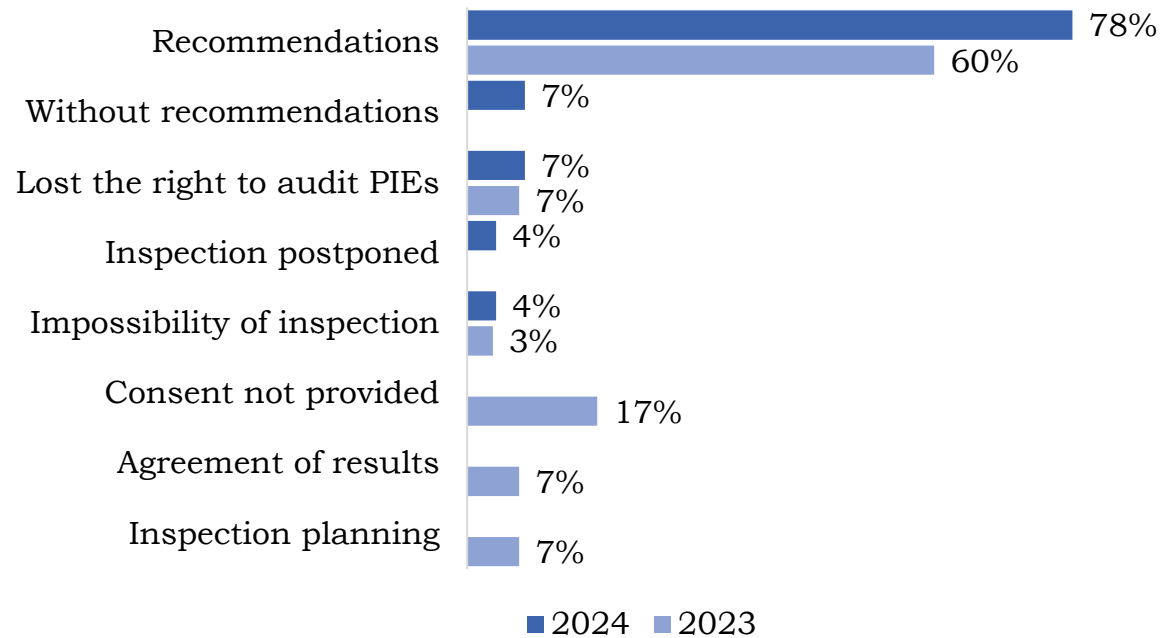


Figure 1. Results of inspection activities

The share of AEs referred to in Table 1 in the total value of provided statutory audit services of financial statements, as last reported by them to the Audit Public Oversight Body, amounted to 21.0% (UAH 344.0 million). At the same time, the share of such AEs in the total number of completed statutory audit engagements of financial statements during the

above period amounted to 23.4% (1,349 engagements).

Figure 2 presents the distribution of the share of such AEs in the total volume of statutory audit services of financial statements depending on the results of the quality assurance inspection.

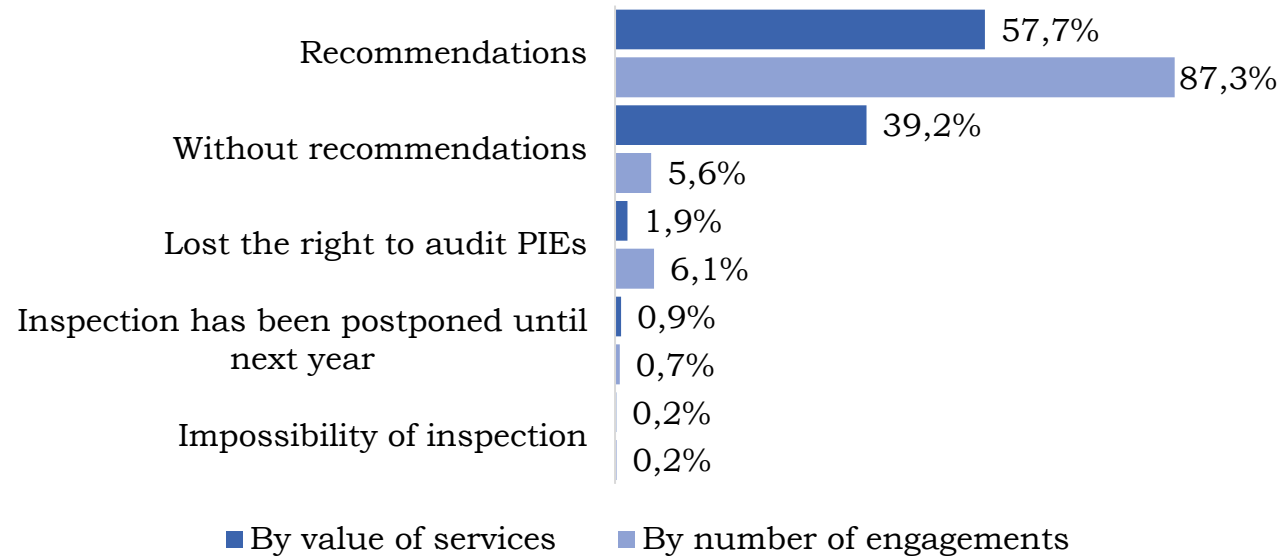


Figure 2. Distribution of AEs by their share in the total volume of statutory audit services of financial statements

Compared with 2023, the average duration of the on-site inspection did not change significantly and amounted to 14 working days (2023: 13 working days).

At the same time, the number of audit engagements selected for inspection remained unchanged and averaged 3 engagements (2023: 3 engagements).

77 statutory audit engagements of financial statements were inspected, the audit reports for which were signed by 62 key audit

partners (2023: 60 engagements and 55 key audit partners).

In some cases, specific aspects of completed financial statement audit engagements were additionally selected.

Engagements for inspection were selected by the Quality Assurance Inspection using a risk-based approach.

Table 2 and Figure 3 present detailed information on the inspections of AEs and their aggregated results.

Table 2. Information on inspections

INSPECTION RESULTS	2024		2023	
	Number of AEs	%	Number of AEs	%
Number of AEs for which a decision on inspection results was made, of which were included in the inspection schedule:	23	–	18	–
- of the current year;	21	91%	13	72%
- of the previous year.	2	9%	5	18%
Number of key audit partners of AEs in the period subject to inspection	150	–	128	–
Number of key audit partners for the engagements selected for inspection	62	41%	55	43%
Number of reviewed financial statement audit engagements, of which:	77	–	60	–
By financial reporting framework:				
- IFRS;	62	81%	50	83%
- National Accounting Standards;	15	19%	9	15%
Others;	-	-	1	2%
By status of the entity:				
- PIEs;	52	68%	40	67%
- Others.	25	32%	20	33%

As a result of the inspections, 534 significant deficiencies in the activities of 21 AEs were identified, and relevant recommendations for the remediation of such deficiencies were provided.

A deficiency is defined as a breach of certain requirements of the ISAs or the Law.

The significance of a deficiency is the relative importance of the deficiency in a specific context, which is determined by quantitative and qualitative factors such as the materiality and nature of the breach of ISAs and/or the Law committed by the AE during the design, implementation or operation of the internal

quality control system (quality management system), the performance of the engagement, the degree of sufficiency and/or appropriateness of audit evidence, the degree of non-compliance with the requirements of ISAs and/or the Law, and the degree of impact on compliance with requirements for the measurement or evaluation of the subject

matter of the assurance engagement in accordance with the established criteria (in particular, in International Financial Reporting Standards (IFRS), national accounting standards, etc.). The presence of a significant deficiency in the performance of an engagement does not necessarily indicate that the audit report is inappropriate to the circumstances.

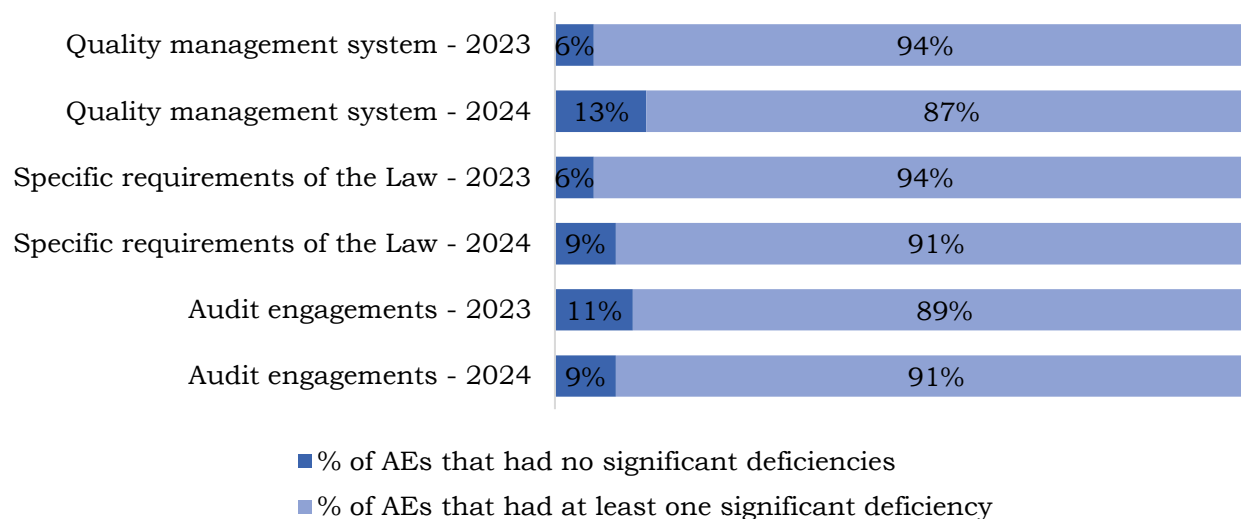


Figure 3. Distribution of AEs by areas of identified significant deficiencies

The focus of quality control inspections of completed statutory audit engagements of financial statements covered the following matters:

- assessment of risks of material misstatement of financial statements;

- audit sampling;
- external confirmations;
- going concern;
- completeness of related party disclosures;
- expected credit losses;

- impairment of non-financial assets;
- fair value of property, plant and equipment and financial assets;
- existence of inventories and their net realisable value.

Deficiencies in the system of quality control (quality management system)

In accordance with the Recommendations, a deficiency in the system of internal quality control (quality management system) is the ineffectiveness of policies and/or procedures implemented by the AE in respect of an element (component) of the quality control system (quality management system), resulting in the failure to ensure timely prevention of a deficiency, or detection and correction of a deficiency, or the absence of policies and/or procedures necessary for the timely prevention of a deficiency, or for the detection and correction of a deficiency. In the event that a certain engagement performance deficiency is identified in three or more inspected engagements or individual elements of their performance, such a deficiency is systemic and is also additionally considered a deficiency in the system of internal quality control (quality management system).

Figures 4 and 5 depict the distribution of significant deficiencies by individual

components of the quality control system by their proportion, as well as the frequency of identification in AEs. The largest proportion in the current year was for deficiencies related to such quality management system components as "Engagement Performance", as well as "Governance and Leadership". This is due to the fact that since Q4 2023, the Recommendations introduced the assessment of systemic deficiencies classified as an engagement performance deficiency and recurring deficiencies classified as a governance and leadership deficiency, which were observed in many AEs.

Despite the fact that the percentage of deficiencies relating to the "Monitoring and Remediation" component decreased from 19% to 16% compared to 2023, the frequency of the identified deficiency remains quite high at 78%, meaning that the said deficiency is relevant to most of the inspected AEs.

The most common deficiencies in the functioning of the system of internal quality control (quality management system) are mainly related to:

- the presence of systemic and recurring engagement performance deficiencies;
- failure to identify audit performance issues during internal inspections for the

purpose of effective audit quality monitoring and responding to possible systemic deficiencies in engagement performance;

- lack of proper assessment of the impact of audit quality on partner remuneration, and the remuneration and promotion of other personnel;
- untimeliness of archiving / final assembly of the audit file;
- non-compliance with objectivity, competence or other requirements for persons

responsible for engagement quality review;

- implementation of responses that do not address identified and assessed quality risks;
- inability to implement an adequate risk assessment process to provide a basis for the design and implementation of appropriate responses;
- absence of an annual quality management system evaluation or the lack of justification for such an evaluation.

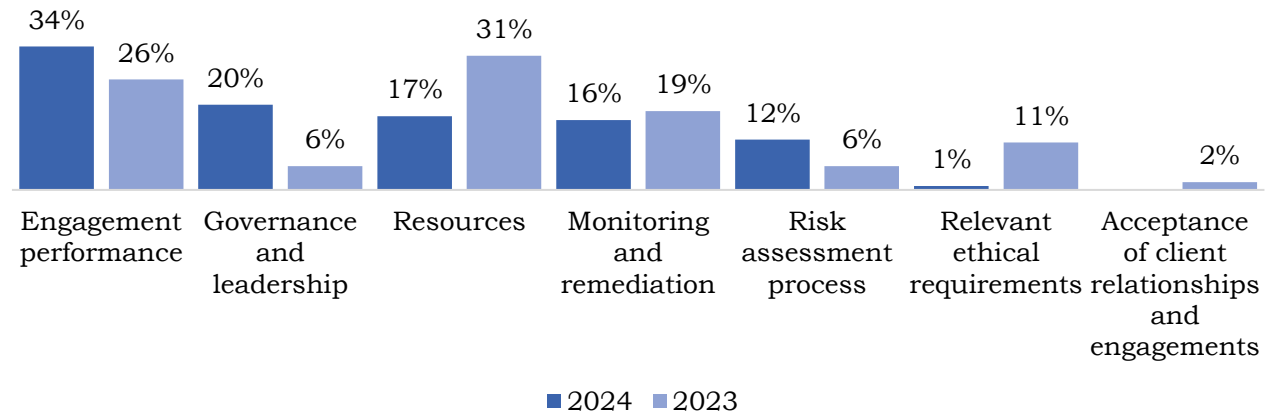


Figure 4. Structure of deficiencies by components of the quality management system

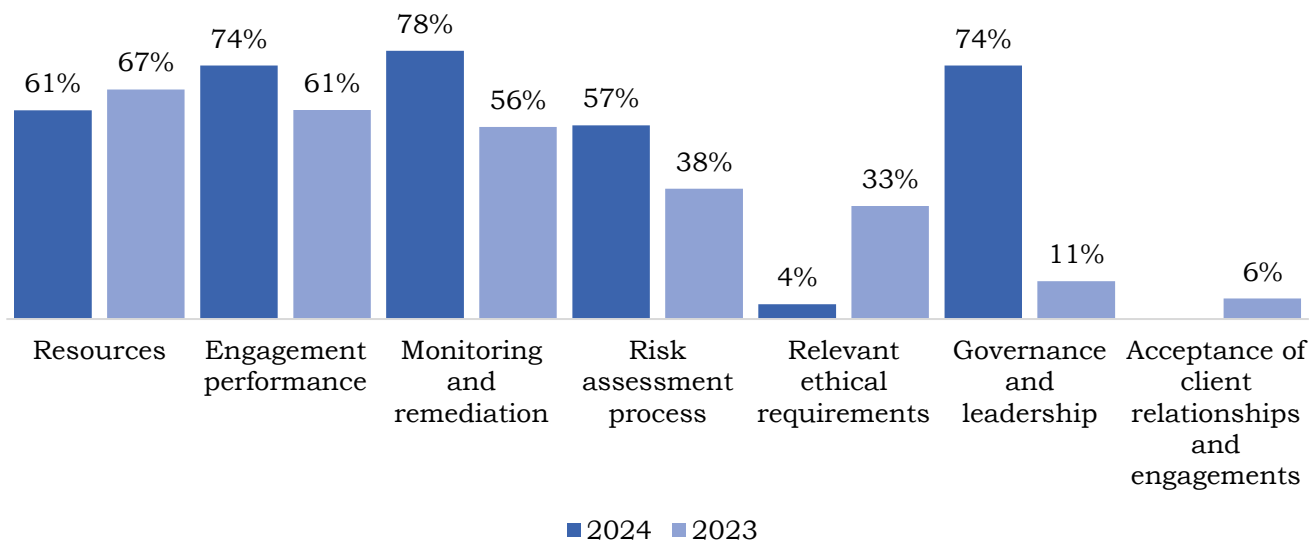


Figure 5. Frequency of identified deficiencies in AEs in 2024 by components of the quality management system

The most common deficiencies and recommendations for their remediation are set out below.

Existence of systemic and recurring engagement performance deficiencies

In accordance with the Recommendations, a recurring deficiency is a deficiency that was communicated in writing to the AE in the report on the results of the previous quality assurance inspection and which was identified again during the current inspection.

With regard to certain such recurring deficiencies, monitoring of the implementation of recommendations provided following the previous inspection established only partial implementation, indicating the need for further measures by the AE to eliminate them. The results of the current inspection indicate that such measures were not properly implemented.

This indicates that AE leadership does not adequately demonstrate commitment to quality through its actions and behaviour in terms of proper root cause analysis and the development and implementation of effective

remedial actions to address identified deficiencies.

Where a particular engagement performance deficiency is identified in three or more inspected engagements or individual elements of their performance, such a deficiency is systemic and is additionally considered a deficiency in the system of internal quality control (quality management system).

This indicates that the AE has not implemented appropriate engagement performance policies and procedures to ensure compliance with International Standards on Auditing.

Based on the inspections conducted in 2024, the existence of recurring and systemic deficiencies was observed in 70% of inspected AEs.

Recommendations:

The AE should focus on consistently improving audit quality by performing root cause analysis of deficiencies and taking appropriate measures to prevent recurrence in the future. For this purpose, it is necessary to:

- identify and document the root cause analysis of recurring and systemic deficiencies;
- consider the impact of each recurring and systemic deficiency on quality

risks and implemented responses;

- depending on the circumstances, design and implement additional responses or modify existing responses in order to eliminate the recurring and systemic nature of identified deficiencies;

- implement appropriate actions to eliminate deficiencies in respect of specific engagements or specific staff members;

- take disciplinary actions in respect of persons who failed to comply with the firm's policies and procedures, especially those who do so repeatedly.

Inability to identify audit performance issues during internal inspections in order to effectively monitor audit quality and respond to possible systemic deficiencies in audit engagements

In view of the number of engagement performance deficiencies identified in certain AEs, the Quality Assurance Inspection concluded that the monitoring processes and/or engagement quality reviews prior to the issuance of the audit report in such AEs cannot be considered effective.

During inspections of engagements subject to monitoring within AEs, the Inspection identified significant engagement performance deficiencies, including failure to

perform audit procedures and, in some cases, indications that the financial statements were not prepared, in all material respects, in accordance with the applicable financial reporting framework without appropriate modification of the audit report.

Recommendations:

The AE should design and implement monitoring activities to provide a basis for identifying deficiencies. Such a process should include ongoing consideration and evaluation of the AE's quality control system, including periodic inspection of at least one completed engagement per engagement partner on a cyclical basis determined by the AE.

The AE should develop policies and procedures requiring that individuals performing monitoring activities possess the competence and capabilities, including sufficient time, to effectively perform such activities.

AEs should continuously improve the monitoring programme at both firm and engagement level to ensure sufficient detail and coverage of all significant areas of audit activity, and timely communicate the revised programme to those responsible for the monitoring process.

The AE should objectively assess the severity and pervasiveness of identified

deficiencies by performing root cause analysis and evaluate the impact of identified deficiencies, individually and in aggregate, on the quality management system.

The AE should design and implement remedial actions to address identified deficiencies that are consistent with the results of root cause analysis and prevent recurrence of such deficiencies.

Absence of an appropriate assessment of the impact of audit quality on partner remuneration and on the remuneration and promotion of other personnel

Most AEs have not established a clear, transparent and understandable link between the performance evaluation of partners and other personnel and their remuneration, aimed at promoting and enhancing an internal culture in which quality is paramount in engagement performance.

In certain cases, policies and procedures implemented by AEs did not cover the evaluation of AE leaders who simultaneously act as engagement partners, or such evaluation did not give due consideration to quality.

Recommendations:

The AE should design and implement procedures for performance evaluation, remuneration and promotion for all levels of AE

personnel involved in providing audit services, including engagement partners. Such periodic evaluation and incentive procedures should assign significant weight to the personnel's commitment to quality.

Performance evaluation, remuneration and promotion procedures provide appropriate recognition and incentives for the development and maintenance of competence and commitment to ethical principles. Steps that the AE may take to develop and maintain competence and commitment to ethical principles include, inter alia:

- communicating the AE's expectations regarding performance and ethical principles to personnel;
- informing personnel regarding the evaluation of their performance, progress and career opportunities with appropriate advice;
- assisting personnel in understanding that promotion to positions with greater responsibility depends, inter alia, on work quality and compliance with ethical principles, and that failure to comply with the policies and procedures implemented by the AE may lead to disciplinary action.

The AE should focus on strengthening a clear and transparent link between quality, the overall performance evaluation of a partner and the level of their remuneration.

Periodic (annual or semi-annual) evaluation of the engagement partner and other personnel is not sufficiently differentiated to achieve the objective of incentivising audit quality. The link between audit quality and the evaluation and remuneration of partners should be strengthened to ensure appropriate behaviour and foster the development of an internal culture based on quality. It is advisable for the AE to establish a policy linking the quality rating and the reward system with clear and measurable quality indicators to demonstrate the firm's commitment to quality. In doing so, the AE should include factors related to audit quality in the annual performance evaluation of partners and other senior team members, such as:

- results of internal and external quality control inspections;
- compliance with independence requirements;
- compliance with audit file archiving deadlines;
- instances of correcting errors in financial statements previously audited by the AE;
- compliance with continuing professional development requirements;
- any other non-compliance with the

AE's quality control policies and procedures.

The AE should consider salary increases (excluding adjustments due to inflationary processes), the payment of bonuses and the promotion of its personnel in accordance with the results of the performance evaluation.

Furthermore, AEs should communicate performance evaluation policies and criteria to all firm personnel, thereby building staff trust in the transparency and fairness of the evaluation and remuneration process, as well as encouraging personnel to focus on audit quality. Evaluation criteria, depending on the level, may include, inter alia, the employee's achievement of set goals in obtaining professional qualifications, compliance with the continuing professional development programme, results of internal and external quality control inspections, timeliness of audit file archiving, client feedback and assessments of professional knowledge and soft skills by managers, subordinates and through self-assessment.

Inability to implement an appropriate quality risk assessment process to provide a basis for the design and implementation of appropriate responses

During 2024, AEs continued to implement measures to establish and ensure the operation

of their quality management systems in accordance with the requirements of ISQM 1, specifically regarding the improvement of the quality risk assessment process and certain other components of the quality management system, which is an ongoing and decisive factor in ensuring high-quality audit services

ISQM 1 states that the process of establishing quality objectives, identifying and assessing quality risks, and designing and implementing responses is iterative and cyclical. The quality management system is evolutionary in nature and requires ongoing analysis of performance and quality results, as well as an adequate evaluation of the quality management system to determine whether the responses implemented by the AE to the assessed risks achieve the quality objectives, and whether new quality risks arise that require appropriate responses and actions.

At the same time, certain deficiencies in the design, implementation, and operation of the quality management system were identified in some AEs. Addressing these will allow for a greater degree of compliance with the requirements of ISQM 1 and ISQM 2, and help reduce the likelihood of quality risk(s) occurring and/or their adverse impact on achieving the

relevant quality objectives, for example:

- some AEs approved documentation from external service providers as their own quality management system documentation without any adaptation to the nature and circumstances of the firm and its engagements;
- when identifying and assessing quality risks, the AE failed to properly obtain an understanding of the conditions, events, circumstances, actions, or inactions that could adversely affect the achievement of quality objectives and did not consider how and to what extent such conditions, events, circumstances, actions, or inactions could adversely affect the achievement of quality objectives;
- some identified risks are not quality risks within the meaning of ISQM 1, for example, certain business risks, financial risks, etc.;
- some quality risks were formulated as deficiencies or breaches, which does not correspond to the definition of a quality risk;
- quality risks were not directly linked to the quality objectives established by ISQM 1, making it impossible to conclude that the AE has properly identified and assessed quality

risks for each quality objective;

- some risks were formulated as quality objectives in a negative form, which fails to account for the nature of the risk's occurrence for the purpose of designing appropriate responses to the quality risk;
- lack of consistency between approved policies and procedures and the matrix of quality objectives, quality risks, and responses to those risks;
- identified and assessed quality risks were not linked to specific responses (policies or procedures);
- responses required to be implemented under paragraph 34 of ISQM 1 were not identified;
- some identified responses or combinations of responses for individual quality risks did not ensure the reduction of the probability of the relevant quality risk to an acceptably low level because the response was not properly designed, implemented, or operating effectively;
- identical responses were defined for several different quality risks, although such risks, by their nature, require different responses from the AE. As a result, the nature,

timing, and extent of the responses to such quality risks were not based on and did not address the causes of the quality risk assessments.

Recommendations:

AEs should continue to improve the process of designing and implementing the quality management system by:

- identifying specific quality risks based on an understanding of the conditions, events, circumstances, actions, or inactions that could adversely affect the achievement of quality objectives;

- identifying as quality risks only those risks that adversely affect the achievement of quality objectives;

- aligning identified quality risks with the relevant quality objectives to: 1) ensure that the identification and assessment of quality risks have been performed for each quality objective; 2) enable an appropriate evaluation of the achievement of the relevant quality objective in accordance with paragraph 54 of ISQM 1 if deficiencies are identified;

- identifying specific quality risks for each relevant quality objective for the purpose of further assessment and determination of responses to quality risks;

- ensuring that approved quality management system policies and procedures are aligned with the identified and assessed quality risks;

- including in internal policies on the quality management system and appendices thereto references to implemented document templates used within the quality management system;

- supplementing procedures (responses) with internal control measures where applicable to achieve the objective of reducing quality risk to an acceptably low level.

Other identified deficiencies included:

Untimely archiving / final assembly of the audit file

Most AEs did not always ensure the final assembly of audit engagement files and their archiving within 60 days from the date of the audit report. In individual cases, AEs could not demonstrate the timeliness of the final assembly of audit documentation and did not pay sufficient attention to storage security, completeness, integrity, and retrievability of audit documentation, or control over amendments thereto.

Absence of an annual quality management system evaluation or the lack

of substantiation of such an evaluation

The individual(s) assigned ultimate responsibility and accountability for the quality management system must evaluate the quality management system on behalf of the firm. Based on this evaluation, the relevant individual(s) must conclude on behalf of the firm whether the firm's quality management system provides reasonable assurance that the objectives of the quality management system are being achieved.

At the same time, inspections conducted in 2024 identified cases where AEs lacked an annual quality management system evaluation.

The most common cases involve formal evaluations where the conclusions are not substantiated. For instance, the person assigned ultimate responsibility and accountability for the quality management system concludes that the quality management system provides the firm with reasonable assurance that the objectives of the quality management system are being achieved, whereas an inspection or monitoring identified numerous significant deficiencies, including recurring and systemic deficiencies. This indicates that the AE's measures taken to remediate identified deficiencies were not appropriate, and the consequences of the identified deficiencies were not remedied.

Deficiencies in compliance with certain requirements of the Law

In accordance with the Recommendations, a deficiency in compliance with certain requirements of the Law is a breach of the Law and other regulatory legal acts on audit activity, except for breaches that constitute engagement performance deficiencies and deficiencies in the system of internal quality control (quality management system).

Figures 6 and 7 present the distribution of deficiencies in compliance with certain requirements of the Law by their proportion and frequency of identification in AEs during inspections. Such deficiencies are mainly related to:

- non-compliance with the requirements of the Law regarding informing the National Bank of Ukraine or the National Securities and Stock Market Commission, which supervise public-interest entities in accordance with legislation, about certain facts and circumstances;
- remuneration policies implemented for personnel involved in statutory audit engagements that do not include incentives for ensuring work quality;
- breaches of requirements regarding the professional liability insurance contract of

the AE towards third parties;

- non-compliance with the requirements of the Law in the preparation of audit reports;

- non-compliance with the requirements of the Law regarding the content

of the additional report to the audit committee;

- failure to identify statutory audit engagements of financial statements, including of PIEs, or other statutory engagements;

- failure to publish the transparency report.

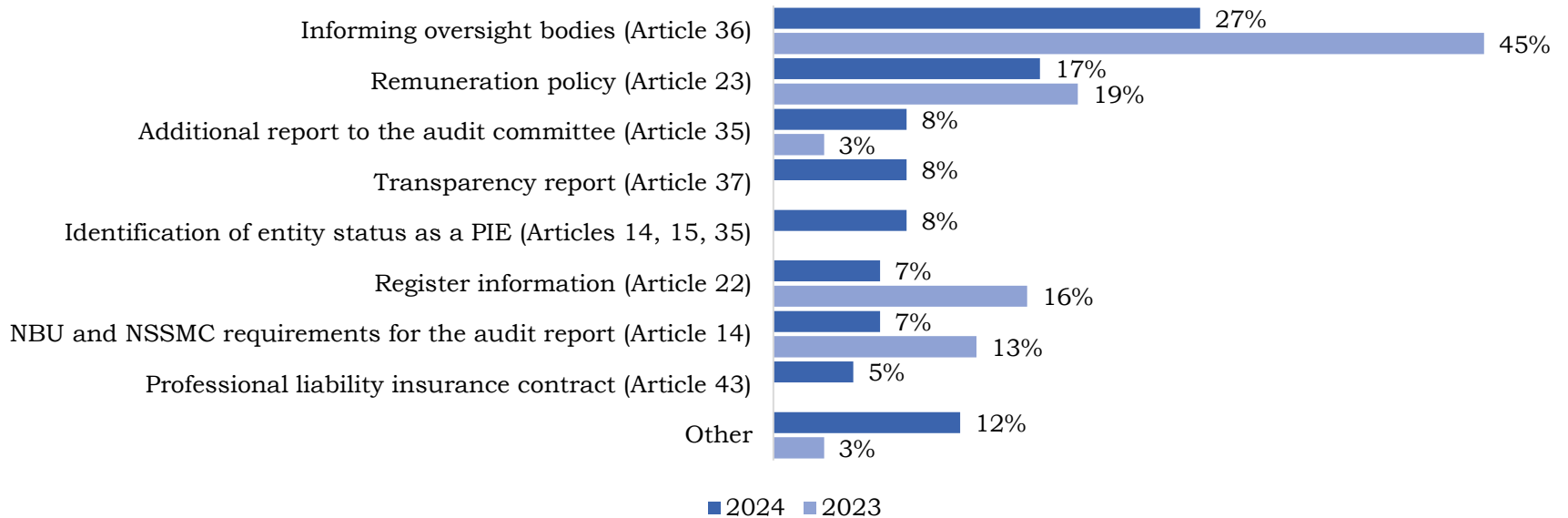


Figure 6. Structure of deficiencies by areas of breach of certain requirements of the Law

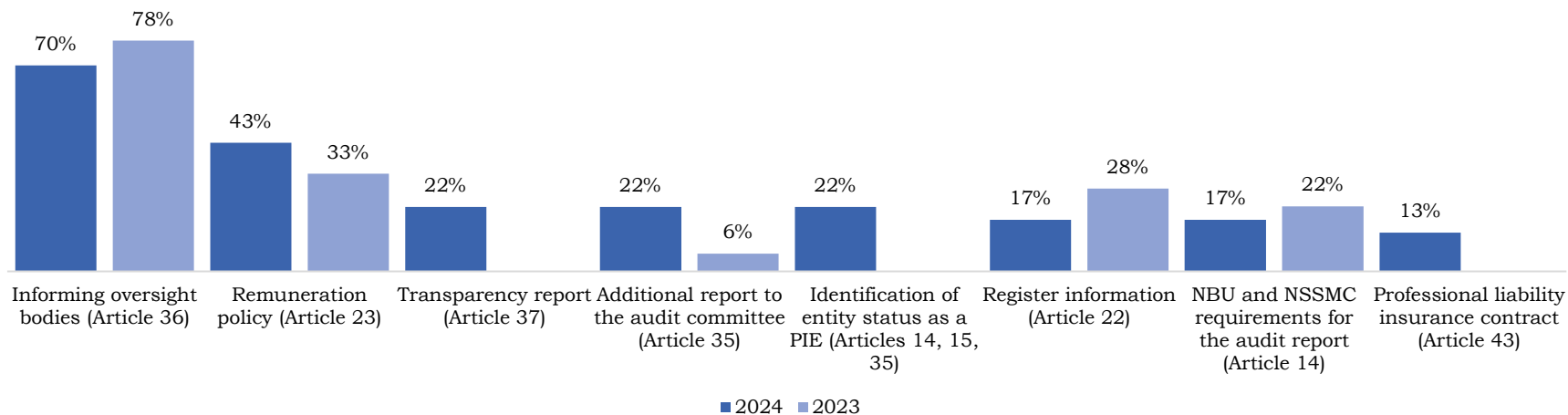


Figure 7. Frequency of identified deficiencies in AEs by areas of breach of certain requirements of the Law in 2024

The most common individual deficiencies and relevant recommendations to AEs are described in more detail below.

Non-compliance with requirements regarding informing supervisory authorities of public-interest entities

In 2024, as in the previous year, certain AEs failed to ensure compliance with the requirements of the Law regarding informing the National Bank of Ukraine (NBU) or the National Securities and Stock Market Commission (NSSMC), which supervise the relevant entities in accordance with legislation. The most common instance of failure to inform

supervisory authorities was the failure to report a material threat or doubt regarding the entity’s ability to continue as a going concern.

Recommendations:

An AE providing statutory audit or other statutory engagement services to a public-interest entity is required to inform, without delay but no later than the date of signing the audit report (unless otherwise provided by law), the NBU or the NSSMC, which supervise such entity, in accordance with their established procedures, of identified facts regarding:

- breaches of legislation within the competence of the NBU or the NSSMC, including quantitative indicators taking into

account the level of materiality;

- a material threat or doubts regarding the entity's ability to continue as a going concern;
- the existence of a modified opinion (qualified opinion, adverse opinion or disclaimer of opinion).

An AE providing audit services in accordance with legislation to a public-interest entity supervised by the NBU is required to inform the NBU immediately, but no later than the date of signing the AE's report (unless otherwise provided by law), in accordance with the procedure established by the NBU, of identified facts of non-compliance with established prudential requirements and ratios.

An AE providing audit services in accordance with legislation to a public-interest entity that is a financial services provider supervised by the NSSMC is required to inform the NSSMC immediately, but no later than the date of signing the AE's report, in accordance with the procedure established by the NSSMC, of identified facts of non-compliance with established prudential requirements and ratios.

In addition, in accordance with paragraph

seven of part one of Article 36 of the Law, the AE must report any information regarding the matters specified in points 1–3 of this part that became known during the performance of a statutory audit of a legal entity having close links with a public-interest entity whose statutory audit of financial statements it also performs.

Absence of remuneration policies for personnel involved in statutory audit engagements that include incentives to ensure work quality

Approximately 43% of AEs inspected in 2024 did not comply with the requirements of Article 23 of the Law in terms of ensuring the application of a remuneration policy for personnel involved in statutory audit engagements that includes incentives to ensure high quality of work.

In particular, the remuneration of a significant proportion of personnel in such AEs, and in some cases of all personnel involved in the provision of audit services, including auditors with many years of experience in audit and accounting holding certificates and diplomas confirming a high level of IFRS proficiency, was at or only slightly above the statutory minimum wage.

Recommendations:

Point 11 of part one of Article 23 of the Law provides that an AE performing statutory audits of financial statements must, inter alia, ensure the application of a remuneration policy for personnel involved in statutory audit engagements that includes incentives to ensure quality of work. At the same time, remuneration received by the AE from a legal entity for services not related to the statutory audit of financial statements may not in any way be taken into account in determining the remuneration of auditors and other personnel involved in the statutory audit of the financial statements of that legal entity.

Accordingly, the remuneration policy for personnel involved in statutory audit engagements should include incentives aimed at ensuring high quality of work. Policies providing for the remuneration of auditors and other qualified personnel at the statutory minimum wage or only slightly above that level lack appropriate incentives, which increases the risk of personnel losing motivation, the inability of the AE to attract and retain qualified personnel, and distorts pricing and competition in the audit services market.

Breaches of requirements regarding the professional liability insurance contract of the AE towards third parties

In accordance with paragraph 2 of Article 43 of the Law, an AE performing statutory audits of financial statements is required to have a professional liability insurance contract towards third parties concluded in accordance with the procedure and under the conditions established by the National Bank of Ukraine, as agreed with the Audit Public Oversight Body.

By Resolution of the Board of the NBU dated 20 December 2023 No. 168 (hereinafter – Regulation No. 168), the “Regulation on the Procedure and Conditions for Concluding a Professional Liability Insurance Contract of an Audit Entity towards Third Parties” was approved, introducing certain changes to the conditions under which insurance contracts are concluded, which were not taken into account by some AEs in 2024. In particular, some insurance contracts did not provide for an extended reporting period for claims by injured third parties in respect of insured events occurring during the term of the professional liability insurance contract, which in accordance with point 10 of Section III of Regulation No. 168 must be at least two calendar years after the expiry of the insurance contract.

Recommendations:

AEs should conclude professional liability insurance contracts towards third parties in accordance with the applicable Regulation No. 168 or amend existing insurance contracts where they do not comply with its requirements.

Non-compliance with the requirements of the Law in the preparation of audit reports

Certain audit reports issued by individual AEs as a result of statutory audits of financial statements still did not fully comply with the requirements of Article 14 of the Law in terms of disclosure of additional information in accordance with the Requirements for Information Relating to the Audit or Review of Financial Statements of Participants in Capital Markets and Organised Commodity Markets Supervised by the National Securities and Stock Market Commission, approved by decision of the NSSMC dated 22 July 2021 No. 555 (as amended), in addition to ISAs.

Recommendations:

AEs should ensure proper control over the inclusion in the audit report on the statutory audit of reliable information required by Article 14 of the Law, in addition to ISAs.

In accordance with part six of Article 14 of

the Law, the NBU and the NSSMC may establish additional requirements for information relating to the audit or review of financial statements that must be included in the audit report on a statutory audit or in the report on review of interim financial information in accordance with ISAs, as well as establish requirements for additional reports of AEs regarding regulated legal entities.

Non-compliance with certain requirements for the preparation and submission of the additional report to the audit committee.

In certain inspected engagements, the additional report to the audit committee did not disclose all relevant information required by Article 35 of the Law, in particular:

- a description of the valuation methods applied to various groups of assets and liabilities;
- confirmation by officers of the legal entities of the provision of all necessary requests, explanations and documents;
- reporting of:
 - any significant difficulties encountered during the performance of the statutory audit;
 - significant matters discussed with officers of the legal entity whose financial

statements were audited;

- the involvement of external experts and confirmation of their independence from the legal entity whose financial statements were audited.

Recommendations:

The AE should ensure that the additional report to the audit committee discloses the results of the statutory audit engagement and, at a minimum, includes the information specified in part two of Article 35 of the Law.

Information presented by the AE in the additional report to the audit committee should be consistent with the audit documentation prepared.

Inability to identify statutory audit engagements of financial statements, including of public-interest entities (PIEs), or other statutory engagements

During quality control inspections in 2024, cases were identified where AEs did not classify certain audit engagements as statutory audits of financial statements of public-interest entities. In the previous year, the frequency of this finding was insignificant, whereas in 2024 it was relevant for 22% of inspected AEs. In some AEs, several audit engagements were not classified as statutory audits of financial statements of public-interest entities.

In a number of such cases, the financial statements were not prepared in accordance with the applicable financial reporting framework (national accounting standards instead of IFRS), which was not identified by the AE.

In addition, such AEs generally did not comply with the requirements of the Law applicable to statutory audits of financial statements of public-interest entities in terms of:

- omission in the audit report of additional information required by part four of Article 14 of the Law;
- failure to submit to the audit committee or the body (unit) entrusted with the relevant functions the additional report to the audit committee required by part one of Article 35 of the Law;
- failure to reflect information on such engagements in Appendix 1 to the Reporting Information of an Audit Entity on Services Provided (Form No. 5).

Recommendations:

In order to comply with the requirements of the Law regarding the specific features of statutory audits of financial statements of public-interest entities, AEs should ensure timely monitoring of the acquisition by entities of public-interest entity status.

It is important to strengthen control over client acceptance procedures, including a thorough analysis of the entity's financial statements and financial statements for prior years.

Engagement performance deficiencies

The aggregated results of quality control inspections over recent years continue to indicate that deficiencies in the conduct of financial statement audits are widespread and may lead to inappropriate audit reports.

In accordance with the Recommendations, an engagement performance deficiency is a breach of the requirements of International Standards on Auditing in the performance of an audit, review, other assurance or related services engagement.

It should be noted that from 2024, in accordance with the updated requirements of the Recommendations, the definition of a material engagement performance deficiency was applied. In inspections conducted this year, a material engagement performance deficiency was identified in 22% of inspected AEs.

In accordance with the Recommendations, a material engagement performance deficiency exists where, based on

the quality assurance inspection, significant deficiencies are identified in two or more selected engagements which, individually or in aggregate, indicate that:

- the engagement working papers do not contain sufficient and appropriate documentation to support the AE's report in accordance with ISAs;
- the engagement working papers do not contain evidence that the engagement was planned and performed, in all material respects, in accordance with applicable ISAs;
- there are indications that the financial statements were not prepared, in all material respects, in accordance with the applicable financial reporting framework without appropriate modification of the audit report.

Such deficiencies clearly have a serious impact on audit quality and the reliability of financial statements.

The main significant deficiencies observed in inspections in 2024 related to the risk assessment process, the audit of accounting estimates, planning and performance of audit procedures, including obtaining and evaluating audit evidence. To avoid such deficiencies, AEs should perform their duties in accordance with ISAs and follow best practices.

To avoid these deficiencies, AEs are

recommended to focus on:

- appropriate attention to audit quality control, including risk assessment and selection of appropriate audit procedures;
- improving documentation and ensuring adequate working papers for each audit procedure;
- applying professional judgement and professional skepticism.

The deficiencies and recommendations set out in this report are critical to ensuring high-quality financial statement audits and compliance with ISAs. Poor audit performance may lead to serious consequences, such as an audit opinion that is inappropriate in the circumstances, lack of a sufficient basis for forming an opinion on the financial statements and, as a result, sanctions for professional misconduct and loss of investor confidence in AEs and the audit profession as a whole.

To improve the quality of financial statement audits, AEs should abandon "template-based approaches" to audit and move to an individualised approach to each entity. For this purpose, AEs should perform a detailed analysis of the entity and its activities to identify potential issues and risks that may affect the financial statements and, consequently, design and perform appropriate responses.

Recommendations also include the need for AEs to engage experts with appropriate qualifications and experience, ensure sufficient time for the audit and enhance effective communication between the AE and the client.

It is important to emphasise the need for AEs to comply with ethical standards and professional conduct requirements. Auditors must adhere to high ethical standards and avoid any conflicts of interest that may affect the objectivity of their work.

As audit is a process requiring high qualifications and expertise, it is important that AEs provide their employees with opportunities for training and certification to obtain the auditor qualification. AEs should support their employees in the continuous process of professional development and training in new audit methods and techniques.

AEs should develop and operate effective quality control (quality management) systems to ensure high-quality audit performance. It is also important that AEs comply with auditing standards, ethical and independence requirements and applicable legislation.

As a result of inspections, 365 significant deficiencies were identified in the performance of 70 statutory audit engagements of financial statements.

The Recommendations define a significant

engagement performance deficiency as a deficiency which, in the professional judgement of the inspector and based on the evidence obtained, affects or may potentially affect the appropriateness of the basis for the AE's conclusion on the achievement of the overall objectives of the auditor, evidence that the engagement was planned and performed in accordance with ISAs and/or the Law, and which is not classified as a significant deficiency in the system of internal quality control (quality management system).

Figures 8 and 9 present the areas of

identified significant engagement performance deficiencies in statutory audits of financial statements of public-interest entities and the frequency of their identification in inspected audit engagements.

Compared with 2023, there were no significant changes in the areas of deficiencies or the frequency of their identification, which continues to indicate an unsatisfactory level of consideration by AEs of the aggregated results of the Quality Assurance Inspection's reviews and a failure to take preventive measures for their timely remediation.

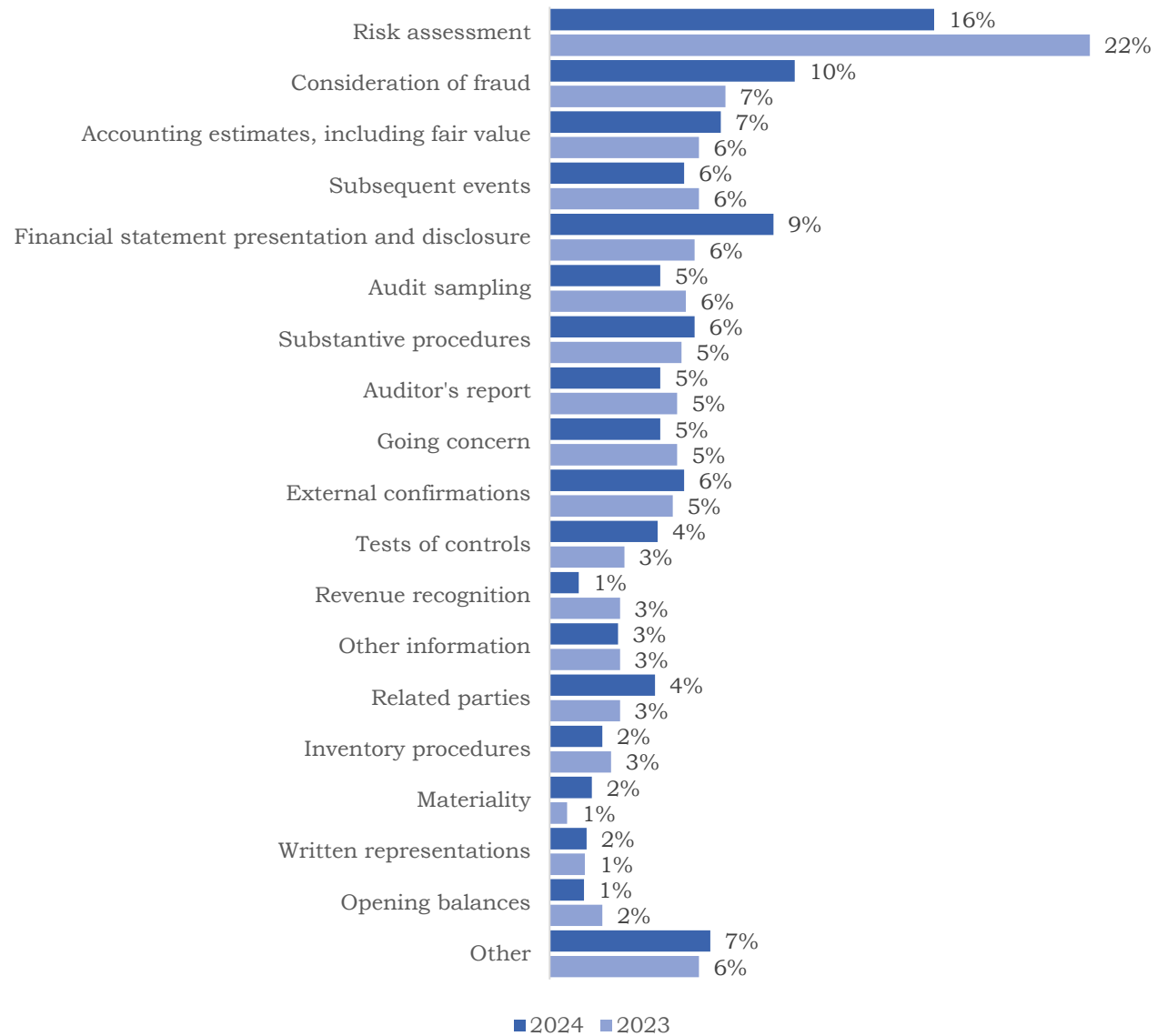


Figure 8. Areas in which significant engagement performance deficiencies were identified

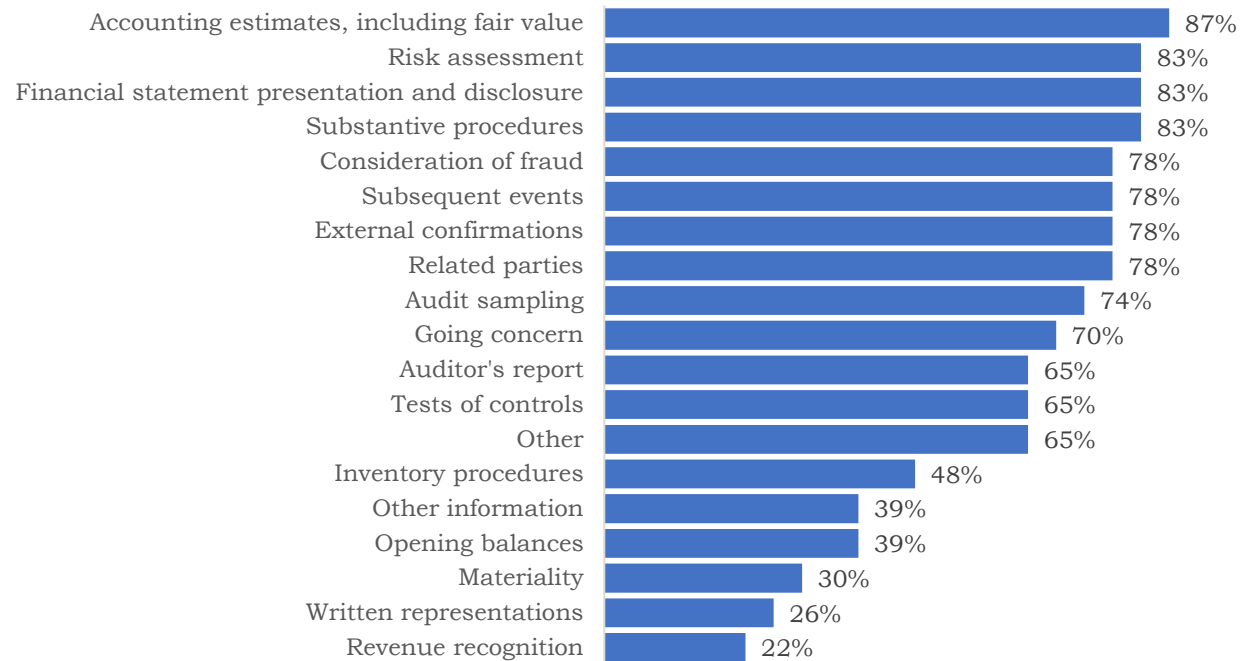


Figure 9. Frequency of identification in AEs of significant engagement performance deficiencies in 2024

The most common deficiencies and recommendations for their remediation are set out below.

Assessment of risks of material misstatement

As defined by ISA 315 (Revised 2019), the objective of the auditor is to identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement

and assertion levels, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement.

In performing risk assessment procedures and documenting the audit evidence obtained, the AE should obtain an understanding of the entity and its environment, the applicable financial reporting framework and the entity's system of internal control, providing an

appropriate basis for assessing the risks of material misstatement.

Deficiencies in the assessment of risks of material misstatement remain among the most common areas in which significant engagement performance deficiencies were identified and were present in 83% of AEs inspected in 2024.

In almost all identified cases of risk assessment deficiencies, the audit documentation lacked documented information on the AE's understanding of the entity's environment and its internal control in respect of relevant controls, at least in relation to risks identified by the AE as significant risks. Most AEs did not document:

- controls addressing risks identified as significant risks;
- controls over journal entries, including non-standard entries;
- controls for which the AE planned to test operating effectiveness in determining the nature, timing and extent of substantive procedures, as well as the evaluation of whether relevant controls were implemented by performing procedures in addition to inquiry of the entity's personnel (walk-through tests).

In a significant number of cases, AEs did not document or inadequately documented:

- the identification and assessment of risks of material misstatement at both the

financial statement level and the assertion level for classes of transactions, account balances and disclosures;

- the identification of management override of controls as a significant risk;
- the identification of the risk of material misstatement due to fraud related to revenue recognition;
- the identification of risks arising from the use of information technology and related general IT controls and application controls.

Significant difficulties also arose in designing and performing risk assessment procedures intended to obtain audit evidence providing an appropriate basis for identifying and assessing risks of material misstatement and designing further audit procedures. In certain inspected engagements, audit documentation did not include evidence that sufficient analytical procedures were applied during planning to identify risks of material misstatement, including determining whether unusual or unexpected relationships indicated risks of material misstatement due to fraud. In many cases, analytical procedures were performed formally and were limited to the calculation of selected financial ratios without considering the implications of their values for risks of material misstatement.

As a result, most AEs were unable to properly plan the audit and at the same time demonstrate compliance with ISA 315 (Revised 2019).

Recommendations:

An understanding of the entity and its environment and the applicable financial reporting framework, together with properly planned and performed risk assessment procedures, including analytical procedures, inquiries of management and others, and a thorough review of information disclosed in the financial statements, assists the AE in identifying events or conditions the characteristics of which may affect the susceptibility of assertions about classes of transactions, account balances or disclosures to misstatement.

The greater the susceptibility of a class of transactions, account balance or disclosure to misstatement due to complexity or subjectivity, the greater the need to apply professional scepticism.

The AE should:

- identify risks of material misstatement and determine whether they exist at the financial statement level or at the assertion level for classes of transactions, account balances and disclosures;

- for identified risks of material misstatement at the assertion level, assess inherent risk by evaluating the likelihood and magnitude of misstatement, taking into account how inherent risk factors affect the susceptibility of relevant assertions to misstatement. Higher inherent risk may arise from factors such as:

- subjectivity of accounting methods;
- accounting estimates involving high estimation uncertainty or complex models;
- complexity of obtaining and processing accounting data;
- information requiring complex calculations;
- accounting principles subject to different interpretations;
- changes in the entity's business resulting in changes in accounting;

- determine whether any assessed risk of material misstatement is a significant risk;
- assess control risk (where the AE plans to test the operating effectiveness of controls in order to rely on them).

Irrespective of the assessed risks of material misstatement, the AE should identify management override of controls as a significant risk, as management has the ability to perpetrate fraud by manipulating accounting records and preparing intentionally misstated

financial statements, overriding controls that otherwise operate effectively.

When identifying and assessing risks of material misstatement due to fraud, the AE, based on the presumption that risks of fraud in revenue recognition exist, should assess which types of revenue, revenue transactions or assertions give rise to such risks. The AE should treat assessed risks of material misstatement due to fraud as significant risks and obtain an understanding of the related controls of the entity, including controls relevant to such risks, if not already done. If the AE concludes that the presumption of a risk of material misstatement due to fraud related to revenue recognition is not applicable in the circumstances of the engagement, it should include in the audit documentation the rationale for that conclusion.

Deficiencies in procedures addressing fraud risks

In performing audit engagements, most AEs did not give sufficient attention to documenting procedures for identifying fraud risks and to properly performing audit procedures in response to such risks.

Key observations include insufficient performance and documentation of procedures

to obtain information used in identifying risks of material misstatement due to fraud, such as:

- obtaining information regarding management's assessment of fraud risk and management's process for identifying and responding to fraud risks;
- discussions regarding actual or suspected fraud with other personnel who may have relevant information (internal audit staff, internal security service, members of the audit commission, legal department, members of the audit committee and supervisory board and other personnel);
- discussions among engagement team members regarding the susceptibility of the entity's financial statements to material misstatement, including due to fraud, and how fraud could be perpetrated, prior to performing further audit procedures;
- performing a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the prior year's financial statements;
- lack of sufficient professional scepticism in identifying fraud risk. In the best case, the AE identified a risk of material misstatement due to fraud related to revenue recognition; however, in some cases even this

risk was not identified and the working papers did not contain adequate justification for that conclusion;

- absence of testing of journal entries and other adjustments as a response to the risk of management override of controls or inadequate documentation of such testing.

Testing of journal entries and other adjustments remains an area with no observed improvement in recent years. In a number of cases, AEs were unable to demonstrate that such testing was performed at all, and where certain elements of testing were documented in the audit file, significant deficiencies were identified, such as:

- absence of documented approaches to selecting transactions for testing;

- absence of documented evidence obtained during testing;

- absence of procedures to verify completeness and integrity of accounting data provided.

Recommendations:

Insufficient professional scepticism in identifying instances of fraud is often a cause of ineffective audit. When planning and performing procedures, the AE should carefully consider the client's specifics and the impact of internal and external factors, and document

the evidence obtained in detail.

In performing audit engagements, the AE is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. For this purpose, ISA 240 requires the performance of certain audit procedures to assist the AE in identifying and assessing risks of material misstatement due to fraud and designing procedures to detect such misstatements. These procedures include, but are not limited to:

- making inquiries of management regarding its assessment of the risk that the financial statements may be materially misstated due to fraud, management's process for identifying and responding to fraud risks, and management's communication to those charged with governance regarding processes for identifying and responding to fraud risks;

- making inquiries of others within the entity, in addition to management, as appropriate in the circumstances (including internal auditors where an internal audit function exists), to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity;

- reviewing accounting estimates for

bias and evaluating whether circumstances producing bias, if any, represent a risk of material misstatement due to fraud. In performing this review, the AE should, inter alia, perform a retrospective review of management judgements and assumptions related to significant accounting estimates reflected in the prior year's financial statements;

- incorporating an element of unpredictability in the selection of the nature, timing and extent of audit procedures to be performed;

- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements, performed irrespective of the auditor's assessment of the risks of management override of controls.

The AE should exercise professional judgement in determining the nature, timing and extent of testing of journal entries and other adjustments. However, as fraudulent journal entries and other adjustments are often made at the end of a reporting period, paragraph 32(a)(ii) of ISA 240 requires the AE to select journal entries and other adjustments made at that time. In addition, because

material misstatements due to fraud may occur throughout the period and significant efforts may be made to conceal how fraud is perpetrated, paragraph 32(a)(iii) of ISA 240 requires the AE to consider whether there is also a need to test journal entries and other adjustments throughout the period.

With respect to significant transactions outside the normal course of the entity's business or that otherwise appear unusual in light of the auditor's understanding of the entity and its environment and other information obtained during the audit, the AE should evaluate whether their business rationale (or lack thereof) indicates that they may have been entered into for fraudulent financial reporting or to conceal misappropriation of assets.

To enhance the effectiveness of testing accounting data, the AE should consider the use of computer-assisted audit techniques (CAATs) to perform tests that cannot be performed manually.

The engagement partner and other key members of the engagement team should discuss the susceptibility of the entity's financial statements to material misstatement and the application of the applicable financial reporting framework to the entity's facts and circumstances.

Accounting estimates, including fair value

Inspection результати (results) consistently indicate recurring audit quality issues relating to accounting estimates. In 2024, significant deficiencies in auditing accounting estimates were identified in 87% of inspected AEs.

Accounting estimates, including fair value estimates, generally have a significant impact on financial statement indicators, for example:

- impairment of financial instruments (e.g. trade receivables, current financial investments);
- impairment of non-financial assets (property, plant and equipment, intangible assets, construction in progress);
- measurement of assets at fair value (property, plant and equipment, biological assets, etc.);
- valuation of investments (including those measured at fair value);
- estimation of provisions (e.g. insurance reserves), etc.

Accounting estimates involve management assumptions and judgements characterised by a high degree of subjectivity and complexity. Constantly changing market conditions against the backdrop of military

events and economic uncertainty increase the challenge of auditing key accounting estimates in financial statements. It is therefore important that AEs demonstrate how they obtained sufficient appropriate audit evidence and applied professional judgement in forming their conclusions in the audit file.

However, inspection results reveal a significant number of significant deficiencies in the audit of accounting estimates, including:

- significant deficiencies in documenting risk assessment procedures relating to accounting estimates: absence of documentation of the AE's understanding of specific significant accounting estimates, including a description of such estimates, how they are determined and calculated, the assumptions and sources of information used, the degree of estimation uncertainty involved and controls implemented over them;
- absence of documentation of indicators of possible management bias in estimates;
- absence of documented evidence of the AE's review of the outcome of accounting estimates included in the prior period financial statements or, where appropriate, their subsequent re-estimation for the current period;

- absence of documentation of the AE's verification and analysis of data used by management in making estimates, such as historical data in estimating expected credit losses, data used in calculating employee benefit provisions, inputs for actuarial calculations, the correctness of ageing of receivables and others;

- absence of sufficient documentation

of the AE's consideration of the work of management's expert, such as absence of appropriate consideration of the expert's competence and objectivity and the terms of the agreement between the entity and its expert;

- lack of sufficient professional scepticism to be applied when auditing complex and subjective management judgements.

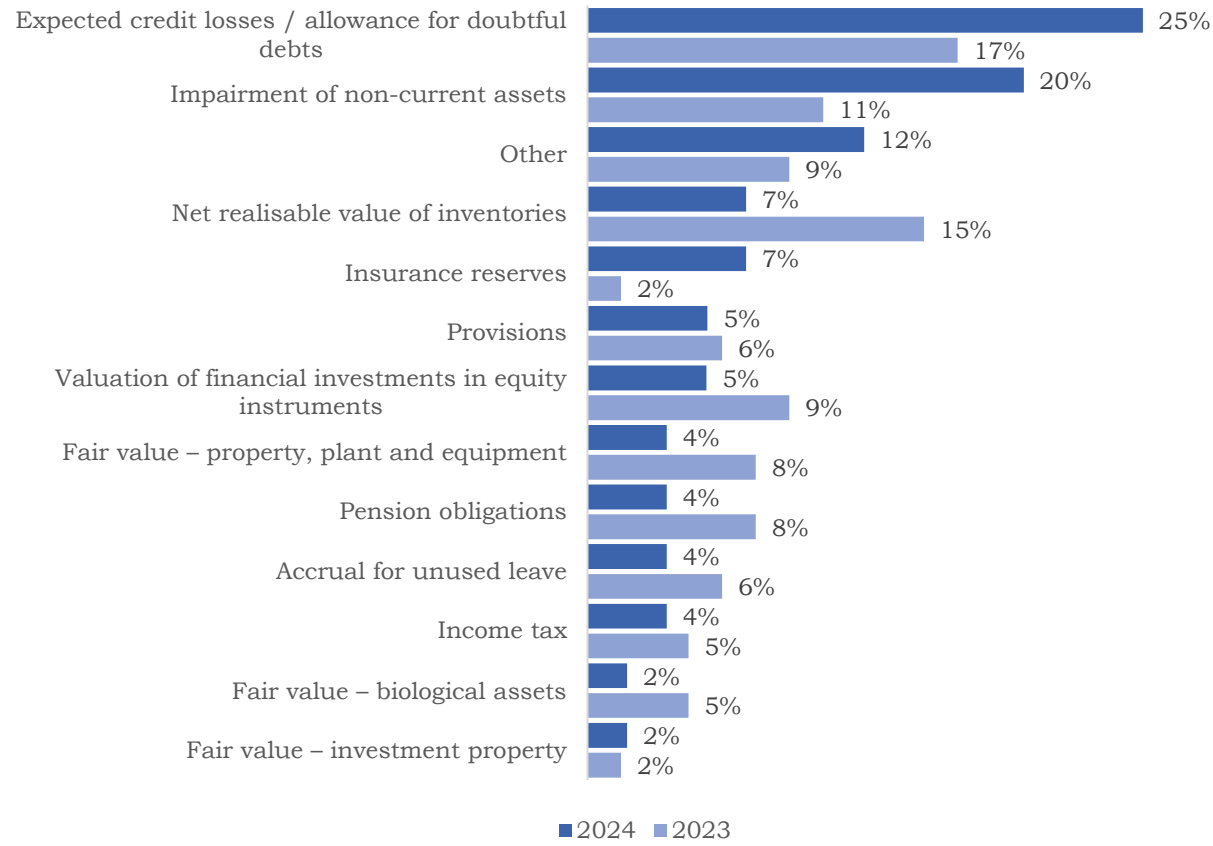


Figure 10. Distribution of significant deficiencies in accounting estimates in 2024

Recommendations:

In auditing accounting estimates, it is particularly important to apply professional scepticism throughout the audit engagement, although this may be especially challenging when considering management judgements and estimates. For this purpose, the AE should

possess appropriate up-to-date knowledge, skills and resources. To ensure a high-quality audit of accounting estimates, in accordance with the provisions of ISA 540 (Revised), it is necessary to:

- when obtaining an understanding of the entity and its environment (including

internal control), the AE must obtain an understanding of matters relating to accounting estimates. The AE should perform a review of the outcome of prior period accounting estimates or, where applicable, their subsequent re-estimation to assist in identifying and assessing risks of material misstatement in the current period;

- determine whether the engagement team requires specialised skills or knowledge to perform risk assessment procedures, identify and assess risks of material misstatement, design and perform audit procedures to respond to those risks, or evaluate the audit evidence obtained;

- when identifying and assessing risks of material misstatement relating to accounting estimates and related disclosures, separately assess inherent risk and control risk. In identifying risks of material misstatement and assessing inherent risk, the AE must consider the degree to which the accounting estimate is subject to estimation uncertainty and the extent to which complexity, subjectivity or other inherent risk factors affect the susceptibility to misstatement;

- the AE's further audit procedures must include one or more of the following

approaches:

- obtaining audit evidence from events occurring up to the date of the auditor's report;

- testing how management made the accounting estimate (evaluating the quality of the data used, whether the measurement method is appropriate, and whether management's assumptions are reasonable);

- developing an auditor's point estimate or range;

- testing the operating effectiveness of controls over estimates (where necessary);

- design and perform further audit procedures to obtain sufficient appropriate audit evidence regarding disclosures related to accounting estimates;

- evaluate whether management judgements and decisions in making accounting estimates are indicators of possible management bias;

- based on the audit procedures performed and audit evidence obtained, evaluate:

- whether the assessments of risks of material misstatement at the assertion level remain appropriate, including where indicators of possible management bias are identified;

- whether management's decisions relating to recognition, measurement,

presentation and disclosure of these accounting estimates in the financial statements are in accordance with the applicable financial reporting framework;

- whether sufficient appropriate audit evidence has been obtained; and

- conclude whether the accounting estimates are reasonable or misstated.

Adequacy of the audit of presentation and disclosure in financial statements

Deficiencies in the presentation and disclosure of information in financial statements in accordance with IFRS and national accounting standards remain and will continue to remain a focus for both the Quality Assurance Inspection and other regulators. However, certain AEs still failed to devote sufficient attention to performing audit procedures to ensure compliance of presentation and the completeness of disclosure in accordance with the applicable financial reporting framework. Thus, based on 2024 результаты (results), significant deficiencies regarding financial statement disclosures were identified in 87% of the reviewed AEs.

This creates a high risk that the AE may fail to identify inadequate or omitted

disclosures in the financial statements that could be assessed as material by regulators of entities, such as the NBU and NSSMC, or by key users of the financial statements, such as existing or potential investors and creditors. Non-compliance of the AE's actions with ISA requirements led to:

- the absence of certain disclosures required by IFRS or national accounting standards, or inadequate disclosure thereof;

- inconsistencies between certain financial statement indicators;

- internal inconsistencies in specific accounting policies provided in the notes to the financial statements;

- non-compliance of certain accounting policies with the requirements of the applicable framework.

Most AEs where deficiencies were identified in this area failed to use appropriate tools to help them promptly identify material omissions in financial statement disclosures.

Examples of the most common material omissions and other financial reporting deficiencies relate to:

- appropriate disclosure of material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;

- lack of significant IFRS 7 disclosures, particularly regarding expected credit losses, inconsistency of individual accounting policies, and other disclosures regarding financial instruments;

- management of risks arising from financial instruments;

- related party disclosures, including the identification of the ultimate controlling party, verification of the completeness of information on transactions and balances with related parties, and disclosure of key management personnel compensation;

- disclosures regarding biological assets, for example, a description of each group of biological assets, the nature of activities and non-financial measures for each group, agricultural production volumes, and a reconciliation of changes in the carrying amount of biological assets for the period;

- disclosures regarding the revaluation of non-current assets, including the effective date of the revaluation, whether an independent valuer was involved, increases or decreases during the period resulting from revaluations, as well as from impairment losses recognised or reversed in other comprehensive income;

- fair value measurements, including information on the level within the fair value

hierarchy, a description of the valuation technique(s) and inputs, quantitative information about significant unobservable inputs used for Level 3 measurements, valuation processes used, and sensitivity of the fair value measurement to changes in unobservable inputs;

- income tax disclosures, including major components of income tax expense, the portion of deferred tax recognised in other comprehensive income, an explanation of the relationship between tax expense (income) and accounting profit, analysis of deferred tax assets and liabilities, recognised income or expense from changes in deferred tax assets and liabilities, and unused tax losses for which no deferred tax asset is recognised;

- disclosure of material events after the reporting period, such as the liquidation of a bank in which significant cash balances were held at the reporting date, a decision on corporatisation, the assumption of significant commitments or contingent liabilities, and the commencement of major litigation arising solely from events occurring after the reporting period;

- adequacy of disclosures required by IFRS 17 in the financial statements of an insurance company, which becomes relevant due to the application of this standard.

In numerous cases, the audit file did not include evidence of the audit of the statement of cash flows and segment reporting.

Some AEs documented identified disclosure deficiencies in the audit file and communicated them to management. However, they failed to perform an assessment of the impact of such omissions on the audit opinion.

Some AEs did not properly evaluate the impact on the audit opinion of the failure by an entity that is a parent enterprise to prepare consolidated financial statements.

Recommendations:

The AE should perform audit procedures to evaluate whether the overall presentation of the financial statements is in accordance with the applicable financial reporting framework. In doing so, it should consider whether the financial statements are presented in a manner that appropriately reflects:

- the classification and description of financial information and the related transactions, events and conditions; and
- the presentation, structure and content of the financial statements.

The evaluation of the appropriateness of the presentation, structure and content of the financial statements should include, for example, consideration of whether appropriate terminology has been used in accordance with

the requirements of the applicable financial reporting framework, the level of detail, aggregation or disaggregation of amounts and the bases established for determining amounts. For this purpose, the AE should consider the use of an up-to-date detailed disclosure checklist in accordance with IFRS and national accounting standards.

The AE should ensure a clear demonstration of the linkage between matters included in the checklists and the relevant notes to the financial statements, which will enhance the quality of oversight of the procedure by the engagement partner and the individual responsible for quality control.

The AE should pay greater attention to the quality of the audit of the completeness of disclosures in the financial statements, their evaluation and communication to management of the need for more comprehensive and higher-quality disclosures in the notes to the financial statements. Such disclosure omissions also constitute qualitative misstatements of the financial statements. The AE should determine which omissions should be included in communications of audit findings to management and those charged with governance, as well as in management representation letters prepared in accordance with ISA 580. This will enable both

management and those charged with governance to assess the impact and materiality of disclosure omissions, thereby contributing to improved oversight of the financial reporting process and, consequently, the quality of financial statements.

The AE should modify the opinion in the audit report if, based on the audit evidence obtained, it concludes that the financial statements as a whole are materially misstated, including where there is a material misstatement relating to qualitative disclosures.

Substantive procedures

Due to the absence in some engagements of sufficient audit documentation, most AEs were unable to demonstrate evidence of having performed substantive procedures, the results thereof and the audit evidence obtained in respect of certain material classes of transactions or account balances, including, where applicable, relevant assertions. The most common case was failure to perform substantive procedures in respect of material items of income and expenses. In addition, in some AEs, audit procedures relating to the cut-off of purchases and sales and the search for unrecorded liabilities remain problematic.

Recommendations:

Irrespective of the assessed risks of material misstatement, the AE must design and perform substantive procedures for each material class of transactions, account balance and disclosure.

Deficiencies in audit reports

Common deficiencies in audit reports include:

- failure to modify the opinion on the current year financial statements where a modified opinion was expressed in the prior year and the matter giving rise to that modification has not been resolved;
- inconsistency between the opinion and the conclusions set out in the audit documentation;
- modification of the audit opinion without proper performance of audit procedures (including alternative procedures);
- inclusion of information on a material uncertainty related to going concern in the sections “Emphasis of Matter” or “Other Information” rather than in the section “Material Uncertainty Related to Going Concern” as required by paragraph 22 of ISA 570;
- inappropriate identification and description of key audit matters (KAMs) in the audit report and inclusion of information on

how key audit matters were addressed that was not supported by the audit documentation prepared by the AE.

Recommendations:

The AE shall modify the opinion in the audit report if it:

- concludes, based on the audit evidence obtained, that the financial statements as a whole are materially misstated, including where there is a material misstatement relating to qualitative disclosures;
- is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement.

In this regard, the inability to perform a specific procedure does not constitute a scope limitation if the AE is able to obtain sufficient appropriate audit evidence through alternative procedures.

Where there is a material misstatement of the financial statements relating to specific amounts (including quantitative disclosures), the AE shall include in the “Basis for Opinion” section a description and quantification of the financial effects of the misstatement, unless impracticable. If quantification of the financial effects is impracticable, the AE shall state so in that section. Where there is a material

misstatement relating to qualitative disclosures, the AE shall include in the “Basis for Opinion” section an explanation of how the disclosure is misstated.

Where there is a material misstatement relating to the omission of required disclosures, the AE shall:

- discuss the omission with those charged with governance;
- describe in the “Basis for Opinion” section the nature of the omitted information;
- include the omitted disclosure, where practicable and where sufficient appropriate audit evidence has been obtained regarding the omitted information, unless prohibited by law.

If the modification of the opinion is due to the inability to obtain sufficient appropriate audit evidence, the auditor shall include in the “Basis for Opinion” section a description of the reasons for such inability.

Where a previously issued auditor’s report for the prior period contained a qualified opinion, disclaimer of opinion or adverse opinion and the matter giving rise to the modification remains unresolved, the AE shall modify the opinion on the financial statements for the current period. In the paragraph addressing the basis for modification, the

auditor shall either refer to both the current period figures and the corresponding figures in describing the matter giving rise to the modification where the effects or possible effects are material to the current period figures; or, in other cases, explain that the audit opinion has been modified due to the effects or possible effects of the unresolved matter on the comparability of the current period and corresponding figures.

An adverse opinion or disclaimer of opinion relating to a specific matter described in the “Basis for Opinion” section does not justify the omission of a description of other identified matters that would otherwise have required modification. In such cases, disclosure of such other matters known to the auditor may be relevant to users of the financial statements.

If adequate disclosure of a material uncertainty has been made in the financial statements, the AE shall express an unmodified opinion and include a separate section in the auditor’s report under the heading “Material Uncertainty Related to Going Concern” to:

- draw attention to the note in the financial statements that discloses the matters described in paragraph 19 of ISA 570; and

- state that these events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the entity’s ability to continue as a going concern and that the auditor’s opinion is not modified in respect of this matter.

Where the prior period financial statements were not audited, the AE shall state in an “Other Matter” paragraph of the auditor’s report that the corresponding figures were not audited.

The description of each key audit matter (KAM) in the “Key Audit Matters” section of the auditor’s report shall include a reference to the related disclosure, if any, in the financial statements and explain:

- why the matter was considered to be of most significance in the audit and therefore determined to be a key audit matter; and
- how the matter was addressed in the audit.

If, depending on the facts and circumstances of the entity and the audit engagement, the AE determines that there are no key audit matters to communicate or that the only key audit matters are those giving rise to a modified opinion, the AE shall include a statement to that effect in a separate section of the auditor’s report under the heading “Key Audit Matters”.

The AE shall include in the audit documentation:

- the matters that required significant auditor attention, as determined in accordance with paragraph 9, and the rationale for determining each of these matters to be a key audit matter in accordance with paragraph 10 of ISA 701;

- where applicable, the rationale for determining that there are no key audit matters to communicate in the auditor's report.

The auditor's report shall be dated no earlier than the date on which the AE has obtained sufficient appropriate audit evidence on which to base the opinion, including evidence that:

- all statements and disclosures comprising the financial statements have been prepared; and

- those with recognised authority have confirmed that they take responsibility for those financial statements.

Going concern procedures

Due to the adverse impact on entities of the ongoing war of russia against Ukraine, obtaining evidence regarding the appropriateness of management's use of the going concern assumption and the adequacy of

related disclosures remains a focus of the Inspection. Deficiencies in performing audit procedures relating to going concern remain among the most common areas of significant engagement performance deficiencies and were present in 70% of AEs inspected in 2024.

During the quality assurance inspection, the following deficiencies in the consideration and documentation of this matter were identified:

- failure to consider all relevant events or conditions that may, individually or collectively, cast significant doubt on the entity's ability to continue as a going concern, such as: temporary or complete suspension of operations due to the occupation of parts of Ukraine or the threat of missile attacks, destruction and loss of assets, disruption of supply chains, temporary relocation of employees, energy supply issues, economic difficulties, deterioration in debtor solvency, and probable scenarios of further developments of the war;

- failure to perform additional audit procedures to obtain sufficient appropriate audit evidence in determining whether a material uncertainty exists, including the consideration of mitigating factors;

- insufficient application of professional scepticism in evaluating management’s assessment of the entity’s ability to continue as a going concern, resulting in a failure to obtain sufficient appropriate audit evidence regarding the reasonableness of management’s conclusion that no material uncertainty exists;

- where the AE identified events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern and included a “Material Uncertainty Related to Going Concern” section in the auditor’s report, failure to consider that the financial statements did not contain clear disclosure of the existence of a material uncertainty.

Recommendations:

Responsibility for assessing the entity’s ability to continue as a going concern and for appropriate disclosure of going concern information in the financial statements rests with management. Such an assessment involves making a judgement at a particular point in time about inherently uncertain future outcomes of events or conditions. This requires the entity to consider:

- the scale of operational disruptions;
- potential decline in demand for products or services;

- going concern risks of major customers and suppliers;
- logistical difficulties;
- obligations expected to mature within one year;
- potential liquidity constraints and working capital deficits;
- access to sources of financing;
- threats of loss or destruction of assets.

The auditor’s responsibilities regarding going concern and the impact on the auditor’s report are addressed in ISA 570, which requires the AE to:

- when performing risk assessment procedures, consider whether events or conditions exist that may cast significant doubt on the entity’s ability to continue as a going concern, and determine whether management has already performed a preliminary assessment;
- in evaluating management’s assessment, consider whether it includes all relevant information of which the auditor becomes aware as a result of the audit.

The AE should evaluate whether sufficient appropriate audit evidence has been obtained and conclude on the appropriateness of management’s use of the going concern basis of

accounting in the preparation of the financial statements:

- perform and document additional audit procedures to obtain sufficient appropriate audit evidence in determining whether a material uncertainty exists, including the consideration of mitigating factors;
- evaluate the adequacy of management's disclosures and focus on whether the financial statements clearly disclose the existence of a material uncertainty;
- evaluate whether sufficient appropriate audit evidence has been obtained and the effect of the evidence obtained on the auditor's conclusions and report. The AE should modify the opinion where it disagrees with management's conclusions regarding going concern or where disclosures in the financial statements are inadequate;
- communicate relevant information to those charged with governance.

External confirmations

Performance of external confirmation procedures is one of the most common audit procedures which, depending on the

circumstances, provide evidence regarding the existence, accuracy and completeness of receivables and payables, cash and bank liabilities, and other financial liabilities. Audit evidence in the form of external confirmations obtained directly from confirming parties may be more reliable than evidence prepared by the entity itself. These procedures do not require the evaluation of complex or subjective assumptions, specialised knowledge or complex calculations, but require sufficient care and diligence. However, in 2024, significant deficiencies in performing external confirmation procedures were identified in 78% of inspected AEs.

The most common deficiencies were:

- failure to demonstrate the performance of alternative procedures for each non-response to external confirmations of receivables and payables;
- absence of evidence of reconciliation of accounting records with responses received;
- absence of documentation of additional audit procedures performed where confirmations were received at an interim date;
- ignoring or failing to properly analyse exceptions between confirmation responses and accounting records;
- use of negative confirmations in a manner not envisaged by ISA 505;

- insufficient attention to confirmations of relationships with banks or failure to include off-balance sheet liabilities in such confirmations.

Recommendations:

In accordance with ISA 505, to design and perform external confirmation procedures to obtain relevant and reliable audit evidence, the AE should:

- investigate exceptions to determine whether or not they indicate misstatements;
- perform alternative audit procedures for each non-response to obtain relevant and reliable audit evidence and thoroughly document the evidence obtained;
- include external confirmation evidence in the audit documentation;
- where confirmations are obtained at an interim date, perform further procedures to confirm balances at the reporting date;
- use negative confirmations only in the circumstances and under the conditions specified in paragraph 15 of ISA 505;
- as bank balances are subject to a high inherent risk of material misstatement, obtain direct confirmations from banks;
- include in bank confirmation requests a requirement for the bank to provide

information regarding possible off-balance sheet liabilities.

Other deficiencies

Other deficiencies identified by the Quality Assurance Inspection mainly include:

Opening balances

- failure to obtain sufficient appropriate audit evidence regarding opening balances when reviewing the predecessor auditor's working papers;
- failure to perform other audit procedures to obtain evidence regarding opening balances.

Subsequent events

- absence of evidence of review of interim financial statements and/or accounting records for the period from the balance sheet date to a date as close as practicable to the date of the auditor's report;
- absence of consideration of litigation after the reporting date, liquidation or bankruptcy of debtors, etc.;
- absence of review of minutes of meetings of management and those charged with governance.

Revenue recognition

- failure to obtain an understanding of contract terms and their effect on accounting and financial reporting (recognition over time or

at a point in time, discounts, bonuses, returns, etc.);

- failure to perform procedures to determine whether revenue was recorded in the appropriate period (cut-off);

- absence of procedures to assess and respond to fraud risks in revenue recognition.

Classification of assets and liabilities as current and non-current

- absence of audit procedures regarding compliance with loan covenants and their effect on the classification of long-term borrowings and related disclosures;

- failure to identify misstatements relating to the classification of assets and liabilities as non-current.

Other information (management report, annual report of a securities issuer, etc.)

- failure to identify all relevant other information;

- absence of audit documentation demonstrating the reading of other information for material inconsistencies with the financial statements;

- failure to obtain written representation from management that the final version of other information will be provided prior to its publication where prepared after the date of the auditor's report;

- absence of inclusion of the final version of other information in the audit documentation;

- failure to consider the effect of matters giving rise to modification of the opinion on other information.

Related parties

- failure to perform appropriate audit procedures to confirm the completeness of the list of related parties provided by management;

- failure to adequately test known transactions and balances with related parties and related disclosures.

The general recommendation consistently reflected in our annual reports is the need for AEs to focus on the most common deficiencies identified and to implement appropriate remedial actions. AEs should objectively determine the root causes of quality deficiencies and direct their efforts and resources to eliminating them. This will not only improve internal processes but also reduce the risk of recurrence. Systematic implementation of such recommendations will contribute to improved audit quality and enhanced trust of users of financial statements.

It should also be emphasised that responsibility for ensuring appropriate audit quality rests not only with the audit firm but

also with its client. Clients are required to provide timely and full access to all necessary information and documentation, comply with the applicable financial reporting framework, and understand the importance of high-quality reporting.

Follow-up of previously issued recommendations

During 2024, the Quality Assurance Inspection monitored the implementation of mandatory recommendations issued as a result of quality control reviews for 23 AEs (2023: 19

AEs). Of these, 1 AE received a negative conclusion regarding the implementation of mandatory recommendations.

Resources involved in performing functions

In 2024, quality control reviews, support of disciplinary proceedings and monitoring of the audit services market were performed by the Control Department of the Quality Assurance Inspection, consisting of five inspectors. No external experts were engaged in the reviews.

Appendix 3. Budget Execution

Summary information on consolidated budget performance indicators for 2024

UAH thousand

CONSOLIDATED INFORMATION	PLANNED	ACTUAL
Receipts (excluding cash balance)	38 705	53 144
Expenditure (excluding prepaid expenses)	41 183	33 507

Budget performance indicators in terms of receipts for 2024

UAH thousand

RECEIPTS (EXCLUDING CASH BALANCE)	PLANNED	ACTUAL
Fixed contribution for each audit report prepared by an audit entity following the provision of statutory audit services to a public interest entity	25 560	32 345,4
Fixed contribution for each audit report prepared by audit entities authorised to perform statutory audits of public interest entities, following the provision of statutory audit services other than for public interest entities	5 325	4 683,2
Contribution as a percentage of the amount of remuneration (excluding value added tax) under contracts for the provision of statutory financial statement audit services or other statutory engagements	5 770	12 944,6
Reimbursement of expenses related to ensuring the auditor certification process	550	567,2
Other	1 500	2 603,8
Total receipts	38 705	53 144

Main budget execution indicators for expenditure for 2024 UAH thousand
 UAH thousand

EXPENDITURE (EXCLUDING PREPAID EXPENSES)	PLANNED	ACTUAL
Staff remuneration and related charges	30 943	27 334,6
Provision for employee benefits (for unused leave days from previous periods)	2 675	1 568,5
Utilities, office and other expenses	2 625	2 031,5
Expenditure on acquisition of equipment, furniture, office equipment, network computer equipment and licensed software	400	382,4
Expenditure on translation of ISAs and methodological support	150	–
Travel expenses	600	227,5
Expenditure on events	100	–
Expenditure on membership fee to the International Forum of Independent Audit Regulators (IFIAR)	400	360,3
Expenditure on audit of the annual financial statements of the State Institution "Audit Public Oversight Body"	150	125
Expenditure on ensuring the functioning of elements of the information and analytical system of the State Institution "Audit Public Oversight Body"	600	506,4
Expenditure on the creation of a Comprehensive Information Protection System (CIPS) for the information and communication system of the Register of Auditors and Audit Entities, its components and support for the state expert review in the field of technical information protection (TIP) and upgrading (if necessary) other functional features of the software of the Register of Auditors and Audit Entities, as required by the Law of Ukraine "On Public Electronic Registers"	1 000	-
Expenditure on continuing professional development	200	158,6
Expenditure on ensuring social guarantees for the staff of the Quality Assurance Inspection	250	211,8

Expenditure on support of the auditor certification process	50	-
Expenditure on support of talented youth in auditor certification	340	-
Expenditure on voluntary transfers	700	600
Total expenditure	41 183	33 507

As at 31 December 2024, the cash balance amounted to UAH 37,156 thousand.
